

**IMPACT OF MICRO FINANCE TO FINANCIAL INDEPENDENCE
OF WOMEN LIVING IN NOMADIC COMMUNITIES IN KAJIADO
COUNTY**

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DECLARATION

This research project is my original work and has not been submitted for a degree in this or any other University.

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This project has been submitted for Examination with my approval as the University Lecturer.

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DEDICATION

I dedicate this work to my family for their inspiration, encouragement and support in the course of undertaking this study.

ABSTRACT

The purpose of the study is to examine the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County, Kenya. In doing so, the study adopted the following objectives: to assess how access to micro finance has influenced the socio-economic empowerment of women and to examine the effect of microfinance to women in nomadic households in the reduction of poverty and improvement of livelihood in Kajiado County. The study adopted a survey research design method, the method was preferred because it allows for prudent comparison of the research findings. Coded data was then fed into the statistical package for social sciences (SPSS) version 21. Descriptive statistics such as mean, standard deviation were generated. Standard deviation represented the degree of variability in the responses. The study found out that women credit-based economic activities have facilitated them to take decision for their personal needs independently as well as to participate in other aspects of household decision making. The study concludes that more self-help credit groups should be formed, which will be involved with the subsequent implementation of enterprises identified during participatory processes. Special focus should be given by the participatory development functionaries to motivate the women to form more sustainable and vibrant women credit groups. New women groups should be motivated to create revolving funds and accounts for sustainable development and future management of economic activities after the end of the project. The study recommends the need to critically examine the issues and self-help credit programme should incorporate necessary steps to enhance empowerment of the women irrespective of their duration in the programme, types of economic activities, and marital status.

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socio-economic status of rural poor (Singh, 2005). Since the 1970s, microfinance has come to be seen as an important development and poverty reduction tool for men, as well as women (Olu, 2009). Microfinance includes a set of financial tools which aim at provide banking services for the unbanked, specifically the provision of small cash loans (micro-credit), facilities to save (micro-savings), and insurance policies (micro-insurance) and money transfers. These instruments are seen as reducing and mitigating risks and vulnerabilities experienced by poor people (Hulme, 1999) Micro Finance loans aim to stimulate entrepreneurship among those who suffer from poverty to self-employment and develop their small businesses, to alleviate poverty and improve their social status and thus improve the status of their families and their children in terms of standard of living on the one hand, and level of access to social services such as health, education, among others (Rutherford, 2000).

In Kenya, women constitute 51 % of the total population and they play very crucial roles as active contributors in the development of the economy, but their contribution has been time and again limited by factors such as limited accessibility to financial services (Government of Kenya, 2003). The value of support for women's micro-enterprises is recognized with significant social impacts through increased household spending on children's health and education, as well as strengthened women's groups that can support a wide variety of activities outside the home.

According to Bamwesigye (2005) once smallholder farmers obtain credit from MFIs, they are not only able to enhance their income and consumption levels, but also

improve their productivity through improved access to microcredit. This research is focused on the impact of micro finance to the financial independence of women in nomadic communities in Kajiado County.

1.2 Statement of the problem

The main agenda of microfinance was to help in combating poverty through the provision of small loans to the low income groups and the poor. The industry has evolved over the years to support those who have for a long time been excluded by traditional commercial banks. Many studies have been carried out focusing on the merits of microfinance as a strategy for poverty alleviation, however little is documented about its contribution to income of women in pastoral communities in Kenya. According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. Women also handle a large part of the world's work and end up receiving very small part of the reward of that work in terms of money which they can control and social position. Microfinance plays a major role to the socio-economic development and alleviating poverty. Johnson and Rogaly (1997) notes that product design in microfinance 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.

Kajiado County, situated in the south-western part of Kenya has a population of 687,312 persons, of which a great percentage depend on pastoral agriculture directly or indirectly for their livelihoods, and most are basically smallholder farmers who often lack self-financing for their activities. Poverty and food insecurity are some of the main challenges facing the population in the study area. In these pastoral

communities household wealth is overwhelmingly in the form of livestock with restrictions to women ownership. Land ownership is communal and insecurity of tenure is a general phenomenon (Livingstone and Ruhindi, 2011)

Gender inequality in developing societies inhibits economic growth and National development World Bank (2001).It is therefore important to identify and analyze the influence microfinance has on the economic empowerment of women and also to find out whether microfinance does improve the living standards, foster financial empowerment and eradicate poverty especially to women? In Kenya, there exists a knowledge gap on the effect of Microfinance on the financial independence of women living in pastoral communities. This study aims to bridge this gap

1.3 Purpose of the study

The purpose of the study is to examine the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County, Kenya.

1.4 Research Objectives

The objectives of this study are: -

- 1) To assess how access to micro finance has influenced the socio-economic empowerment of women in Kajiado County
- 2) To examine the effect of microfinance to women in nomadic households in the reduction of poverty and improvement of livelihood

1.5 Research Questions

These are the questions the researcher wants to get answers when undertaking the study and they include the following;

- 1) How has access to microfinance improved the economic situation of women living in nomadic communities?
- 2) How has the improved economic situation changed their livelihood?
- 3) To what extent has poverty reduced as a result of access to microfinance loans?
- 4) What role does the microfinance loans play in poverty reduction?

1.6 Hypothesis of the study

This is the researcher's prediction regarding the outcome of the study. It states possible differences, relationships or causes between two variables or concepts. The major variables are income and financial independence. Financial independence in this study depends on income.

The hypothesis therefore is; Limited access to micro-finance loans affects the financial independence of women living in nomadic communities.

