

**THE INFLUENCE OF MICROFINANCE SERVICES IN EMPOWERING WOMEN:  
A CASE OF SELECTED WOMEN GROUPS IN ELDAMA RAVINE LOCATION,  
BARINGO COUNTY, KENYA.**

**BY**

**CHEBOR M. JEMUGE**


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## DECLARATION

This research project is my original work and has not been presented for a degree or any other award in any university.

Signature.....

DATE...08/08/2012...

**MAUREEN JEMUGE CHEBOR**

**L50/60726/2011**

This research project has been submitted for examination with my approval as University Supervisor.

Signature.....

DATE...08/08/2012...

**DR. CHARLES WAFULA**

Lecturer, School of Continuing and

Distance Education.

**UNIVERSITY OF NAIROBI**

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C.I.D.A	Canadian International Development Agency
H.I.V & A.I.D.S	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
I.L.L.I	Index Based Livestock Insurance
I.L.R.I	International Livestock Research Institute
K-REP	Kenya Rural Enterprise Programme
K.I.P.P.R.A	Kenya Institute of Public Policy and Research Analysis
K.L.A	Kenya Land Alliance
K.W.F.T	Kenya Women Finance Trust
M.B.M.A	Member Based Micro finance Agencies
M.D.Gs	Milennium Development Goals
M.F.Is	Micro-Finance Institutions
N.G.Os	Non Governmental Organizations
ROSCAS	Rotating Savings and Credit Associations
SACCOS	Savings and Credit Cooperative Societies
U.N	United Nations
U.N.D.P	United Nations Development Programme
U.N.E.S.C.O	United Nations Educational Science and Cultural Organization
U.N.I.F.E.M	United Nations Development Fund For Women

## ABBREVIATIONS AND ACRONYMS

<b>C.B.M.A</b>	Client Based Micro finance Agencies
<b>C.I.D.A</b>	Canadian International Development Agency
<b>H.I.V &amp; A.I.D.S</b>	Human Immune Virus and Acquired Immune Deficiency Syndrome
<b>I.B.L.I</b>	Index Based Livestock Insurance
<b>I.L.R.I</b>	International Livestock Research Institute
<b>K – REP</b>	Kenya Rural Enterprise Programme
<b>K.I.P.P.R.A</b>	Kenya Institute of Public Policy and Research Analysis
<b>K.L.A</b>	Kenya Land Alliance
<b>K.W.F.T</b>	Kenya Women Finance Trust
<b>M.B.M.As</b>	Member Based Micro finance Agencies
<b>M.D.Gs</b>	Millennium Development Goals
<b>M.F.Is</b>	Micro Finance Institutions
<b>N.G.Os</b>	Non Governmental Organizations
<b>RoSCAS</b>	Rotating Savings and Credit Associations
<b>SACCOS</b>	Savings and Credit Cooperative Society
<b>U.N</b>	United Nations
<b>U.N.D.P</b>	United Nations Development Program
<b>U.N.E.S.C.O</b>	United Nations Education Science and Cultural Organization
<b>U.N.I.F.E.M</b>	United Nations Development Fund For Women

**U.S.A.I.D**                      **United States of America International Development**

**V.S.L.A**                        **Village Savings and Loans Associations**

**W.B**                              **World Bank**

**W.E.F**                          **Women Enterprise Fund**

The objective of this study was to find out the influence of Micro Finance services on empowering women and women groups in Eldama Ravine Location, Garissa County as well as to find out the effects that has had on women socio-economicity.

In order to accomplish the task, the methodology employed was in-depth interviews, guide and structured questionnaires to collect the required data. The study was conducted in Eldama Ravine Location and the study drew its population from members of various women groups which were categorized in two strata - those financed by Micro Financing Institutions and those financed entirely from membership contributions. The results of this study showed that Micro Finance Institutions had played a huge role in empowering women socio-economicity where women have had the chance to acquire various skills and thereby, they have been empowered in the society.

Based on the recommendations made by this report, it is recommended that the strategic approach for socio-economic empowerment, they need to involve the members' money in profitable business to enable to mobilize the capital. It also recommended that the groups needed training on the management of the funds in order to make correct business decisions.

## ABSTRACT

Women bear a disproportionate burden of the world's poverty. Statistics indicate that women are more likely to be poor and at risk of hunger because of the systematic discrimination they face in health care, employment and control of assets. It has been discovered that M.F.Is has come to the recognition that empowering women and developing communities are closely connected. In view to this, this study therefore has sought to bridge the gap by establishing the role of micro finance services in empowering women and women groups economically, socially and politically in Eldama Ravine Location, Baringo County.

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In order to accomplish the task, the methodology employed was in depth interview guide, and structured Questionnaires to collect the required data. The study was conducted in Eldama Ravine Location and the study drew its population from members of various women groups which were categorized to two strata – those financed by Micro Financing Institutions and those financed entirely from membership contribution. The results of this study showed that Micro Finance Institutions had played a huge role in empowering women economically where women have had the chance to acquire various assets and socially, they have been recognized in the society.

Some of the recommendations made are that for women to be more effective in their strategic options for socio-economic empowerment, they need to invest the members' money in profitable business in order to increase the capital. It also recommended that the groups needed training on the management of the funds in order to make correct business decisions.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Empowerment is to give power or authority. It is a process which takes a long time to achieve and it involves the exercise rather than possession of power or both. Empowerment is based on the premise that men and women have similar abilities, capabilities and talents and therefore should be rewarded and treated equally. (Pietila, 2002; United Nations, 1996; International Labor Organization, 2007). In the case of women empowerment, it is giving women opportunities to acquire knowledge, opportunities, and funds and support so that they can address their needs. Emphasis has not been on grassroots level and at the same time, development has been state led which has had the top down approach and while this has had its benefits, this benefits have not trickled down to the community and especially women who form the wider base of those who are not in employment. The empowerment process therefore entails all measures aimed at removing obstacles to women's active participation in all spheres of public and private life through an equal share in economic, social, cultural and political decision making process (United Nations, 1996; Pietila, 2002; Republic of Kenya, 2005)

The desire to achieve gender equality prompted the United Nations Millenium Conference to formulate the Millenium Development Goals requiring member countries to empower women and promote gender equality and women empowerment as a crucial path to attainment of other goals including eradication of extreme poverty and hunger, child and maternal mortality, combating H.I.V.& A.I.D.S, promote gender equality and women empowerment as well as ensuring environmental sustainability by 2015 (United Nations; Republic of Kenya, 2004, 2005)

Micro Financing refers to a movement that envisages a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services including and not just credit but also savings, insurance and fund transfer. (Oxaal & Baden, 1997:40) Micro finance exists because it attempts to address the lack of access to financial market by the poor. It focuses on providing Micro credit and small collateral free loans to the very poor.

Access to finance enables poor women to become economic agents of change by increasing their income and productivity, access to markets and information and decision making process. Microfinance is just one entry point for linking economic and social interventions to concrete health and development outcomes, (Simanowitz & Walter, 2002).

However, it has been discovered that women especially in developing countries do not have easy access to micro finance services for their entrepreneur activity and empowerment due to obstacles including; the lack of commercial lending institutions with sufficient access to capital, political and economic instability, relatively expensive wage structures for skilled staff members, and weak legal and policy frameworks to regulate and support small-scale financial activities. Thus the poor in many countries who are mostly women remain systematically excluded from participation in the financial sector (Otero and Rhyne, 2007) and as such have low business performance than their men counterparts, whereas the rate of their participation in the informal sector of the economy is higher than males, then micro finance services could have positive effect on enterprise performance (Ekpe et. al, 2010)

## **1.2 Statement of the Problem**

Women are the mainstay of many countries as well as the backbone of their countries development. Empowering women economically boasts both gender equality and the wealth of nations. It has been emphasized that access to Micro Finance services for example micro credit, by the low income people who are mostly women can help improve their situation.

It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women, (U.N.D.P, 1995). According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

In addressing the above, there have been several measures aimed at empowering gender. The use of self help groups to increase access to credit is one such measure. Through their contribution the women are able to earn an income, and also these programmes have potential to initiate services of virtuous spirals of economic empowerment, increased well being for women and their families and wider social and political empowerment.

### **1.3 Study Objective**

The main objective of this research was to investigate the influence of Micro Finance Services in empowering women.

#### **1.3.1 Specific Objectives**

- i. To assess the influence of access to micro credit services on women's empowerment
- ii. To establish the influence of microfinance training on women's empowerment
- iii. To assess the influence of micro insurance on women's projects and empowerment
- iv. To determine the influence of micro savings on women's empowerment.
- v. To assess the influence of microfinance on domestic violence

### **1.4 Research Questions**

- i. Does access to microcredit services by M.F.I.s lead to empowerment of women?
- ii. How does microfinance training by M.F.I.s influence empowerment of women?
- iii. What are the effects of micro savings on empowerment of women?
- iv. How have micro finance insurance schemes benefitted women?
- v. Does access to micro credit by women decrease or increase domestic violence among spouses?

### **1.5 Limitations of the study**

The study was affected by a recall bias where the respondents were not able to remember their exact income prior to joining microfinance programme. In the ideal situation, the study conducted a baseline survey of the introduction of micro finance programme.

The researcher also encountered challenges such as language barrier. Some of the respondents were not be able to understand English or Kiswahili therefore the researcher was forced to translate the questionnaire in the local language which was well understood.

Another limitation was that of the respondents fearing that the information may be forwarded to Kenya Revenue Authority. In such case, the researcher to assured them respondents that the information was purely for academic purposes and was treated as confidential.

### **1.6 Significance of the Study**

The study will increase the body of knowledge to women groups on the benefits of the microfinance institutions and on their empowerment and the institution on how best the institution can impact on them and in turn raise their living standards whether both individually and collectively.

The information which was gathered therefore by this study is of great importance to all development actors operating in Baringo County especially to women and their groups on improving their welfare through micro finance services. The information can also be used to inform stakeholders on the need to offer training services and skills in business management. It may also serve as an important resource material for micro finance training institutions besides enriching the stock of knowledge available on gender empowerment through microfinance services and other tools of empowerment.

### **1.7 Scope of the Study**

The research was restricted to women groups in Eldama Ravine Location of Baringo County. These groups are formed when individual women come together when they have a need to seek for collectively. The women groups comprised of literate, semi literate and illiterate members who had ventured into a variety of businesses i.e shop keeping, beekeeping, agricultural activities and market trading. The study sought to find out the role of microfinance services in empowering the women through their women groups. It also sought to find out the impact microfinance services has on women empowering groups in Eldama Ravine Location.



## 1.8 Assumptions of the Study

It was assumed that all the respondents were to give out the required data.

It was also assumed that all the women were are in various women groups.

## 1.9 Definition of Significant Terms

- Empowerment:** Refers to increasing the spiritual, political, social or economic strength of individuals and communities. It often involves the empowered developing confidence in their own capacities.
- Microfinance:** provision of financial services to low income clients, customers and the self employed who traditionally lack access to banking and related services.
- Microfinance services:** These are micro finance services and products offered by micro finance institutions in an attempt to address the challenges caused by lack of micro financing. Examples of these services include micro savings, micro credit, micro training and micro insurance among others.
- Micro Savings:** these are services offered by micro finance institutions aimed at giving the poor opportunities to save money without any minimum balance through informal savings mechanisms.
- Micro Insurance:** These are services aimed at helping the low income people manage their risks and reduce their vulnerability to shocks.
- Micro Credit:** These are small amounts of money loaned to clients by banks or institutions and can be offered often without collateral.
- Micro Training:** These are enterprise development services offered by financial institutions.

### 1.10 Organization of the Study

Empowerment is a process which takes a long time to achieve and it involves the exercise rather than possession of power or both. In the case of women empowerment, it is giving women opportunities to acquire knowledge, opportunities, and funds and support so that they can address their needs. Studies have shown that access to financial services and the resultant transfer of financial resources to poor women, over time have led to women becoming more confident and assertive. The objectives of the study included the influence of Micro Credit on women empowerment; establishing the effects of Micro training on women empowerment, assess the benefits of micro savings and Micro Insurance. The study was restricted to Eldama Ravine Location.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter is concerned with general overview of the roles of micro finance services in relation to empowering women. It also contains reviews of past literature documented in relation to the impact of micro finance on women empowerment and the objectives of the study as well as the theories touching on empowerment and the conceptual framework which will be relating to the different variables to addressed in the study.

Microfinance has been defined as the provision of financial services to low income clients or solidarity lending groups including consumers and the self employed, who traditionally lack access to banking and related services( Wikipedia, 2011) whereas Microfinance schemes are defined as mechanisms to enhance poor people's welfare through saving and lending (Schreiner, 2000). Their viability is key to empower small scale business men and women, who are able to save, but often lack the institutional setting to be able to do so (UN, 2009). Microfinance involves offering of financial services for people barred from time honored system because they cannot offer bank guarantees (Eufin, 2009). Financial services offered generally include savings and credit; however, some microfinance organizations also provide training, insurance and payment services.

Micro credit was the phrase that came in to use to describe efforts that focused on getting loans to the very poor in developing countries in an attempt to influence poverty reduction and social change while microfinance brings a larger package of financial services which are of greater benefits to poor households (Armendariz de Aghion and Morduch, 2005,p1)

It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women (U.N.D.P, 1995). According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving

priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

Research done by UNDP, U.N.I.F.E.M, and the World Bank, among others, indicates that gender inequalities in developing societies inhibit economic growth and development. For example, a recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard of their people (World Bank, 2001). Microfinance has come to play a major role in many of these donors' gender and development strategies because of its direct relationship to both poverty alleviation and women. As C.I.D.A recognizes in its gender policy, "Attention to gender equality is essential to sound development practice and at the heart of economic and social progress.

As part of its poverty reduction priority, C.I.D.A supports programs that provide "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women (C.I.D.A, 1999). By giving women access to working capital and training, microfinance helps mobilize women's productive capacity to alleviate poverty and maximize economic output. In this case, women's entitlement to financial services, development aid, and equal rights rests primarily on their potential contribution to society rather than on their intrinsic rights as human beings and members of that society (Mayoux and Kabeer, 2001).

## **2.2 Typology of Microfinance Schemes in Kenya**

In the past, (M.F.Is) were established using an N.G.Os or S.A.C.C.O.s frameworks model and have been important sources of credit as stated above for a large number of low income households in the rural and urban areas of Kenya.

The first typology is based on formality where microfinance institutions are categorized as formal or informal. Examples of formal microfinance institutions in the country include Kenya Rural Enterprise Programme (K-REP), Kenya Women Finance Trust (K.W.F.T) Faulu Kenya, Wedco, Jitegemee, Vintage and Coop Bank micro finance units among others. On the other

hand, informal schemes include traders, shopkeepers, money lenders, family and funds (Hospes, Musinga and Ong'ayo 2002)

The second typology of microfinance scheme is based on customer / provider relationship. Under this typology, microfinance providers could be classified into Client Based Micro finance Agencies (C.M.F.As) that comprise of all Micro finance providers, formal or informal. The second classification is Member Based Micro finance Agencies (M.M.F.A) which include S.A.C.C.O.S, ROSCAS and Accumulating Savings and Association (ASCRAS) which are locally known in Kenya as Merry go rounds'' ( Hospes , Musinga and Ong'ayo 2002)

The bridge between empowering women through microfinance is that microfinance can empower women and does so everyday through financial services and by giving women an opportunity to build a source of income to her home and community this would help her in decision making situation, increase both her assets and non assets properties, raise her self – esteem and respect form others. Financial empowerment creates social, economic and political empowerment for women.

### **2.3 Microfinance Services**

These are micro finance services and products offered by micro finance institutions in an attempt to address the challenges caused by lack of micro financing. Examples of these services include micro savings, micro credit, micro training and micro insurance among others.

#### **2.3.1 Micro Savings**

Although not all people are creditworthy or want debt, all people are deposit worthy and want assets. Micro savings not only offer the safe storage of scarce funds, they also help lessen the financial volatility of the poor, who lead lives marked with financial unpredictability (Ahmed, 2010). The poor (like the non-poor) use financial services to turn small, frequent cash inflows (such as from daily milk sales) into usefully large sums (perhaps to buy a cow or land) (Rutherford, 2000) Micro finance has given the poor a possibility to save money without no minimum balance through informal savings mechanisms that poor women already use all over the world for example door-to door deposit collectors, Rotating Savings and Credit Associations,

and Annual Saving Clubs. Examples of practical uses of these mechanisms are the creation of the SafeSave Organization in Dhaka, Bangladesh (Rutherford, 2000) and the design of savings products at Bank Rakyat Indonesia (Robinson, 1994). These efforts are not gender-specific, but they do combine some of the strengths of informal and formal savings mechanisms. It has also allowed people to retain money for future use or for unexpected costs. Savings may also cushion familial risks due to illness, theft, or job loss or structural risks due to war, floods, or fire. Finally, savings allow people to take advantage of unexpected investment opportunities. As stored resources, savings are useful for a wide range of purposes.

Hulme (2003) however notes that there exist extremes cases in East Africa where MFIs have no place for clients who wish to only make savings and not take loans products as savings unlike loan products are not designed to cover the costs of the institution. Although microfinance often targets women and although women often use microfinance, Johnson (1999) notes that product design rarely addresses gender-specific aspects of the use of financial services. Indeed, despite the pervasive belief that microfinance helps women, few programs have developed concrete ways to meet the distinct demands of poor women for saving services.

### **2.3.2 Micro Insurance**

Micro insurance gives the entrepreneurs the chance to focus more on their core business which drastically reduces the risk affecting their property, health or working possibilities (Ahmed, 2010) Micro-insurance also aims to help low-income people manage risk and reduce their vulnerability to shocks. However, it's estimated that only three percent of low-income people in the world's 100 poorest countries benefit from a micro-insurance, leaving approximately two billion people unprotected. Of those two billion, more than half are women. Micro insurance is said to have the potential to help low-income families cover risks that affect their day-to-day lives at an affordable premium but again surprisingly, for example in Kenya, research from Industry statistics indicate that only 6.8 percent of the Kenyan populace had purchased insurance products, (A.K.I, 2010)

In Kenya, which is presently only second to South Africa in the provision of micro insurance in Africa, overall insurance penetration is still wanting due to low levels of awareness. In a country that practices agriculture as a primary economic activity; micro insurance has played a huge role in substituting for the unfavorable seasons for example Drought insurance product which is relatively a new product in Kenya that has favored pastoralist in arid and semi arid areas.

In the midst of a drought-induced food crisis affecting millions in the Horn of Africa, an innovative micro insurance programme for poor livestock keepers made its first payouts on November 2011, (Micro Finance Africa, 2011) providing compensation for some 650 insured herders in northern Kenya's vast Marsabit District who have lost up to a third of their animals. Known as Index Based Livestock Insurance (IBLI), payouts are triggered when satellite images show that grazing lands in the region have deteriorated to the point that herders are expected to be losing more than 15% of their herd. The current readings for which indemnities are now being paid show that between 18 and 33% of livestock have been lost to drought this season.

The insurance project was developed in partnership by the Nairobi-based International Livestock Research Institute (ILRI), Cornell University and the Index Insurance Innovation Initiative programme at the University of California at Davis. Commercial partners Equity Bank and UAP Insurance Ltd Will implement the programme. The (IBLI) project is funded by USAID, the European Union, the British Government, the World Bank,

#### **2.3.4 Micro Credit**

Micro credits are small amounts of money loaned to clients by banks or other institutions. They can be offered, often without collateral, to an individual or through group lending. Microfinance group based loans are loan facilities designed for micro-enterprise operators, who do not have conventional collateral. These loans are usually small in size and have a short tenor. To supplement collateral requirements, the loans are secured partly by cash and partly by group guarantees. A sustainable institution that empowers women can do so by first paying attention to the following: understand the characteristics of women's economic activity, (for example, smaller businesses than men, smaller cash flow, more likely reaches a smaller market) and know the skill and time constraints of women (less literacy, fewer marketable skills, domestic

and child care responsibilities). This kind of client awareness helps MFIs offer loans and other products that are appropriate and empowering. (Otero, 2002)

According to (KeNBS, 2008) approximately, one third of both poor and non poor household seek credit in Kenya. The major reason for seeking credit for both poor and non poor was subsistence needs followed by medical and school fees. The amount of credit accessed by poor household averaged Ksh.6, 325 at an interest rate of 3.6 per cent compared with that of non – poor of KSh. 40,000 at an interest of 7.4 per annum. The amount of credit accessed by poor households is over six times that of non poor households (KeNBS, 2008, P. 256)

Micro credit helps poor families to meet their basic needs; the fact that the poorest and low-income people take advantage of these financial products leads to improvement in socio-economic conditions and guarantees stability and entrepreneurship development. Through strengthening of women's involvement in economy, microfinance improves the status of women, promotes gender equality and leads to achieve better conditions for households.