1.7 Significance of the Study

Microfinance is a powerful tool to self-empower the poor people especially women at world level and especially in developing countries. The results of this study may be crucial in showing how Microfinance plays a great role in the lives of millions of poor people particularly women as it acts as a poverty reduction strategy.

The results of the study are expected to create an understanding of how micro finance has the potential to make a significant contribution to gender equality and promote

sustainable livelihood and better working conditions for women. It may also be significant in giving information on whether an increase in women resources or better approach for credit facilities results in increased well-being of the family especially children.

The analysis of the results will provide information on the factors that hinder access to financial services by the women. It might also yield information that may act as literature review for the future academicians who may write further research papers on related topics.

1.8 Limitation of the Study

The study focused on examining how the financial independence of women is influenced by access to micro finance loans. It is limited to information on women who accessed micro finance services and those from pastoral communities of Kajiado County.

Due to sensitivity of the financial aspect of the study, respondents may suspect that the information might be used for taxation therefore conceal crucial information. Language barrier was a limitation where the respondents communicate in their mother tongue therefore requiring the use of an interpreter.

The study was carried out based on a micro finance institution clientele analysis, represented by a sample drawn from a population of four women groups in Kajiado County.

1.9 Delimitation of the Study

The sample size was limited to the three groups and restricted to women members. However every effort was made to get most of the necessary information from the key stakeholders who are available. There are a number of persons that have done research in the field of Micro finance which has provided ample information for literature review.

The study was carried out in Kajiado town which has a high concentration micro finance institutions and beneficiary women groups. This means that the researcher had readily available respondents to provide information required by the study. A Large proportion of the population where the study is to be carried out have the same cultural values, thus the researcher was able to get information from more or less homogenous groups.

1.10 Basic Assumptions of the Study

The assumptions made enabled the researcher justify the study and consequently the findings. The study has the following assumptions:-

- i) That the micro finance institutions through their staff will grant access to their records and clients in Kajiado branches.
- ii) The information given by the women was genuine with no bias.
- iii) The researcher presented the exact situation and answers from the respondents without any alteration of the information.
- iv) That all respondents were willing to provide the information required for the study by responding positively to the researcher and ensuring that questionnaires are completely filled.

1.11 Definition of Significant terms

Access to credit: In this study access is the opportunity of women to be given the financial services and make use of them. It will also refer to as women's access to factors of production on equal basis as men.

Control: Denotes the power to decide how a resource is used and who has access to it such that none dominates the other. It denotes women's control over the decision making process, to achieve equality of control over the factors of production and the distribution of benefits.

Economic empowerment of women: in this study it refers to the ability of women to access and have control of the factors of production and being able to generate income, taking charge of household decision making, provision of essential needs (food, clothing, shelter, education, and health issues of family members), and ownership of assets. It means women taking charge of issues affecting their lives and being able to confidently come up with solutions.

Microfinance: Refers to small scale financial services primarily credit and savings to people who operate small enterprises. Micro-insurance and Micro-Savings also fall under this category as components of microfinance.

Gender Empowerment: Involves the empowered women developing confidence in their own capacity and having control over the decisions and issues that affect their life.

Wealth creation: this refers to the ability to engage in saving of surplus income for future use and the acquisition of assets using surplus income.

Financial knowledge: this refers to the ability of women to have necessary skills to manage their businesses in financial matters and both efficiently and effectively without relying on other people.

1.12 Outline of the Study

This project research proposal is organized into three Chapters:-

- i) Chapter one covers the introduction part, problem statement, study objectives, study hypotheses and justification of the study.
- ii) Chapter two reviews the literature which is relevant to the study topic. The chapter seeks to identify the gaps in research work done related to this topic. It also contains the conceptual framework.
- iii) Chapter three discusses the methodology to be used in data collection, the research design, the data needed and its source.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This Chapter highlights the major issues relating to Micro finance institutions and Women Empowerment. It summarizes information from other researchers who have carried out their research in the same field of study and discuss theories relevant to the study. The literature review will guide the relevance of the study findings.

This chapter covers the following areas; theoretical underpinning, concept of Micro Finance, Micro finance industry in Kenya, Women Empowerment, micro finance institutions and poverty reduction, review of models applied in previous studies and the Conceptual framework.

2.2 Theoretical underpinning

There are various theories that delve into women empowerment. Mayoux (2005) identifies three contrasting paradigms with different underlying aims, understandings, different policy prescriptions, and priorities, in relation to microfinance and gender policy. These are the feminist empowerment paradigm, poverty alleviation paradigm, and financial self-sustainability paradigm, which also have different emphasis in the way they perceive the inter-linkages between microfinance and women's empowerment.

In this study we look at the financial sustainability Paradigm. Financial sustainability is seen as action to create institutions which reach significant number of the poor. The need for targeting women is justified on grounds of high female repayment rates and the need to stimulate women's economic activity. It is believed that increasing

women's access to microfinance services will itself lead to individual economic empowerment though enabling women's decisions about savings and credit use to set up micro enterprise, and increasing incomes under their control.

2.3 The concept of Micro Finance

According to Robinson (1998) Microfinance refers to the provision of a broad range of financial services such as; deposits, loans, payment services, money transfers and insurance products, to the poor and low-income households for their micro enterprises and small businesses, to enable them to raise their income levels and improve their living standards. According to Ledgewood, (1999) micro financing is based on the premise that traditional banking sector cannot reach millions of poor for whom small loans could make huge differences. This is because most of the poor are rural, and they are very dispersed. They have low education levels, if any. As a result, administrative cost of supplying loans to the poor population is extremely high.

The World Bank (1998) clarified that microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Microfinance refers to provision of small loans and other facilities like savings, insurance, transfer services to poor low-income household and microenterprises.