### **2.3.5 Micro Finance Training**

These are part of enterprise development services that are offered by Micro Finance Institutions. They may include business training, production training, subsector analysis and intervention (Ahmed 2010) Women entrepreneurs especially in developing countries lack training (I.F.C, 2007) an entrepreneurial process which is a vital source of developing human capital. According to the UN (2009) only 8% of the Kenyan population has access to semi-formal financial Institutions. It is therefore vital for micro finance institutions to offer training in the financial market and see where the mechanism can be further improved in order to expand the numbers of beneficiaries. This is particularly true in the case of women having an informal business, which account for 72% of non-agricultural employment in sub-Saharan Africa (Bardasi et al, 2007). Training also plays a crucial role in providing learning opportunities for individuals to improve their skills, attitudes and abilities (Brana, 2008). In most literatures, the effect of training on women entrepreneurs' performance especially in developing countries has not been adequately addressed. Studies support the fact that majority of micro finance institutions clients do not have specialized skills and so cannot make good use of micro finance factors ( Karnani, 2007) hence they need training.



In Equity Bank Limited during the distribution of the Fanikisha Shaba Loan, a group is normally taken through 8 weeks training, during this time members learn about the constitution and therefore become aware of their rights, their duties and how to handle savings and bookkeeping- They also elect a treasurer, a chairlady and a secretary with a 2/3 majority. Moreover, women are also taught business selection, business expansion, default management, customer care and business bookkeeping (Ndonga, 2010) Salaried employment provides prior business experience that is vital for enterprise success, yet women entrepreneurs mostly in developing countries lack this (Branan, 2008). This further strengthens the need for training as a micro finance factor for the women entrepreneurs.

#### **2.4 Factors Influencing Microfinance Services**

Microfinance - Credit, Training, Insurance and Savings—has potential to improve the well-being of poor women in developing countries. However, research literature indicates that the rigid design of micro credit programmes and the limited range of financial services offered have made the arena of micro credit project a difficult terrain to negotiate for poor sections. Programme design that seeks foolproof of repayment by mandating weekly or monthly repayments require the customers to start repaying loans from pre existing savings stock thereby excluding the poorest from participating (Jain and Moore, 2003)

The limited accessibility to financial services is due to relatively high fees and commissions charged by banks. Currently, only 19% of bankable population utilizes formal financial services while 38% of Kenyans are excluded in terms of financial services. 8% of financial services are provided by SACCOS while 35% obtain loans from the informal sector (Financial sector, Deepening Kenya, 2007) Similarly, there has been laxity in enforcing section 44 of the banking act which requires that commercial banks seek approval from the minister of finance before imposing any charges on their customers (KIPPRA, 2009 P.108)

In regional terms, the lending rate in Kenya is still relatively high compared to most countries i.e China, Chile, Malaysia, Korea, Singapore and Thailand, the rate is below 10% compared to Kenyas average of 13% during the period of 2004 – 2006. Currently, it has escalated to 23% on the lower side and 28% on the higher side. This high cost of credit impedes investment growth

whereas the interest rate spreads for countries that have already attained middle income status i.e Singapore, Korea and China among others are below 5% (KIPPRA, 2009)

Additionally, limited loan products, the absence of emergency loans in micro credit programmes and non negotiable repayment have contributed to multiple memberships in micro finance programmes and to the continuing reliance of members on the more flexible and timely services offered by informal moneylenders (Gifford 2002, & Fernando 2001). Members have been found to borrow from money lenders to repay MFIs and vice versa. Such a policy has been found to be increasing loan size on households and has been found to lead to the collapse of the poorest households (Sinha and Martin, 1998)

## **2.5 Micro Finance Models**

Financial investment planner (2010) indicates that the microfinance community has divided itself into hierarchies. Some of the popular microfinance credit lending models adopted across the world is:

### **2.5.1 The Grameen Model**

The Grameen model which was founded by Mohammed Yunus entails that a bank unit be composed with a field manager and a set of bank staff covering a specified area, like 15 to 20 villages (Fehmeen, 2010.) The whole basis of Mohammed Yunus model was that social collateral in the form of group underwriting of loans should replace individual collateral in banking for the poor since by definition, the poor do not have the regular income or financial or capital assets that would provide surety to a would be financial lender (Yunus & Jolis, 1999) so organizing borrowing groups was a key tool in the spread of micro credit to poor households

The banking service starts by the manager and staff familiarizing themselves with the native people and explaining to them the intent, function motives and mode of operation. Finally groups comprising of five future borrowers are formed out of which only two people get the loan and if within fifty weeks they return the principal plus the interest as per the banking rules, the others become eligible as well. This is done so that there is a collective liability on the group which serves as guarantee against the loan.

Grameen model creates access to credit on reasonable terms such as the group lending system and weekly installment payment with reasonably long term of loans, enabling the poor to build on their existing skill to earn a better income in each cycle of loans (Yunus, 1998)

There is no legal instrument (no written contract) between Grameen Bank and its borrowers, the system works based on trust. To supplement the lending, Grameen Bank also requires the borrowing members to save very small amounts regularly in a number of funds like emergency fund, group fund, etc. these savings help serve as an insurance against contingencies.

### **2.5.2 Associations and Cooperatives**

Fehmeen, (2010) defines an association as that which is formed by the poor in the target community to offer microfinance services such as micro savings, micro credit, micro insurance and other services to themselves. The associations which can form on the basis of gender, religion, or political and cultural orientation of its members then gathers capital and intermediates between banks, M.F.I.s and its members. An example of an association is a self help group.

Fehmeen, (2010) defines community banks or village banks as formal versions of associations created by members of a target community who wish to improve their living standards and to generate employment. Community banking treats the whole community as one unit and establishes semi formal or formal institutions through which microfinance is dispensed. By offering micro finance services, these banks seek to develop their communities. Guarantees are provided by social collateral or peer pressure as services are distributed through 5member groups where each member's eligibility for loans is based on his / her peer's performance. Examples include Grameen Bank in Bangladesh and MuCoba in Tanzania.

Yunus, (1998) defines credit unions as member driven self help financial institutions. In a credit union, members of a target community gather their money and make loans to one another at low interest rates. Compared to community banks, credit unions are smaller and non profit oriented, charging interest rates that merely allow sustainability. Examples include Union Progresista Amatitlaneca in Guatemala and Vancity Credit Union in Canada.

Hoyt, (1996) describes cooperatives as autonomous associations of people united voluntarily to meet their common economic and social needs through jointly owned and democratically controlled enterprises. Cooperatives are very much like associations and community bank except that their ownership structure does not include the poor. A group of middle or upper class individuals may form a coop to offer microfinance services to the poor. Examples include Cooperative Bank in Kenya and Cooperative Rural Bank of Bulacan –Philippines

Ro.S.C.As are small groups, typically composed of women where each member makes regular cyclical contributions into a common fund, which is given entirely to one member at the start of each cycle. The cycle could be weekly, monthly or quarterly. The benefit of this model is the matching of client's cash flows with the loan, the ability to structure the funds without interest rates and the absence of over head costs (Yunus, 1998). With the formation of Ro.S.C.As and S.H.Gs, the competition created in the form of developing several non banking financial institutions in rural areas has reduced the interest rates in the informal credit market (Reddy, 2005) Like deposit collectors, Ro.S.C.A.s are common among poor women because they offer low transaction costs and the pressure to save regularly (Ardener and Burman, 1995). Transaction costs are low because Ro.S.C.As form among people who know and trust each other and who already meet regularly or live or work close to each other. There is pressure to save because failure to do so reduces the pool for other members.

According to (Wild et.al, .2008) VSLAs are informal voluntary groups consisting of 30 individuals but currently, members can reach up to 7000 individuals (Osoo, 2010). Such small scale financial institution can help women in coping with food insecurity in times of drought or bad harvest (Agarwal, 2000). V.S.L.As are established for the purpose of mobilizing savings for lending back to group members. The members are normally mixed gender, and they reside in the same village. In the cases of one gender, the Women are organized in self selected, voluntary, autonomous and class homogenous units with maximum 30 members whose savings go into a loan fund from which they can borrow weekly (Allen, 2007). VSLs are characterized by either “active participation” or “interactive participation” (Agarwal, 2001: 1624) because group members express their own opinions, show initiative and can influence the group decisions.

Therefore women reach a status where they have “power to” develop skills and have access to resources and “power with” in their own group which helps them reach a collective goal (Mayoux, 2000), which in this case is firstly food security and then business improvement.

The associations are built on the principle of pooled individual savings as the foundation for building capital with the motivation to save coming from the groups. The groups then finance member’s income generating activities through loans from the general fund. The model also requires members to form groups of five which are charged with the responsibility of loan appraisal and guarantee through joint liability. All borrowers are required to pay an insurance against their loan at a rate determined by the members which is usually between 5 and 10%. Groups often operate savings account with a local bank and some group funds are therefore, kept in a formal bank, although this is not a requirement of the model.

Savings and Credit Cooperative Societies (S.A.C.C.O.S) are financial services cooperatives registered under the Cooperative Act. The Annual General Meeting (A.G.M) of members is the supreme body. S.A.C.C.O.S have paid staff which range from managers to Clerks depending on the size of the S.A.C.C.O.S. The minimum membership for S.A.C.C.O.S is 10 members but there is still no ceiling. Members buy shares and they are to set rules on regular savings and meetings (Wild et.al, 2008)

### **2.5.3 Banks and N.G.Os**

In a Bank Guarantee situation, a donor or government agency guarantees microloans made by a microfinance / commercial bank to an individual or group of borrowers. Compulsory deposits by borrowers in such banks are also included in this model. Examples include African microfinance Fund in Mauritius, Bellwether Microfinance Fund in India, Latin America Bridge Fund and Microfinance Credit Guarantee Facility in Pakistan (Fehmeen, 2010)

Unlike community based models, N.G.Os are external organizations and their activities range from offering microfinance services to improving credit rating of the poor, training, education and research (Fehmeen, 2010) N.G.Os may also act as intermediaries between the poor and donor agencies such as the U.N and World Bank, and operate locally as well as globally through

a physical or online presence. Examples include ACCION International and KIVE both of which have headquarters in U.S.A

Commercial banks as well as specialized micro finance banks offer various financial services to the poor but the main purpose may be to secure a high return on investment. (Fehmeen, 2010) unlike other models, the aim is social development as well as financial progress, beyond institutional sustainability. Examples include bank compartmos in Mexico and Khushali bank in Pakistan.

#### **2.5.4 Individual Lending**

Individuals loans are delivered to individuals based on their ability to provide the M.F.I with assurances of repayment and some level of security (Dingcong, 2001) M.F.Is have successfully developed effective models to lend to individuals, which combine formal lending, as is traditional in financial institutions, with informal lending, as carried out by money lenders. Loans to individuals are usually larger than loans to members in a group. Furthermore, individual lending models may be less costly and less labor intensive to establish than group based models.