The diversity of products and services offered by micro finance institutions reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance

institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal sector (Rhyne, 2003).

Micro finance institutions around the world follow a variety of different methodologies for the provision of financial services to low-income clients (Robinson, 1998). These methodologies are overwhelmingly based on the principle of financial services being related to the cash flows of the low-income client groups and thus aim to facilitate relatively frequent and very small or micro-loan and savings transactions (Ronge, 2002).

There are several methodologies employed by MFIs for the delivery of financial services to low income clients. Self-help Groups are based on the principle of revolving the members own savings (Robinson, 1998). This is the dominant micro finance methodology in Kenya and other parts of the world. External financial assistance by micro finance institutions or banks augments the resources available to the group-operated revolving fund. Savings thus precede borrowing by the members. In many women self-help group programmes, the volume of individual borrowing is determined either by the volume of member savings or the savings of the group as a whole (Daniel, 1999).

Individual Banking Programmes entails the provision by micro finance institutions of financial services to individual clients though they may sometimes be organized into joint liability groups, credit and savings cooperatives (Robinson, 1998). This model is increasingly popular for micro finance particularly through cooperatives. Grameen Model undertakes individual lending but all borrowers are members of 5-member joint liability groups which in turn, get together with 7-10 other such groups from the same village or neighbourhood to form a centre. Within each group and centre peer

pressure is the key factor in ensuring repayment. Each borrower's creditworthiness is determined by the overall creditworthiness of the group. Mixed models are an equal mix of Self-help groups and Grameen model.

2.4 Micro Finance industry in Kenya

Poverty is one of the most enduring challenges hindering development in Kenya, as in most developing countries. Lack of access to financial services has been identified as one of the major constraints of development. In Kenya, micro finance institutions have been seen as avenues through which development can be channelled to reduce poverty and improve peoples' livelihoods. The Microfinance institutions sector in Kenya has grown since its inception in the 1970s and is now one of the most established in Africa (Kashangaki et al, 1999). The birth of specialized microfinance in Kenya was in the 1980s when Kenya Rural Enterprises Fund and the Kenyan women Finance Trust were established. In the 1990s more micro finance institutions emerged such as Pride Kenya and Faulu Kenya. Others include Small and Medium Enterprise Programme, Kenya Small traders and Entrepreneurs Society, Ecumenical Loans Funds, and Jitegemee Trust among others.

The Government and Development partners and practitioners have realized that the provision of financial services such as credit to the poor and the vulnerable most of whom are women, disabled and youth can go a long way in improving their livelihoods and hence welfare (Johnson and Rogaly, 1997). Kenya has given special attention to Microfinance by enacting a Microfinance Bill, 2006 which seeks to provide a legal framework to the sector. The focus on microfinance followed the realization that opportunities for formal sector employment were squeezed while the informal sector was expanding (Republic of Kenya, 2006).

2.5 Women Empowerment

According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. Although women's contribution is substantial, their productivity is low due to constraints of culture and tradition (Ndeti, 2005). Most women do not possess any assets and cannot normally offer the necessary securities against loans. Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people (Beijing, 1995). Assisting women generates a multiplier effect enlarging the impact on the family needs. This is due to the fact that women spend most of their incomes on their households. It is therefore believed that the welfare of a family is enhanced when women are helped to increase their incomes.

Micro-finance sector has proved to be a viable intervention point to assist women start sustainable projects that improve their livelihoods, and towards ending poverty, thereby increasing their ability to be economically independent. Microfinance leads to women empowerment by influencing women's decision making power at household level and their overall socio-economic status (Rahman and Khan, 2007).

However, access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women, they must be able to use them for the purposes of their choice. The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005). Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them. Other additional disadvantages that women face include inability to access information,

productive resources, and social networks, which hinders their access to and control of resources (Mayoux, 2002).

2.6 Micro finance and Poverty reduction

The poor and other vulnerable groups such as women and the unemployed youth have limited access to land due to socio-cultural barriers. (Ndubi and Karanja, 2008). For these under-privileged women to access credit, alternative approaches on collateral requirements have been adopted through the emphasis on social capital tools such as trust and network relations for securities. Various researches conducted by institutions such as UNDP (1995) and the World Bank (2001) indicate that gender inequalities inhibit growth and development. Therefore most micro finance organizations target poor women and usually those from socially excluded groups.

Robinson (2001) in a study of 16 different micro finance institutions from all over the world showed that having access to microfinance services has led to an enhancement in the quality of life of clients, an increase in their self-confidence and diversification of their livelihood security strategies, thereby increasing their income. The results revealed that the microfinance services have a positive impact on livelihoods, social status, treatment in the home and community, living conditions and consumption standards, thereby reflecting significant increases in ownership of livelihood assets, such as livestock, equipment and land. The results also showed that trading activities financed by micro finance institutions can help to establish new marketing links and increase the income of traders, and this can lead to reduced migration due to increased employment opportunities and increased income.

Aghion and Morduch (2005) argue that micro finance has had positive effect on poverty reduction. However he is keen to add that; even in the best of circumstances, credit from microfinance programs helps fund self-employment activities that most often supplement income for borrowers rather than drive fundamental shifts in employment patterns. It rarely generates new jobs for others and success has been especially limited in regions with highly seasonal income patterns and low population densities. It has also been noted that there are a number of issues within the women's empowerment framework that impede the poverty reduction capacity of micro finance (Skarlatos, 2004). First the size of the loans is too small which does not enable the women to make long lasting income change for the household. Secondly, the increased access to credit in the same geographic area could contribute to market saturation of products provided by women. It should also be noted that impact of micro finance on income has been observed to be variable. It appears that for the majority of borrowers, income increases are small and even in some cases negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women's choices and ability to increase income is constrained by gender inequalities in access to other resources for investment, household responsibility, and lack of mobility (Mayoux, 2002).

The reviewed literature largely acknowledges that microfinance has had an effect on the transformation of lives in the communities it operates in with most individuals who accessed loans experiencing increased income which in turn transformed to better health, improved nutrition, better education, high productivity among others.

2.7 Review of the Models Applied in Past Studies

Several approaches have been used to study participation in the microfinance services and their effects on the poverty reduction. Logit model has been applied to study binary outcomes, while Propensity Score Matching has been used to address the selectivity bias and to evaluate the effect of microfinance services. Anand (2006) used the Logit Model to analyze the impact of self-help groups on four villages in Cuddalore district of Tamil Nadu, South India and adopted the purposive sampling of 232 households. The results showed that the relationship between the asset index and access to healthcare services was positive and statistically significant at five per cent level of significance for the average asset holding members. However, the limitations of this analysis include crudity of some of the indicators, for example for income change, and the way in which a participant group of non-participants are selected. This simply ignores the issue of self-selection bias and does not control for factors like education and gender. Yehuala (2008) pointed out that the logit model has an advantage in the analysis of dichotomous outcome variable in that it is extremely flexible and easily used model from the results in a meaningful interpretation.

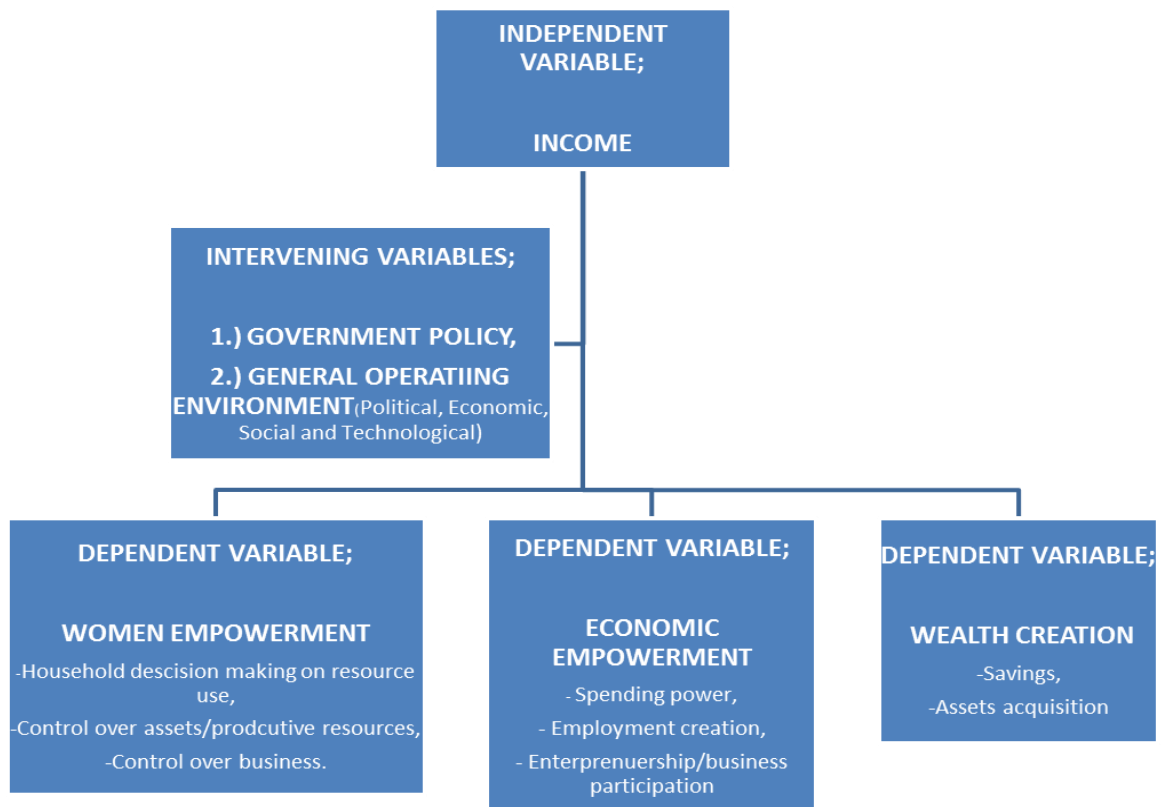
2.8 Conceptual framework

A conceptual framework is defined by Kothari (2004) as a structure that presents relationship between the main constructs in a given study. Mugenda (2003) further adds that a conceptual framework gives an explanation of how the researcher perceives the relationship between variables deemed to be important in a study. The dependent variable in this study is Financial Independence of Women which was measured using three parameters. These parameters are Gender empowerment, Economic empowerment and Wealth creation. The independent variable is Income since the groups under study are already beneficiaries of micro finance credit and all

are already engaging in income generating activities. The intervening variables are Government policy and the General operating environment i.e. the political, social, economic and technological environment under which the groups operate. For Nomadic Women to be Gender empowered, they need income which enabled them contribute to the house hold needs there by giving them some control in decision making in the household. Income enables them have control over the assets they purchase from their self-generated income and also enable them undertake business under their control.

Economic empowerment is dependent on availability of income. Women will be able to get self-employment which will earn them wages and salaries. It will also give them the ability to spend their incomes and determine purchases to make. Income will enable them create businesses and participate in trade. The creation of wealth for women and their households is also dependent on income. Women will be able to save part of the money for future needs and they will also be able to acquire assets which will enhance their financial status.

This relationship between the variables in this study is outlined in the figure below:-



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research methodology used in the study. This section identifies the procedures and techniques to be used in the collection, processing and analysis of data so as to achieve the objectives of the study.