### **2.6 The Concept of Empowerment**

Empowerment can be described as the enhancement of assets and capabilities of diverse individuals and groups to engage influence and hold accountable the institutions which affect them (Bennet, 2002). Empowerment is also defined as “a process of transition from a state of powerlessness to a more active situation of control over one’s life” (KoopUG/SCC, 2004; Sadan, 1997:144). The concept of empowerment was first presented in the 1970s by third world feminists and women’s organizations. The aim of the concept was to give a framework to and facilitate the struggle for social justice and women’s equality through a transformation of economic, social and political structures on both national and international levels (Bisnath et. al., 1999)

The conception of empowerment is based on the notion of power, empowerment by definition means ‘enabling’, ‘giving, receiving or obtaining power’ or giving the official or legal authority or the freedom to do something.’ In addition, empowerment is defined as the equalization of power and the more efficient use of resources (Claassens, 1993)

According to (U.N.I.F.E.M, 2000) the important elements of women's empowerment include gaining the ability to generate choices and exercise bargaining power, developing a sense of self worth, a belief in ones ability to secure desired changes, and the right to control ones life.

Empowerment is about change, choice and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power – who has it, what its sources are and how it can be exercised - directly affect the choices that women are able to make in their lives (Mayoux, 2001)

The original definition of the term 'women's empowerment' was meant to give a framework to and facilitate the struggle for social justice and women's equality through a transformation of economic, social and political structures on the national and international levels.

Empowerment per se is not a measurable variable and there is disagreement whether it can be measured or not. Indicators used for its measurement include mobility, economic security, the ability to make purchases, involvement in major household decisions, relative freedom from domination within family, political and legal awareness and involvement in political campaigning and protests ( Arkerly, 1995;Hashemi et al.,1996)

(Basu, 2006) has indicated that empowerment can be categorized into three types, namely;

### **2.6.1 Economic Empowerment**

Although women are not always poorer than men, because of the weaker basis of their entitlements, they are generally more vulnerable and, once poor, may have less options in terms of escape (Baden and Mildward, 1995). A reduction in women's vulnerability will sometimes translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs. Women's access to savings and credit gives them a greater economic role in decision making through their decision about savings and credit. When women control decisions regarding credit and savings, they will optimize their own and the households welfare ( Mayoux, 2000) the investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions' activities. The financial sustainability and feminist empowerment paradigms

emphasize women's own income generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing income at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment (Anand, 2005).

### **2.6.2 Social Empowerment**

Access to savings and credit facilities and women's decisions about what is being done with savings and credit strengthens women's say in economic decisions of the household. This enables women to increase expenditure on the well being of themselves and their children. For many M.F.Is, women are considered a better credit risk than men and loans received by women have been found to have wider household-level benefits than those given to men (Khandker, 2005). It is also important to note that the reasons why women are often preferred over men by microfinance institutions (M.F.Is). is that women's repayment rate is higher than men's and Secondly, women do not only gain from the economic opportunity that is given them, but the social network created around the saving and lending mechanism initiate further empowerment because the group becomes "a source of mutual support and collective courage" (U.N.F.P.A, 2006:6). Lastly, when the income generated is fixed and controlled by the women the health of the family improves (U.N.F.P.A, 2006). This process is named virtuous spiral (Mayoux, 2000) Indeed, in group dynamic women's confidence is boosted, as well as security and agency by making them more receptive and adamant towards other developments, such as birth control and education (U.N.F.P.A, 2006).

This is the main concern in the poverty alleviation paradigm. Women's control over decision making is also seen as benefiting men through preventing leakage of household income to unproductive and harmful activities. Other welfare interventions are advocated in addition to micro finance typically nutrition, health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial sustainability, and feminist empowerment paradigms, improved well being in an assumed outcome from increasing women's economic activities and incomes (Mayoux, 2000)



### **2.6.3 Political Empowerment**

This leads to a combination of women's increased economic activity and control over income resulting from access to micro finance with improved women skills, mobility access to knowledge and support networks. Status within the community is also enhanced. These changes are reinforced by group formation, leading to wider movements for social and political change.

The financial self sustainability paradigm and the poverty alleviation paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro levels.

By contrast the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro levels (Biswas, 2008)

Women's empowerment needs occur along the following dimensions: economic, socio – cultural, familial / interpersonal, legal, political and psychological. However, these dimensions are very broad in scope and within each dimension there is a range of sub domains within which women may be empowered (Mayoux, 2000)

### **2.7 Relationship Between Microfinance Services and Empowerment of Women**

The basic theory is that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities (Cheston and Kuhn, 2006). This economic empowerment is expected to generate increased self – esteem, respect and other forms of empowerment for women beneficiaries. Involvement in successful income generating activities should translate into greater control and empowerment. The ability of a woman to transform her life through access to financial services depends on many factors – some of them linked to her individual situation and abilities and others dependent upon her environment and the status of women as a group. Control of capital is only one dimension of the complex and ever changing process by which the cycles of poverty and powerlessness replicate themselves. Credit and saving schemes give rise to women's confidence and help bring about actual changes in their daily life (Kobongo, 2010; Osoo, 2010), while improving at the same time their bargaining power within the household.

The likelihood of reaching agreements over common issues and having her voice heard increases when a woman having access to resources is part of an all-women group, which she gains strength and courage from, and when she earns her own income, which is the case of the interviewed businesswomen (Agarwal, 2001; UN, 2009a).

The objective of micro finance is to empower women economically and socially. Providing access to micro finance for women is considered to be a precondition of poverty alleviation and women's empowerment (Mayoux, 1997). Loans enable women to invest in and expand their business and in consequence they are able to employ. They are also introduced to the banking system and their productive activity is integrated into the formal financial system. Moreover, loans engage entrepreneurs in making major decisions, such as loan approvals and in improving the products and services produced (Charitoneko et al., 1998)

It is argued that microfinance empowers women by strengthening their economic role, increasing their income and ability to contribute to the family income, increasing their employment and productivity, helping the to establish their identity independent of the family, and giving them experience and self confidence in the public sphere (Sinha, 1998)

Economic empowerment includes increasing women's economic autonomy by providing independent sources of income and thus reducing economic dependence on the husband. The ability of microfinance programmes to enable women to engage in productive work in the informal sector depend on the availability of credit, loan size, collateral requirements and the existence of solidarity groups (Gerhart, 1989:933).

Studies usually emphasize that domestic violence has decreased after women joining to micro finance programmes (Mayoux, 2006). Nevertheless, there are also opposite remarks: in some cases domestic violence and aggressive behavior have increased after women joining the programmes, especially in Asian Countries (Mayoux, 1997)

## **2.8 The Effect of Microfinance Services in Empowering Women**

Women bear a disproportionate burden of the world's poverty. Statistics indicate that women are more likely to be poor and at risk of hunger because of the systematic discrimination they face in

education, healthcare, employment and control of assets. M.F.Is has come to the recognition that empowering women and developing communities are closely connected. It is in this regard that in Kenya, gender empowerment has taken center stage resulting in the development and enactment of various legal and policy interventions including enactment of the National Commission on Gender and Development Act in 2003 (N.C.G.D.A) and subsequent establishment of the National Commission on Gender and Development in November the same year. In recognition of gender empowerment and disparities women kitty structures were set up and the most famous one being Kenya Women Finance Trust (K.W.F.T) which became the first licensed microfinance institution for women in Kenya and only second in Africa helping mobilize more deposits and better financial products for over 333,000 female clientele ( World Bank, 2009)

Again a study on the profile of women's socio economic status in Kenya (2008) shows that there is low female representation in post primary education, formal employment, enterprise ownership outside wholesale and retail trade which is why micro finance services have really stepped up in bridging the gap by enabling women to own micro enterprises so as to supplement their daily needs.

Micro Finance Institutions provide access to credit at reasonable interest rates and enable the women to undertake economic activities besides meeting pressing needs. This ultimately results into reduction of poverty thus empowering women.

Pitt and Khandkre, (1998) indicate that micro credit finance taken by the women rather than the men of the household increased women's non-land assets and children's education. It also doubled women's expenditure than if the credit was given to the husband.

As a result, M.F.Is also view M.F as a way in which the gender inequalities that exist can be corrected. Experts view Micro financing as 'the one glimmer of hope for the poor and the only way out of poverty with potential to bridge gender gap between men and women. M.F.Is thus have been able to contribute to the creation of financial system where no person is excluded and women's inclusion is increased (Wish, 2006). Generally, women had been excluded for a variety of reasons which include: lack of property of rights, productive and reproductive demands on women restrictions due to households and childcare responsibilities and lack of mobility, (Oiko Credit, 2009) The founder of the new York based organization women's world banking Michaela

Walsh said that microfinance is critical in creating business and enterprises that could spawn more jobs (Wright, 2000)

Economically, M.F can eradicate poverty by giving an opportunity to increase ones income and ease the vulnerability for the in poor unpredicted events. In a survey of participants in a Bolivian M.F program, 86% of the respondents reported that they had been able to increase their savings. In another study in Indonesia, 90% of the respondents claimed that they had moved out of poverty. With the income from M.F program, investments in children's education are often made a priority. A study on the children's whose families are members in the Grameen Bank show that almost all the girls have had some schooling compared to the 60% of girls whose families don't have M.F loan.

Research on informal savings mechanisms (door to door deposit collectors, rotating savings and credit associations and annual savings clubs) suggest that women want low transactions cost and assistance with deposit discipline. Ro.S.C.As are small groups who meet to make fixed contributions at given intervals e.g. Ro.S.C.As are common among poor women because they offer low transactions costs and exert pressure to save regularly (Ardenenr and Burman, 1995). Transaction cost are low because Ro.S.C.As are formed among people who know and trust each other well and who already meet regularly or live or work close to each other. There is pressure to save because failure to do so reduces the pool for other members.

## **2.9 Theoretical Framework**

This section offers a simple theory as a starting point for thinking about how formal financial services might improve the well being of women. The theories assume a universal template for the oppression of women by men.