The following sub sections were covered; the research design, target population, sampling procedure and sample size, research instruments, reliability and validity, data collection and analysis procedures, and ethical considerations.

3.2 Research Design

The research design for the study was survey research. This was chosen because in carrying out the study the researcher attempted to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. Ghauri and Gronhaug (2005), identified three different categories of research purposes; explanatory, descriptive and exploratory. According to Moore, Burnett and Moore B.A, (1986), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study was based mainly on descriptive study since the focus is on an accurate event trying to answer what, where, how, who and when questions through the use of different sources, information and already existing theories.

The study was based on the use of questionnaires. This approach was recommended because it is a satisfied tool for collecting data for the sample population.

3.3 Population of Study

The target population was four women groups namely; Nareto, Nashipai, Namanu and Noorpisia from nomadic communities who are members of a micro credit group in Kajiado County.

3.4 Sampling procedure and sample size

Sampling is defined by Chandran (2004), as a method used in drawing samples from a population usually in such a manner that the sample facilitates determination of some hypothesis concerning the population. The sampling frame for the study was drawn from the list of women groups of nomadic origin in Kajiado County.

According to Kothari (2004), stratified random sampling entails grouping the study samples into homogenous strata from which a sampling fraction is selected. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. Stratified sampling technique was used for this study since it exudes the advantages of focusing on important sub-populations and ignores irrelevant ones, it allows the use of different sampling techniques for different sub-populations and, it improves the accuracy of estimation.

Kothari (2004) recommends a sample size of 10%-20% of the accessible population. For this study a sampling fraction of 20% will be selected from each strata.

Table 3.4: Sampled population

Women Group	Sample Population	Sample Size
Nareto Women Group	38	8
Nashipai Women Group	45	9
Namanu Self-Help Group	27	5
Noorpisia Self-Help Group	32	6

This gives 28 respondents sampled from a population of 142 in the proposed study.

3.5 Research instruments

According to Chandran (2004), Questionnaires provide a high degree of data standardization and adoption of generalized information amongst any population. They are useful in a descriptive study where there is need to quickly and easily get information from people in a non-threatening way. They provide flexibility at the creation phase in deciding how questions were administered. The study relied on primary data which were collected using semi-structured questionnaires with both close-ended and open-ended questions.

The questionnaire consisted of two parts; Part A which focused on demographic information and Part B which focused on microfinance and women empowerment. The questionnaire were administered through drop and pick-later method to the sampled population. Secondary data was gathered from publications of the respective women groups.

3.6 Reliability of Research Instrument

Reliability was undertaken through a pilot test. According to (Polit, 2001), pilot studies are small scale version[s], or trial run[s], done in preparation for the major study. He further adds that it can be used for pre- testing of a research instrument. Baker (1994) indicates that one advantage of conducting a pilot study is that it might give advance warning about where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated. The researcher issued a questionnaire to one respondent in the women groups. The results of the pilot test and issues emanating from the questionnaire was then used to correct the main questionnaire before actual data collection is undertaken.

3.7 Validity of the Research Instrument

Content validity was used to examine whether the questionnaire tests what it intends to test. Validity of the instrument was obtained through the opinion research panel experts in the department of extra - mural studies. The opinions of the experts was incorporated in the final questionnaire to be used to collect data in the field.

3.8 Description of data collection procedure

Data collection began with the researcher seeking an introduction letter to carry out research from the University. Consent was requested from the respective women groups and with the help of a research assistant; the researcher issued the questionnaires to the targeted respondents to fill. The exercise was closely monitored so as to clarify any issues when they arise during answering of the questionnaire. For respondents who were unable to fill the questionnaire at the time the researcher is undertaking the exercise, more time was allocated to them so that the researcher can pick the questionnaire after two days.

3.9 Data Analysis

Quantitative and qualitative techniques was used to analyse the data. Qualitative data analysis involved explanation of information obtained from the empirical literature open ended questions from the questionnaire. Quantitative analysis involved the use of numeric measures in establishing the scores of responses provided. This entailed generation of descriptive statistics after data collection, estimation of population parameters from the statistics, and making of inferences based on the statistical findings, with help of Statistical Package for Social Sciences (SPSS).

3.10 Ethical considerations

A letter of introduction was obtained from the necessary institutions. The letters was presented to all involved in the research study and shall explain the purpose while seeking permission and cooperation where necessary. The researcher gave assurance to the respondents that information sought was for purposes of research only. Other ethical considerations that the researcher undertook include ensuring anonymity for the respondents and organizations participating in the study as well as the respondents. All sources of information that does not belong to the researcher were acknowledged through citations. The participants were notified of their voluntary participation and all their rights even as to the results of the study.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter provides an analysis of data collected from the field to determine the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County, Kenya. The analysis was done by analysing questionnaires collected from four women groups. The population was the four women groups namely; Nareto, Nashipai, Namanu and Noorpsia from nomadic communities who are members of a micro credit group in Kajiado County. A total of 30 questionnaires were distributed and 26 were collected having been filled completely. This constitute a response rate of 86.9% which according to Mugenda (2003) a response rate of more than 80% is sufficient for a study. Data collected from the field was sorted and later analyzed using statistical package for social sciences (SPSS) software.

The results are presented in tables and figures to highlight the major findings. They are also presented sequentially according to the research questions of the study. Descriptive statistics, mean scores, standard deviations were used to analyse the data collected. The raw data was coded, evaluated and tabulated to depict clearly the results on the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County.

4.2 Demographic Characteristics

The study sought to establish the information on the respondents employed in the study with regards to the gender, age and their level of education duration of service.