### **2.9.1 The Feminist Conflict Theory**

The feminist conflict theory was formulated by Blumberg in 1984. The theory focuses on women's control of the means of production and distribution of economic surplus. The theory is based on broad empirical knowledge of diverse society types including hunting and gathering, agrarian and industrial societies of the late 20<sup>th</sup> century (Turner, 2003). The theory holds that holds that *sexual stratification* is driven by the degree to which men and women control the means of production and allocations of productive surplus in society. It is also concerned with

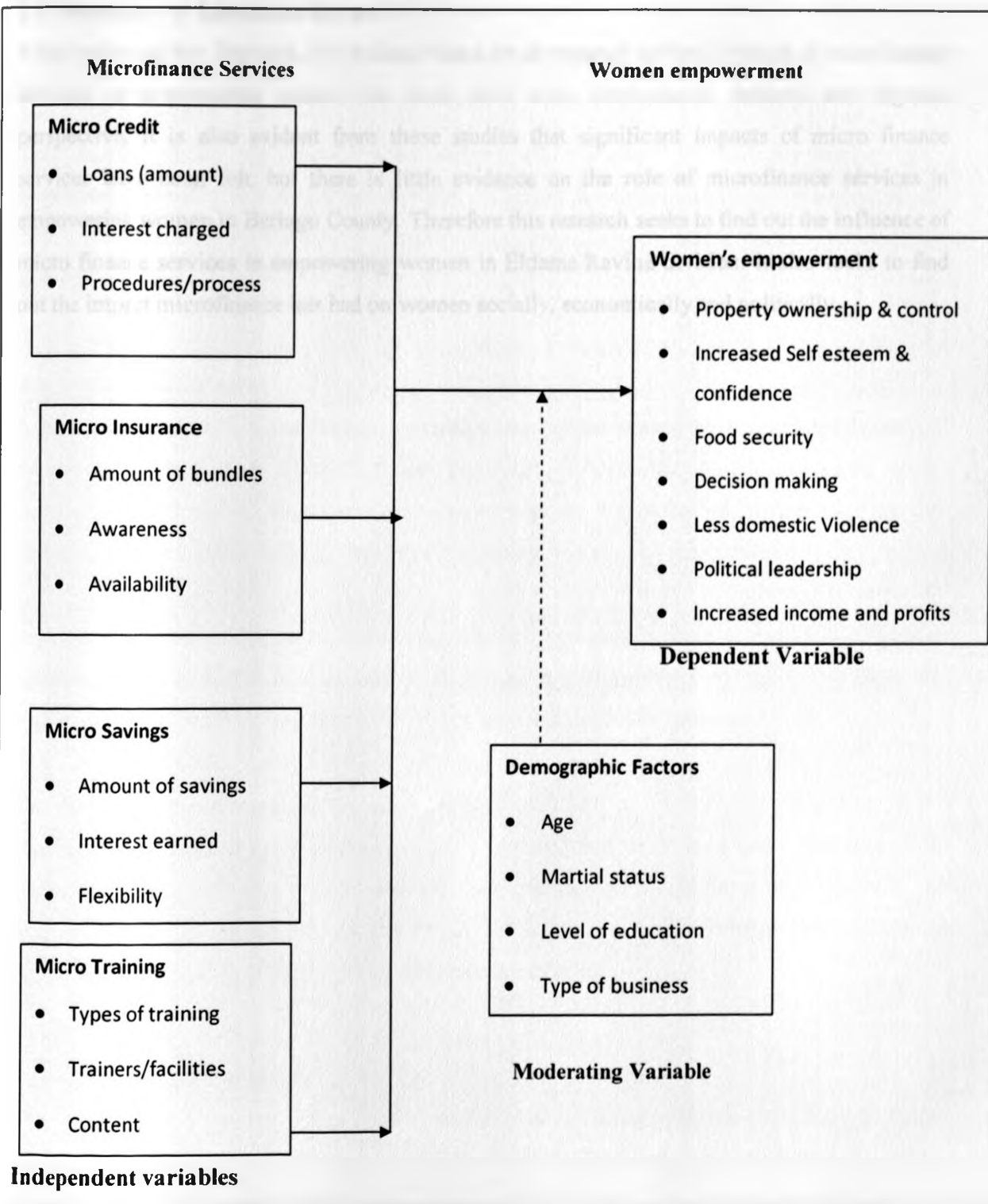
the ways in which the oppressions of patriarchy are compounded for many women. In patriarchal discourse, the nature and social role of women are defined in relation to a norm which is male. Arguably, gaining control of production factors enables women to achieve economic power which in turn facilitates acquisition of political power and prestige (Turner, 2003)

The study adopted the feminist conflict theory since it reflects the many challenges experienced by Kenyan women as they struggle to attain economic empowerment. In support of this statement for example, current statistics from Kenya Land Alliance (K.L.A, 2006) and (F.I.D.A – Kenya, 2006) women hold 1% of registered land titles in their names and about 5 – 6% in joint names. Although women are increasingly securing employment in the formal sector, they have not achieved equity with men in terms of positions held and remuneration. The existing statutory framework often does not provide for women's independent rights and when such legislation exists, mechanisms to enforce it are in most cases absent (K.I.P.P.R.A, 2009 P. 120)

## **2.10 Conceptual Framework**

In the conceptual framework below, the researcher will take into consideration two variables (independent and dependent). The independent variable will be the role of microfinance services and in particular micro credit, micro training, micro insurance and micro savings while the dependent variable will be empowerment of women and women groups of economically, socially and politically. Economically, increased income and profits, measured in terms of ability to own and control asset resources, ability to save and invest among others forms the dependent variable. Similarly, social empowerment as a result of micro finance intervention will be measured in terms of increased education on women, increased self esteem and confidence as well as reduced domestic violence amongst spouses. Politically, as a result of micro finance intervention, women will be given leadership positions in the community as well consulted in making stakeholder decisions making.

The moderating variable which will also moderate the variables will be age, sex, level of education, marital status and type of business.



**Figure 1: Conceptual Framework Linking Different Variables**

## 2.11 Summary of Literature Review

After reviewing the literature, it is evident that a lot of research on the influence of microfinance services in empowering women has been done from international, national and regional perspective. It is also evident from these studies that significant impacts of micro finance services have been felt, but there is little evidence on the role of microfinance services in empowering women in Baringo County. Therefore this research seeks to find out the influence of micro finance services in empowering women in Eldama Ravine division. It also seeks to find out the impact microfinance has had on women socially, economically and politically.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter covers the research methodology which consists of research design, target population, sampling and sample design, data collection instruments and procedures and finally data analysis techniques. It also highlights the procedures that were used in collecting, measuring and analyzing data.

#### **3.2 Research Design**

A research design is the investigators plan of action for answering the research questions and realizing the objectives, (Nachmias and Nachmias, 1996). The type of research design determines the kinds of statistical manipulations that can be performed on the resulting data hence this study applied both qualitative and quantitative data. For the quantitative dimension, a survey was adopted because of its ability to elicit a diverse range of information about the background characteristics of women along with their perceptions about accessing microfinance services as well as experiences as individuals and as groups supported through micro financing. The information obtained was used for descriptive and inferential purposes.

On the qualitative dimension, the study applied unstructured in-depth interviews to source requisite data. According to Mwanje, (2001), unstructured interviews are characterized by intensive probing and open ended questions. The approach best suits the study because it was able to provide an opportunity for the researcher to engage the respondents with follow up questions which in turn yielded clarified in-depth information.

#### **3.3 The Target Population**

The study targeted women groups funded through Micro Finance programs and through active membership. The study was conducted at Eldama Ravine Division, Baringo County. Typically, women groups consisted of twenty members. Within sampled women groups, the study targeted women both leaders and members. Women formed the ultimate unit of analysis from where quantitative and qualitative information was sought.



### 3.4 Sampling Procedures and Sample Size

In most cases, it is difficult to subject the whole target population to investigation because of prohibitive costs and temporal requirements. According to Nachmias and Nachmias, (1996) this calls for a sample which is a subject of the target population through which the requisite information can be obtained at reasonable costs. Samples should be as representative as possible because too small a sample is likely to yield under estimated information that may not reflect the actual population characteristics or perception (Brewer and Collins, 1981). Samples are drawn from well defined lists of the target population known as sampling frame. In situations where a population is too small to be sampled, it is logical to sample all the elements (Nachmias and Nachmias, 1996; Mugenda and Mugenda, 1999). This study will therefore applied convenience, stratified random and purposive sampling to obtain samples of women groups.

**Table 3.1: Sampling of women groups**

Registered women groups	5*10	50
Unregistered women groups	6*10	60
Total	11	110

Based on this, the sample of 11 women groups were categorized into two strata – those with M.F.I Financing and those financed entirely from membership contributions. In this case, *stratified random sampling* was the most appropriate procedure to be used because the researcher was interested in assessing the livid experiences and perceptions among members of M.F.Is financed groups and those financed through members contribution. Stratified random sampling is a probability procedure where a sampling frame is divided into two or more segments called strata and each element in each stratum is given an equal chance of selection into the intended sample (Jaeger, 1984). The procedure ensured that all subgroups of elements were included in the sample which would otherwise be omitted entirely by other sampling methods because of their small numbers in the sampling frame. (Jaeger, 1984; Hess, 1985)

Mugenda and Mugenda (1999) suggested that a sample size of 10% to 15% was enough for a survey. Therefore this study used 10% of the population as the sample. Using systematic sampling 11 women groups were interviewed. Systematic sampling is a statistical method involving the selection of elements from an ordered sampling frame. The most common form of

systematic sampling is an equal probability on which every  $K^{\text{th}}$  element in the frame is selected where  $K$  is the sampling interval.

$K = N / n$  where  $n$  is the sample size and  $N$  is the population size.

$N=100$

$n=10\%$  of the 100 women groups which is equal to 10

Thus the sample size for registered and unregistered women groups are 10

$K=100/10=10$

The study thus used a sampling interval 10 thus a group was picked after every 10 till the desired sample size was obtained. The research administered the questionnaire to 14 members who were randomly picked.

In relation to the processes and procedures, an average of 11 members was selected and interviewed from each women group. This process yielded an average sample size of 110 respondents. The women were selected purposively based on membership to the selected groups. The selection was also based on the willingness to participate in the study. *Purposive sampling* allows a researcher to use cases that have required information with respect to the subject of the study. Such cases are often handpicked because they are informative or possess the required characteristics, (Mugenda and Mugenda, 1999). It also seeks out groups, settings and individuals where the process being studied is most likely to occur (Denzin and Lincoln, 2000)

### **3.5 Research Instruments**

In order to determine the role of the micro finance services in empowering women, the difference between an individual who received the microfinance treatment and what the outcome would have been for the same individual if he/she had not received the treatment is determined. Since the latter is not an observable event, the other practical alternative is to compare the outcome for individuals who receive the treatment with the outcome for individuals who do not receive the treatment (Dunn, 2002) This study therefore used two sets of types of instruments to capture the requisite information namely questionnaire for active members and an in-depth interview schedule for women groups.

### **3.5.1 Questionnaire**

The survey which comprised of closed ended questions was used to source background information from members of women groups which included age, gender, marital status, area of residence, level of income and the number of dependents among others. It also captured information about the type of business activities, amount of capital invested, source of capital funds, returns on the investment, accessibility of M.F.I services, challenges experienced among others.

The main advantage of this type of question is that was easy to ask and quick to answer and analysis was straight forward. The information yielded was then used for descriptive and inferential purposes.

### **3.5.2 In-Depth Interview Schedule**

The in-depth interview schedule was used by the researcher to source qualitative and in-depth information from women group leaders. The instrument captured information about the type of groups, year of inception, core areas of business, level of membership, partnerships with M.F.Is in the county among others. The schedule mainly comprised of open ended questions which provided the researcher with an opportunity to make probes in cases of unclear responses and in addition, the questions yielded more data than the closed ended questions (Nachmias and Nachmias 1996)

### 3.6 Operationalization of the study variable

**Table 3.2: Operationilization**

<b>VARIABLE</b>	<b>MEASURES</b>	<b>TYPE OF DATA</b>
<b>Independent variable</b>		
Micro credit	Accessibility Amount Interest rate	Likert scale
Training	Accessibility Relevance Frequency	Likert scale
Micro Savings	Interest rate Withdrawals Deposit	Likert Scale
Micro insurance	Accessibility Frequency Relevance	Likert scale
<b>Dependent variable</b>		
Empowerment of women and women groups	<p><b>Economic</b> Ownership of assets i.e land Women's control of income Access to and control of family resources Access to credit</p> <p><b>Socially</b> Increased self esteem and high confidence Increased food security Less domestic violence Women literacy</p> <p>Cultural empowerment Reduced early marriages Reduced harmful activities i.e F.G.M</p>	Likert scale

	<b>Politically</b> Women in leadership positions Women's sense of inclusion	
<b>Moderating variable</b>		
Socio demographic factors	Age Marital status Level of education Type of business	

### 3.7 Validity of Research Instruments

The acceptable level of validity largely depends on logical reasoning, experience and professionalism of the investigator (U.N.E.S.C.O; 2004). According to Mugenda and Mugenda (1999) pilot testing is a crucial step in the research process because it helps in refining instruments so that they capture the intended information. Pilot testing reveals what works and what does not. Again, this means that the research will check for accuracy of the findings by employing certain procedures (Gibbs, 2007) hence in this research, the data that was collected was processed, analyzed and interpreted and from the results, questions were reviewed and rephrased for clear understanding.

### 3.8 Reliability of Research Instruments

Reliability ensures scientific usefulness of any research work (U.N.S.E.C.O; 2004). Reliability is the ability of a research instrument to consistently measure the characteristics of interest over time. Reliability also ensures that the researchers approach is consistent across different projects (Gibbs, 2006). Reliability is influenced by Random error. The error may arise at the time of data collection and may be due to inaccuracy of the instrument (Best and Khan2004; Mugenda and Mugenda 1999; Nachmias and Nachmias 1996)

To ensure reliability, the researcher ensured that questions were presented in the simplest form and the questions were further improved by pilot testing. Further, the questions in two sets; one was structured while the other was ended questions. The data was then checked for coding errors

and omissions while coding into excel sheets to generate the correlation coefficient for the two sets of responses. The data base was also verified for accuracy and completeness of all the entries to ensure reliability of data was achieved.

Further, reliability was improved in two ways; first by standardizing the conditions under which the measurement took place for example the researcher ensured that external sources of variation i.e boredom, fatigue were minimized to the extent possible and secondly by carefully designing directions for measurement with no variation from group to group by being motivated to conduct the research and also by broadening the sample of items used (Kothari, 2007:75)

### **3.9 Data Analysis and Presentation**

This research applied both qualitative and quantitative analysis to process, analyze and interpret the data.

#### **3.9.1 Quantitative Data Processing and Analysis**

The Statistical Package for Social Science (SPSS) was used to run the analysis to produce frequency distributions and percentages while charts and tables were produced using MS – Excel. A mean was calculated. A mean was preferred because it took into account all (each) score in the distribution therefore the effect of very low or very high was reflected in the mean and was stable. This analysis allowed distinct comparisons of outcomes and conclusions to be made from the findings.

For data analyzed by inferential statistics, correlation and multiple linear regression analysis were used. This was achieved through the use of Statistical Package for Social Scientists (SPSS) and Microsoft Excel. The technique was most appropriate for this study because most variables in question were captured in nominal and ordinal scales.

#### **3.9.2 Qualitative Data Processing and Analysis**

The essence of qualitative data analysis is to make sense of massive data, reduce the volume of information then identify significant patterns and construct a framework for communicating the existence of what the data reveal. The quality of qualitative research it is argued: cannot be determined by following prescribed formulas. Rather, its quality lies in the power of language to

display a picture of the world in which we discover something about ourselves and our common humanity, (Buchanan, 1992:133) Based on this. The qualitative information obtained through in-depth interviews with officials of women groups was categorized thematically, processed and finally analyzed.

### **3.10 Ethical Considerations**

These are principles or rules of behavior that act to dictate what is actually acceptable or allowed within a profession and according to Israel and Hay, the researcher will have to protect the research participants; guard against misconduct and impropriety that might reflect on their organizations or institutions and cope with new challenges (Israel and Hay, 2006: 89.) With this in mind the Data obtained from women groups and their leaders in Eldama ravine location, Baringo County as well as from micro finance institutions funding women groups within the county was sought after obtaining the consent of the respective institutions. This was done by an official letter from The University of Nairobi and an introductory letter from the researcher. All the information obtained kept private and treated with confidentiality it deserved, and it was only used for academic purposes and only findings were published and not raw data.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

The study aimed at investigating the role of microfinance services in empowering women in Kenya. As such the study identified the problem of study in chapter one and set out the objectives and research questions that the study sought to respond to. The review of the related literature was carried out in relation to the variables in the research questions and research gaps of knowledge in chapter two, while chapter three explained the methods that the study used to collect data and modes of data analysis.

This chapter presents the findings on the role of microfinance services in empowering women where the focus was on selected women groups in Eldama Ravine Location, Baringo County, Kenya. The chapter highlights the findings of the study based on the data collected from respondents. The results are in accordance with the research methodology as set out in chapter three. The data was gathered exclusively from questionnaires as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likert scale.

#### 4.2 Response Rate

From the research methodology, an average of 110 members were selected and interviewed from the selected registered and unregistered women groups funded through Micro Finance programs and through active membership at Eldama Ravine Division, Baringo County. As such the sample population of the study was 110 respondents from the target population consulted in collecting data with regard to the role of microfinance services in empowering women groups in Eldama Ravine, Baringo County, Kenya. The results on the response rates are as shown in table 4.1 below.

**Table 4.1: Tabular Presentation of Response Rate**

Response rate	Frequency	Percentage
No Response	21	19.1
Response	89	80.9
Total	110	100



The study got responses from the 89 leaders and members of the women groups in the area who formed the ultimate unit of analysis from where quantitative and qualitative information was sought. This response of 89 out of 110 sample respondents was got from the correctly and fully-filled in and returned the questionnaire which contributed to 80.9% response. This commendable response rate can be attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill in, kept reminding the respondents to fill in the questionnaires through frequent phone calls and picked the questionnaires once fully filled. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The questionnaires that were not returned (19.1%) were due to reasons like, the respondents were not available to fill them in at that time and with persistence follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents to participate in the study.

**4.2.1 Response Rate Based on Age Brackets of the Respondents**

The study aimed to investigate the age brackets of the respondents constituted in the women groups in Eldama Ravine, Baringo County, Kenya. Table 4.2 below indicates the gender analysis.

**Table 4.2: Tabular Presentation of Age Brackets of the Respondents**

<b>Age Bracket</b>	<b>Frequency</b>	<b>Percent</b>
25-30	17	19.1
31-35	23	25.8
Between 36-40	18	20.2
Between 41-45	10	11.2
Between 45-50	13	14.6
51-55	3	3.4
55-60	5	5.6
<b>Total</b>	<b>89</b>	<b>100.0</b>

From figure 4.1, majority of the respondents were aged between 31 and 35 years as shown by 25.8% of the respondents, 20.2% of the respondents indicated that they were aged between 36 and 40 years, 19.1% of them were aged between 25 and 30 years, another 14.6% of the respondents between 45 and 50, 11.2% were aged from 41 to 45 years, 5.6% of them were from

55 to 60 years, while 3.4% of the of the respondents indicated that they were aged between 51 and 55 years. This shows that respondents were well distributed in terms of age and that they are active in productivity and hence can contribute constructively in the role of microfinance services in empowering women in Kenya.

**4.2.2 Response Rate Based on Number of Dependants Living in the Households**

The respondents were asked to indicate the total number of dependants living in their households. The results are presented in table 4.2.

**Table 4.3: Tabular Presentation of Total Number of Dependants Living in the Households**

<b>Number of Household Dependants</b>	<b>Frequency</b>	<b>Percent</b>
1-2 members	5	5.6
3-5 members	41	46.1
6-7 members	27	30.3
Over 7 members	16	18.0
<b>Total</b>	<b>89</b>	<b>100.0</b>

From the study, 46.1% of the respondents indicated that they had between 3 and 5 dependants living in their households, 30.3% of them indicated 6 to 7 dependants were living in their households, 18% of them indicated that there were more than 7 dependants living in their households, while 5.6% of the respondents indicated that they had between 1 and 2 dependants living in their households.

**4.2.3 Response Rate Based on the Level of Education**

The study sought to establish the highest academic qualifications attained by the respondents. Table 4.4 shows the findings on the highest levels of education attained by the respondents.

**Table 4.4: Respondents' Highest Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
None	5	5.6
Primary	48	53.9
Secondary	29	32.6
College	7	7.9
<b>Total</b>	<b>89</b>	<b>100.0</b>

The study results reveal that majority of the respondents (53.9%) had attained primary school education as their highest level of education, while 32.6% of the respondents indicated that they had attained secondary school level of education, 7.9% of them had attained college level of education and 5.6% of the respondents had not attained any formal education. This results imply that majority of the respondents had at least a primary school education and hence understood the information sought by this study.

**4.2.4 Response Rate Based on Marital Status**

The study sought to establish the marital statuses of the respondents. The results from the study are as depicted in table 4.5.

**Table 4.5: Tabular Presentation of Marital Status of the Respondents**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Married	82	92.1
Single	6	6.7
Windowed	1	1.1
Total	89	100.0

The study found that an overwhelming majority of the respondents were married shown by 92.1% of them, as compared to 6.7% of those who were single and 1.1% of the respondents who indicated that they were windowed.

**4.2.5 Response Rate Based on Type of Business**

The study further sought to establish the various types of businesses done by the respondents. The findings are shown in table 4.6.