These bio data points at the respondents' appropriateness in responding to the study questions required for the study to be complete.

4.2.1 Age of the Respondents

In this section the researcher sought to establish the age of the women in respective women groups. Their responses are highlighted in the Table 4.1.

Table 4.1: Age of the Respondents (n=26)

Category	Frequency	Percentage
20 yrs and below	1	4.5
21 to 30 yrs	14	53
31 to 40 yrs	5	19
41 to 50 yrs	4	17
Over 50 yrs	2	6.5

4.5% of the respondents were aged 20 years and below, 53% of the respondents were aged between 21 to 30 years, 12.3% of the household heads were aged between 31 years to 35 years, 19% of the respondents were aged between 31 to 40 years, 17% of the respondents were aged between 41 to 50 years and 6.5% were aged over 50 years. This shows that the largest population of the respondents was young as a result of which they were able to understand issues related to finance independence.

4.2.2 Marital status of the Respondents of the Study

In this section the researcher sought to establish the marital status of the respondents. Their responses are highlighted in the Table 4.2.

Table 4.2: Marital status of the Respondents of the Study (n=26)

Category	Frequency	Percentage
Married	18	63.9
Single	5	27.8
Divorced	3	7
Separated	0	0.0
Widower	1	1.3

63.9% of the respondents were married, 27.8% of the respondents were single, 1.3% of the respondents were widowed while as 7.0% of the respondents were divorced. This implies that most of those who responded were married. This did not affect the results collected from the respondents.

4.2.3 Number of Children

The research at this part aimed at establishing the number of children born by a single mother in their respective women groups.

Table 4.3: Number of Children

Category	Frequency	Percentage
1-4 children	20	76.9
5-8 children	5	20
Above 8 children	1	4.1

From the study, 76.9% of the respondents had between 1 to 4 children, 20% of the respondents had between 5 to 8 children and 4.1% of the respondents had over 8 children.

4.2.4 Level of Education

The respondents were asked to indicate their academic background. Table below shows the study findings on the respondents academic background.

Table 4.4: Level of education

Level of education	Frequency	Percent
Primary school	18	69.2
Secondary School	7	26.9
College Level/Diploma	1	3.9
Total	26	100

From the study, 69.2% of the respondents had primary school level of education, 29.9% of the population had secondary school education and 3.9% had tertiary education.

All the trends cited above reflect a complex mix of demographic and behavioral factors. For example, the higher share of primary-educated mothers stems both from their rising birth rates and from women's educational attainment. The rise in births to unmarried women reflects both their rising birth rates and the shrinking share of adults who are married.

4.2.5 Current Occupation

The study also enquired the current occupation of the population, this was done to establish activities that serves as one's regular source of livelihood. The table below show the research findings.

Table 4.5: Current Occupation

Category	Frequency	Percentage
Informal	20	76.9
Formal	5	20
Others	1	4.1

From the research findings, 76.9% of the respondents work in the informal sector, this is because majority of the population are housewives. 20% operates in the formal sector while 4.1% work in other sectors.

4.2.6 Period of being Micro Finance Institution Customer

The research at this part was concerned with the period at which the respondents of the study have been customers in their respective micro finance institutions. The table below shows the research findings.

Table 4.6: Period of being Micro Finance Institution Customer (n=26)

Category	Frequency	Percentage
Less than 6 months	18	63.9
Between 6 months to 1 year	5	27.8
1 to 2 Years	3	7
2 to 5 Years	0	0.0
More than 5 Years	1	1.3

63.9% of the respondents have been customers of micro finance institutions for less than 6 months, 27.8% of the respondents have been customers for a period of between 6 months to 1 year, 7% of the respondents have been customers for a period of between 1 to 2 years while as 7.0% of the respondents have been customers for more than 5 years.

4.3 Economic Empowerment

4.3.1 Benefits Derived from Micro Finance Institution

Respondents of the study were asked to indicate benefits derived from micro finance institution. The table below shows the research findings.

Table 4.7: Benefits Derived from Micro Finance Institution

Category	Frequency	Percentage
Savings	20	76.9
Credit/loans	5	20
Financial Advisory	1	4.1

Majority of the respondents benefit from savings. They pointed out a number of reasons which were among others.

Power of compounding: The most important reason why one should start planning at an early stage is the power of compounding, which allows them to earn extra money on the interest received from investments. So when they start saving early and continue this till a substantial amount of period one can earn more in the form of the interest. This also gives them the cushion to save in lesser amounts.

Financial Discipline: The other underlying advantage they get by savings is learning financial discipline. In the process of saving they develop the habit of spending less. This automatically brings the much needed financial discipline in life.

Manage their investment risk better: The only certainty about investments is their uncertainty. Time and again, the capital markets have favored investors with long investment horizons. A long time horizon ensures that the effect of the inevitable market volatility is minimized. So by starting early they give their money that extra time to mitigate the market risk and come out a winner.

Correct your past financial mistakes: Most of them have been prey to a bad financial decision. Often, at an early phase while defining their portfolio allocation, they generally make mistakes in choosing the best one that suits oneself. By starting early, they are giving themselves that extra time to correct any past financial mistakes.

The other advantage is that since they save lesser amount at younger ages, the mistakes might not prove to be that costly.

Mitigate risks of life better: When one begin saving early, they can make sure that they have enough financial support in the form of emergency fund to counter any emergencies of life. This also helps them feel more secure and puts one away from any financial distress.

Respondents of the study pointed out that the benefits they get from Credit/loans were **Flexible repayment terms** – Unlike other types of loans, loans from women Chama’s offers the right choice depending on the borrower’s current and projected future income and the amount of the loan. The standard repayment plan uses fixed payments over the life of the loan. Payments will rise and fall in accordance with changes in the borrower’s income under the income-based repayment plan.

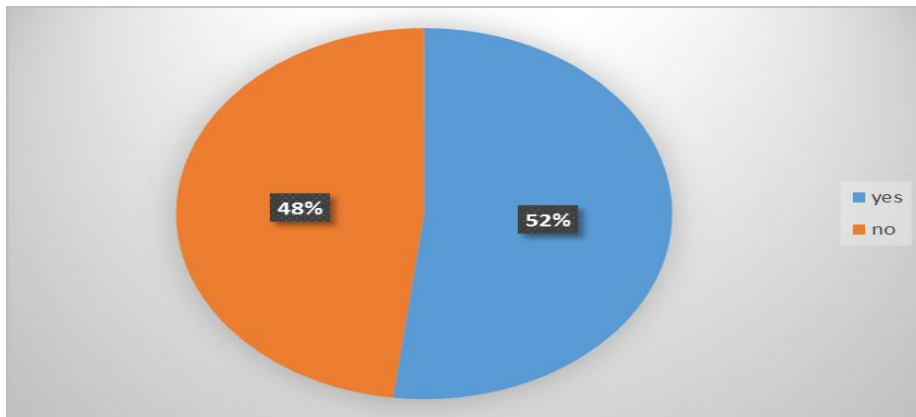
Competitive interest rates – As with other types of loans, women Chama’s loans charge a lower rate than loans from other lenders.

Ease of qualification – women Chama’s who wish to obtain a MFI loan must only be able to satisfy a few basic criteria. The borrower must be a Kenyan citizen or permanent resident (or a non-citizen who meets certain criteria) and member of the women Chama.

4.3.2 Loan obtainment from Micro Finance institution

The researcher at this part of the study aimed at establishing whether the population of the study have ever obtained loan from Micro Finance institution. The figure below shows the research findings.

Figure 4.1: Loan obtainment from Micro Finance institution



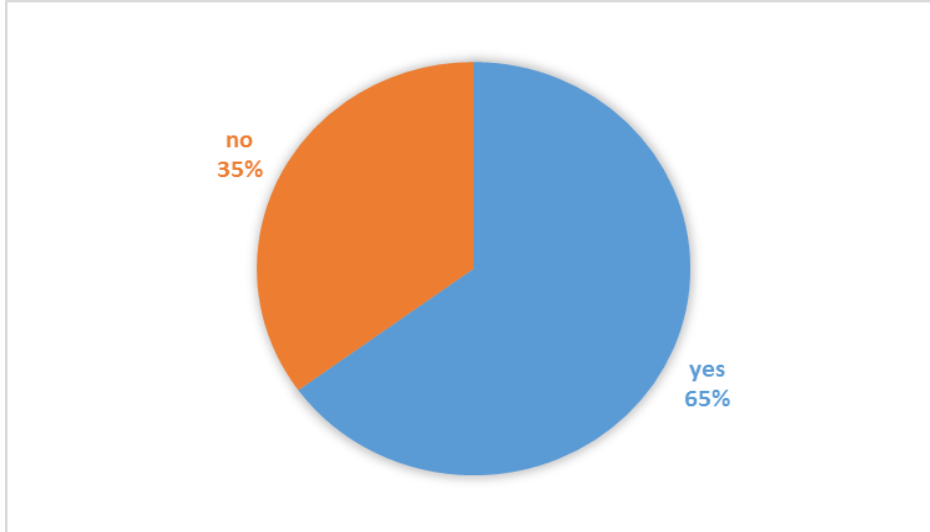
From the figure above, 52% of the population have ever obtained loan from Micro Finance institution, while 48% have never. Majority of those who have obtained loans argue that, Start up Loans help them to start up their own businesses. As well as financial help that they can get support from a business mentor.

With a business loan, one is lent a certain sum of money over a period of time, and the interest rate and monthly payments are fixed over the term. This help them with cash flow, and help to tide one over when times are tough by offering access to short-term finance.

4.3.3 Conducting Business Training by Micro Finance Institution before taking any Loan

Respondents of the study were asked whether they receive any business training from micro finance institution before taking any loan. The figure below show the research findings.

Figure 4.2: Conducting Business Training by MFIs before taking any Loan

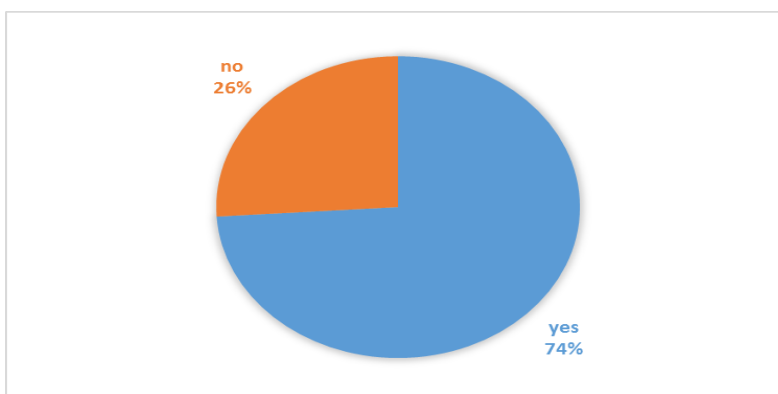


From the findings, 65% of the respondents agreed that they received business training from micro finance institution before taking loans while 35% of the respondents did not. Women acquired new skills, increasing their contribution to the business and building their self-esteem. They've become upskilled to do new and different tasks, which keeps them motivated and fresh because they're also trained on time management, they also invest in that.