**Table 4.6: Type of Businesses done by the Respondents**

<b>Type of Business</b>	<b>Frequency</b>	<b>Percent</b>
Farming	68	76.4
Tailoring	2	2.2
Green grocery	2	2.2
Shop-keeping	1	1.1
Food/hotel business	10	11.2
Salon/beauty and hair dressing	1	1.1
Others	5	5.6
Total	89	100.0

From the study, 76.4% of the respondents unanimously indicated that they engage in farming activities such as small scale maize farming, dairy farming and poultry farming. Further, 11.2% of the respondents reiterated that they engage in food or hotel business, 2.2% of the respondents indicated that they engage in tailoring and cloth making business, another 2.2% of the respondents indicated that they engage in green grocery and fruit selling business, 1.1% of them were shop-keepers as well as saloonists, beauticians and hair dressing business women. Other respondents indicated that they engage in other forms of businesses like carpentry, teaching, selling of cereals, milk selling, flour milling (posho mills) and other forms of employment.

### 4.3 Influence of Micro Credit

The study posed several statements on micro credit and sought the respondents level of agreements with them where a scale of 1 to 5 was provided such that 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

**Table 4.7: Tabular Presentation of Agreement in Percentages on Microcredit**

Statements on microcredit	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std. Dev.
The requirements for loan accessibility are affordable	18	10.1	1.1	21.3	49.4	3.7416	1.5777
The size of the loan is appropriate	10.1	5.6	5.6	36	42.7	3.9551	1.2784
Application procedures are easy	9	2.2	1.1	29.2	58.4	4.2584	1.2015
Repayment schedule is suitable	11.2	3.4	3.4	18	64	4.2022	1.3414

Majority of the respondents agreed that application procedures are easy as shown by a mean score of 4.2584, another majority indicated agreement on that the repayment schedule is suitable as shown by a mean score of 4.2022, the size of the loan is appropriate as shown by a mean score of 3.9551 and the requirements for loan accessibility are affordable as shown by a mean score of 3.7416.

### 4.4 Micro Training

The respondents were required to indicate their level of agreement with various statements on micro training. The results are depicted in table 4.5.

**Table 4.8: Tabular Presentation of Agreement in Percentages on Micro Training**

Statements on Micro Training	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	STD. Dev.
Training received is relevant	1.1	0	2.2	38.2	58.4	4.528	.6586
location for training is convenient	0	2.2	1.1	36	60.7	4.550	.6398
training provider is accessible	0	1.1	1.1	30.3	67.4	4.640	.5690
eligibility requirements are affordable	1.1	1.1	1.1	22.5	74.2	4.674	.6704

From the results, majority of the respondents strongly agreed that eligibility requirements are affordable as shown by a mean score of 4.674, training provider is accessible as shown by a mean score of 4.640, location for training is convenient as shown by a mean score of 4.550 and training received is relevant as shown by a mean score of 4.528.

#### 4.5 Micro Insurance

The study further sought to establish the extent to which the respondents agreed to various statements on micro insurance. Table 4.9 shows the results.

**Table 4.9: Tabular Presentation of Agreement in Percentages on Micro Insurance**

Aspects of Micro Insurance	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	STD. Dev.
The respondents are aware of any insurance from MFI	6.7	2.2	0	15.7	75.3	4.5056	1.0988
Bundle received is sufficient	14.6	11.2	2.2	23.6	48.3	3.7978	1.5013
The requirements for insurance are affordable	2.2	1.1	3.4	20.2	73	4.6067	.80648
Micro insurance mitigates the risk applied for	4.5	3.4	1.1	28.1	62.9	4.4157	1.0091

The results depicted in the table above show that majority of the respondents were in strong agreement that the requirements for insurance are affordable as shown by a mean score of 4.6067 and they were aware of any insurance from M.F.I as shown by a mean score of 4.5056. The respondents indicated agreement that micro insurance mitigates the risk applied for as shown by

a mean score of 4.4157 and that the bundle received is sufficient as shown by a mean score of 3.7978.

#### 4.6 Micro Savings

The study sought to establish the respondents' agreement with various statements on micro savings. A scale of a scale of 1 to 5 was provided where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

**Table 4.10: Tabular Presentation of Agreement in Percentages on Micro Savings**

Statements on micro savings	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	STD. Dev.
Interest earned is satisfactory	40.4	13.5	4.5	9	32.6	2.7978	1.77213
Withdrawal is flexible	30.3	39.3	11.2	2.2	16.9	2.3596	1.38373
deposit locations are flexible	42.7	20.2	1.1	21.3	14.6	2.4494	1.55951
the requirements and procedures are easy	9	4.5	0	38.2	48.3	4.1236	1.21375

Majority of the respondents indicated agreement that the requirements and procedures are easy as shown by a mean score of 4.1236. There was neutrality that interest earned is satisfactory as shown by a mean score of 2.7978, however the respondents disagreed with that deposit locations are flexible as shown by a mean score of 2.4494 and that withdrawal is flexible as shown by a mean score of 2.3596.

#### 4.7 Empowerment of Women Groups

The respondents were called for to indicate their level of agreement with various statements about empowerment of women groups.

**Table 4.11: Agreement in Percentages on Role of Microfinance on Empowerment**

Role of Microfinance on Empowerment of Women	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	STD. Dev.
Micro finance services have led to increased income	6.7	5.6	2.2	47.2	38.2	4.0449	1.1171
Microfinance services have led to increased asset ownership	11.2	6.7	0	31.5	50.6	4.0337	1.3437
Microfinance services have led to increased employment opportunities	11.2	3.4	2.2	38.2	44.9	4.0225	1.2790
Microfinance services have led to increased food security	4.5	1.1	0	49.4	44.9	4.2921	.90707
Microfinance services have led to increased confidence	0	2.2	3.4	44.9	49.4	4.4157	.67097
Microfinance services have led to increased self esteem	0	0	1.1	46.1	52.8	4.5169	.52467
Micro finance services have led to increased women leaders	3.4	1.1	1.1	47.2	47.2	4.3371	.85205
Microfinance services have led to increased recognition of women	1.1	1.1	1.1	42.7	53.9	4.4719	.69233
Microfinance services have led to decrease in domestic violence among spouses	1.1	1.1	0	42.7	55.1	4.5056	.64179

From the study, majority of the respondents strongly agreed that microfinance services have led to increased self esteem as shown by a mean score of 4.5169 and microfinance services have led to decrease in domestic violence among spouses as shown by a mean score of 4.5056. The respondents further agreed that microfinance services have led to increased recognition of women as shown by a mean score of 4.4719, microfinance services have led to increased confidence as shown by a mean score of 4.4157, micro finance services have led to increased

women leaders as shown by a mean score of 4.3371, microfinance services have led to increased food security as shown by a mean score of 4.2921, micro finance services have led to increased income as shown by a mean score of 4.0449, microfinance services have led to increased asset ownership as shown by a mean score of 4.0337 and that microfinance services have led to increased employment opportunities as shown by a mean score of 4.0225.

#### 4.8 Inferential Analysis

To establish the relationship between the independent variables and the dependent variable of the study the study conducted inferential analysis which involved a coefficient of determination and a multiple regression analysis. Inferential analysis is utilized in this study to determine if there is a relationship between an intervention and an outcome, as well as the strength of that relationship. The inferential statistics analysis aimed to reach conclusions that extend beyond the immediate data alone between the independent variables in this study which included micro credit services, microfinance training, micro insurance on women’s projects and micro savings while the dependent variable was empowering women. The main focus was on the role of microfinance services in empowering women, a case of selected women groups in Eldama Ravine Location, Baringo County, Kenya.

##### 4.8.1 Coefficient of Determination

The coefficient of determination is a measure of how well a statistical model is likely to predict future outcomes. The coefficient of determination,  $r^2$  is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (empowering women) that is explained by all the four independent variables (micro credit services, microfinance training, micro insurance on women’s projects and micro savings).

**Table 4.12: Tabular Presentation of Coefficient of Determination**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757(a)	.574	.533	.91241



From the findings 57.4% of the women empowerment among women groups in Eldama Ravine Location, Baringo County is attributed to combination of the four independent factors (micro credit services, microfinance training, micro insurance on women's projects and micro savings) investigated in this study. A further 42.6% of the women empowerment among women groups in Eldama Ravine Location, Baringo County Kenya is attributed to other factors not investigated in this study.

#### 4.8.2 Multiple Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to determine the role of microfinance services in empowering women, a case of selected women groups in Eldama Ravine Location, Baringo County, Kenya. Multiple regression is a statistical technique that allows us to predict a score of one variable on the basis of their scores on several other variables. The main purpose of multiple regression is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable.

To be able to quantify the reliability of the estimates the researcher made assumption of linearity, the assumption of independence (Durbin Watson test indicated a result of 2.123 meaning that there was no auto-correlation between the residual values), the assumption of constant variance (there was no outliers in the independent variables as the results were less than 0.50) and the assumption of normality (sample size was more than 30; hence met the central limit theorem). These assumptions were met to a significant extent as the results obtained were consistent to the assumptions made and hence positive.

**Table 4.13: Tabular Presentation of Multiple Regression Analysis**

Factor	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
Constant	2.481	.946		2.623	.010
Microcredit	0.503	.076	.287	2.675	.009
Micro training	0.820	.196	.012	.103	.018
Micro insurance	0.248	.107	.145	1.378	.012
Micro savings	0.420	.072	.130	1.145	.025

**a Dependent Variable: Empowerment of women groups**

The regression equation,  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \alpha$  becomes:

$$Y = 2.481 + 0.503X_1 + 0.820X_2 + 0.248X_3 + 0.420X_4$$

Where Y is the dependent variable (empowering of women), X1 is the micro credit services independent variable, X2 is the microfinance training independent variable, X3 is micro insurance on women's projects independent variable and X4 is micro savings.

From the regression equation established, taking all the factors (micro credit services, microfinance training, micro insurance on women's projects and micro savings) constant at zero, the empowerment of women groups would be 2.481. Further, if all the other variables are kept constant, a unit increase in microcredit will lead to a 0.503 increase in empowering of women groups in Eldama Ravine. A unit increase in micro training will lead to a 0.820 increase in empowering of women groups in Eldama Ravine, a unit increase in micro insurance will lead to a 0.248 increase in empowering of women groups in Eldama Ravine, while a unit increase in micro savings will lead to a 0.420 increase in empowering of women groups in Eldama Ravine. These results imply that micro training contribute more to the empowering of women groups in Eldama Ravine followed by microcredit then micro savings, while micro insurance contributes the least to empowering of women groups in Eldama Ravine.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four. The chapter further presents the conclusions and recommendations of the study based on the influence of independent variables (micro credit services, microfinance training, micro insurance on women's projects and micro savings) on the dependent variable (empowerment of women). Areas of further research are also suggested by the study. The specific objectives of this study were to assess the influence of access to micro credit services on women's empowerment, to establish the influence of microfinance training on women's empowerment, to assess the benefits of micro insurance on women's projects and empowerment and to determine the influence of micro savings on women's empowerment.

#### **5.2 Summary of the Findings**

On microcredit the study found that application procedures are easy as shown by a mean score of 4.2584, the repayment schedule is suitable as shown by a mean score of 4.2022, the size of the loan is appropriate as shown by a mean score of 3.9551 and the requirements for loan accessibility are affordable as shown by a mean score of 3.7416.

The study further found that the respondents strongly agreed that eligibility requirements are affordable as shown by a mean score of 4.674, training provider is accessible as shown by a mean score of 4.640, location for training is convenient as shown by a mean score of 4.550 and training received is relevant as shown by a mean score of 4.528.

On micro insurance, the study found that the requirements for insurance are affordable, they were aware of any insurance from MFIs, micro insurance mitigates the risk applied for and that the bundle received is sufficient as shown by a mean score of 4.6067, 4.5056, 4.4157 and 3.7978 respectively.

On the influence of micro savings on women empowerment, the study established that that the requirements and procedures are easy as shown by a mean score of 4.1236. There was neutrality

that interest earned is satisfactory as shown by a mean score of 2.7978, however the respondents disagreed with that deposit locations are flexible as shown by a mean score of 2.4494 and that withdrawal is flexible as shown by a mean score of 2.3596. From the study, microfinance services have led to increased self esteem, microfinance services have led to decrease in domestic violence among spouses, microfinance services have led to increased recognition of women, microfinance services have led to increased confidence, micro finance services have led to increased women leaders, microfinance services have led to increased food security, micro finance services have led to increased income, microfinance services have led to increased asset ownership and that microfinance services have led to increased employment opportunities.

From the findings 57.4% of the women empowerment among women groups in Eldama Ravine Location, Baringo County is attributed to combination of the four independent factors (micro credit services, microfinance training, micro insurance on women's projects and micro savings) investigated in this study. Further, if all the other variables are kept constant, a unit increase in microcredit will lead to a 0.503 increase in empowering of women groups in Eldama Ravine. A unit increase in micro training will lead to a 0.820 increase in empowering of women groups in Eldama Ravine, a unit increase in micro insurance will lead to a 0.248 increase in empowering of women groups in Eldama Ravine, while a unit increase in micro savings will lead to a 0.420 increase in empowering of women groups in Eldama Ravine.

### **5.3 Conclusions**

The study concludes that the women groups had employed various strategic options on their socio-economic empowerment through groups. This was through forming of the groups where they consisted of many members who contributed money regularly. The groups also were involved in various business activities such as farming.

The study concludes that with regard to microcredit application procedures are easy, the repayment schedule is suitable, the size of the loan is appropriate and the requirements for loan accessibility are affordable. The study further concludes that eligibility requirements are affordable, training provider is accessible, location for training is convenient and training received is relevant.

The study also concludes that the groups had assisted women improve their socio-economic status. Through the contributions, the women had been able to start their own entrepreneurial activities. On micro insurance, the study concludes that the requirements for insurance are affordable, the women groups are aware of insurance from MFIs, micro insurance mitigates the risk applied for and the bundle received is sufficient. It was clear from the study that the requirements and procedures and interest earned is satisfactory. However, deposit locations are not flexible as well as withdrawals.

The study further concludes that microfinance services have led to increased self esteem, decrease in domestic violence among spouses, increased recognition of women, increased confidence, increased women leaders, increased food security, increased income, increased asset ownership and increased employment opportunities. From the results, micro training contribute s more to the empowering of women groups in Eldama Ravine followed by micro credit then micro savings, while micro insurance contributes the least to empowering of women groups in Eldama Ravine.

#### **5.4 Recommendations for the study**

The study recommends that for women to be effective in their strategic options on their socio-economic empowerment, they need to invest the members money in profitable businesses in order to increase the capital. The profits can be shared by the members while the initial capital is ploughed back into the business. The groups need training on the management of the funds in order to be able to make the correct business decisions.

Although there is much that still needs to be known about targeting women and empowering women through microfinance, this study recommends that there is need for MFIs and other financial institutions to gather information on women's needs and design products specifically to meet those needs. This existing strength should not be lost as the microfinance industry grows. Such an approach would enhance women empowerment by incorporating programmatic elements such as training or leadership opportunities that contribute to women's empowerment, track empowerment benefits along with institutional financial performance and economic impact indicators.

The study further recommends that the MFIs should bring women and women's perspectives into the governance, management, and implementation of microfinance programs. As such the relevant stakeholders should collect gender-disaggregated data for use in the design and improvement of women empowerment programs.

The study also recommends that for microfinance to realize full benefits of women empowerments there is need to conduct and support research on appropriate measures of empowerment that practitioners can use to monitor and improve their empowerment impact. Further they should promote women in leadership in the MFIs they support as well as consider empowerment impacts when evaluating microfinance program performance and making funding decisions.

### **5.5 Recommendations for Further Studies**

The study has investigated the influence of microfinance services in empowering women groups in Eldama Ravine, Baringo County, Kenya and established that micro credit services, microfinance training, micro insurance on women's projects and micro savings are the main factors that contribute to the empowerment of women groups in the area. The women groups are spread in various other constituencies in Kenya where various financial institutions are found to offer micro finance to the groups. The study therefore recommends that further research be undertaken out with an aim of investigating the role of microfinance services in empowering women groups in various other counties in the Country where various women and youth groups are empowered through various types of micro finance. Such a study would ensure generalization of the study findings for all the constituencies and counties in Kenya and hence pave way for new policies.

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## APPENDICES

### Appendix 1: Informed Consent Form

**MAUREEN J. CHEBOR,  
P.O BOX 34885,  
NAIROBI.**

**Dear Sir / Madam,**

#### **REF: INFORMED CONSENT FORM**

Hello, my name is Maureen J. Chebor and I am a Master of Arts student at the University of Nairobi. I will be carrying out a research on the role of micro finance services in empowering women. The study is aimed at generating information on the role of micro financing in empowering women economically, socially and politically. The findings of the study will hopefully influence policy makers and organizations participating in development issues in this county to strengthen micro financing schemes for the benefit of women. Whatever the information you provide will be kept strictly confidential and will not be shown to any other person.

The study has no immediate and direct benefits to you as a participant. Your participation will be voluntary and should we come to any question that you do not wish to answer, just let me know and I will move to the next question or you can stop the interview at any time. Your assistance will be highly appreciated.

**MAUREEN J. CHEBOR**

## Appendix 11: Sample Questionnaire to Women Groups

(All questions to be probed further.)

### Survey questionnaire

(Where applicable, Put an X against the answer that you feel best describes your opinion e.g. if you strongly agree, you put an X below the number box)

---

Strongly agree	5
Agree	4
Neither agree nor disagree	3
Disagree	2
Strongly disagree	1

---

### Socio Demographic Attributes

Name of respondent.....

Age

25-30 [ ]    31-35 [ ]    36-40 [ ]    41-45 [ ]    46-50 [ ]  
51-55 [ ]    56-60 [ ]

The total number of dependants living in your household

.....

Respondent's highest level of education

None [ ]    Primary [ ]    Secondary [ ]    College [ ]

Marital status

Married [ ]    Single [ ]    Widowed [ ]    Divorced [ ]

Type of business.....

(Where applicable, Put an X against the answer that you feel best describes your opinion  
e.g. if you strongly agree, you put an X below the number box)

**Micro credit**

1 2 3 4 5

Are the requirements for loan accessibility affordable?

The size of the loan appropriate?

Are application procedures easy?

Is repayment schedule suitable?

**Micro training**

1 2 3 4 5

Is training received relevant?

Is location for training convenient?

Is training provider accessible?

Are eligibility requirements affordable?

**Micro insurance**

1 2 3 4 5

Are you aware of any insurance from MFI?

Bundle received is sufficient

Are the requirements for insurance affordable?

Does it mitigate the risk applied for?

**Micro savings**

1 2 3 4 5

Interest earned is satisfactory

Withdrawal is flexible

Are deposit locations flexible?

Are the requirements and procedures easy?

## Empowerment of women groups

1 2 3 4 5

Micro finance services have led to increased income

Microfinance services have led to increased asset ownership

Microfinance services have led to increased employment opportunities

Microfinance services have led to increased food security

Microfinance services have led to increased confidence

Microfinance services have led to increased self esteem

Micro finance services have led to increased women leaders

Microfinance services have led to increased recognition of women

Microfinance services has led to decrease in domestic violence among spouses?

## **Appendix 111: Sample In-Depth Interview to Women Group Leaders**

Date \_\_\_\_\_

Start time \_\_\_\_\_

1. What is the name of the women group?
2. How many members are currently there?
3. In what ways have the women benefited from the group?
4. What are the main activities of your group?
5. How do most members of your group raise capital funds for investments and enterprises?
6. How do you meet credit requirements of your members?
7. What impact has participation in the group had on your life and women groups? (Probe for economic, social and political changes)
8. What are the challenges faced by your group in accessing M.F.I Loans?
9. (Probe for any differences in challenges economically, socially and gender wise and group dynamics as well)
10. Suggest appropriate measures that should be taken into consideration to improve the effect of Micro financing on the living standards of women
11. Have you been invited to participate and speak at community meetings? (Probe for leadership and recognition)



12. Has respect increased amongst yourselves (spouses; probe for equality also)
13. What are your experiences in decision making processes? (probe for control and ownership of credit and assets)
14. What have been your new roles in contributing to the community and household since joining the scheme? Since you joined



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SCHOOL OF CONTINUING AND DISTANCE EDUCATION  
DEPARTMENT OF EXTRA-MURAL STUDIES  
NAIROBI EXTRA-MURAL CENTRE

Your Ref:

Our Ref:

Telephone: 318262 Ext. 120

Main Campus  
Gandhi Wing, Ground Floor  
P.O. Box 30197  
NAIROBI

14<sup>th</sup> May 2012

UON/CEES//NEMC/11/086

**TO WHOM IT MAY CONCERN**

**RE: MAUREEN JEMUGE CHEBOR - REG.NO. L50/60726/2010**

This is to confirm that the above named is a student at the University of Nairobi College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Master of Arts in Project Planning and Management

She is proceeding for research entitled "influence of microfinance services on women empowerment".

Any assistance given to her will be appreciated.

  
**CAREN AWILLY**  
CENTRE ORGANIZER  
NAIROBI EXTRA-MURAL CENTRE