4.3.4 Source of Income for the Household before the Loan

Respondents of study were asked whether they did had any source of income for their household before the loan. The figure below shows the research findings.

Figure 4.3: Source of Income for the Household before the Loan



74% of the respondents agreed that they did have other sources of income for their household before the loan.

Poverty among nomadic communities follows a pattern different to that in more urban or settled populations. Although they cannot ascertain their average monthly expenditure because they mostly depend on milk during rainy seasons, they believe it ranges between KES 1001 to KES 5000, depending on households. Most pastoralist communities in Kajiado build their resilience to periods of dearth by amassing assets (in livestock), and in a reasonable year can generate enough income to meet their basic needs, including support for poorer households. They are well used to diversifying income sources and spreading risk, and are held together even in times of considerable disruption such as conflict and drought.

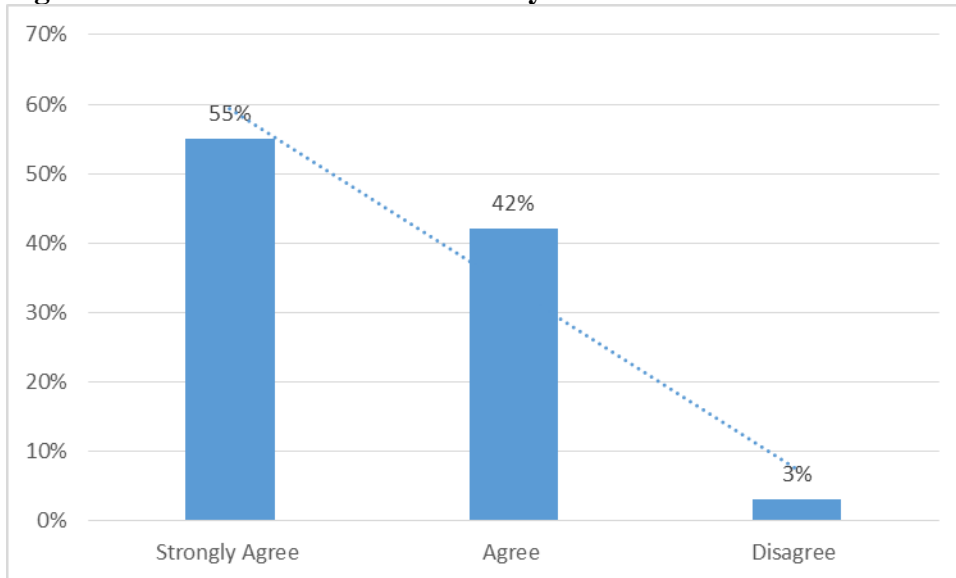
4.3.5 Do their Lifestyle Improve after the Loan

Given the communal nature of Maasai pastoralist life, expected to benefit indirectly during the lifetime of the project. The impact on poverty reduction in these communities will depend on many factors, including local choices and circumstances as well as the level of competence achieved by each woman member of chama and the pattern of skills acquired across each community. Evidence from previous projects does indicate, however, that benefits are perceived in a range of ways – from increased income (through vocational skills) or confidence in market trading (from literacy/numeracy skills), improved production of food or goods for domestic use or sale, as well as greater awareness of health and environmental issues, and new opportunities for education or employment.

4.3.6 Financial Credit on Poverty Reduction

Respondents were also asked whether they think that the financial credit from the bank has made a positive impact towards poverty reduction. The figure below shows the study findings.

Figure 4.4: Financial Credit on Poverty Reduction



From the findings, 55% of the population believe that financial credit from the bank has made a positive impact towards poverty reduction, 42% also agreed to the statement while 3% disagreed.

4.4 Women Empowerment

On the statement on who decides or controls how credit received is used, they agreed that they are the ones who decides though the husband still have the final say on how it will be used. Selection of a given business project is carried out in consultation with the husband.

4.4.1 Credit Controls Decisions

It is pertinent to mention that none of sample women have an organized income generating activity before the MFI financial independence, however, in some cases

small proportion of male households' members were engaged in petty small shops and rural trades. It may be seen that in all the categories of women group members interviewed, a large proportion of the interviewees said that they were themselves the owners of their enterprises. In all likelihood, it is possible that, generally speaking, the women have their own enterprise activities but they may often have been started with the help of some financial assistance from their husband or a relative.

4.4.2 Financial Decisions on Loan Use

A majority of the clients answered that they made most of the decisions themselves. In order to increase control of resources, individual members of women micro credit groups are the ones who make decisions regarding enterprise activities like expanding the size of enterprise, adding new products, improving quality of products, reducing costs, purchasing equipment's, and financial decisions and allocation of profits within households such as buying food and clothing, re-investing in enterprises, regular contributions to other expenses.

To ensure women ownership in project activities, the project provided by MFIs extensive training to beneficiaries on technical, financial and social aspects of income generating activities. The social assessment and participatory planning exercises carried out by the participatory development functionaries have identified needs and constraints faced by the targeted groups in the project area, and integrated into the proposed plan for income generating activities. Special attention was been given to gender training, awareness campaigns and development of close links with other gender related poverty alleviation and social programmes.

4.5 Wealth Creation

Majority of the respondents contend that they participate in saving programme at you Micro Finance institution to inculcate the habit of saving and to take up viable income generating activities on sustainable basis with project assistance as well as with forging suitable linkages with Government and Non-Government development agencies. The targeted population possesses traditional skills in enterprises such as pickle making, basket making, handloom and handicraft, dairying, sheep rearing, petty small business enterprises, etc. which is being utilized properly by upgrading the skills through training as well as extending/ providing other support services like credit and marketing. By doing so, not only the targeted groups could be able to utilize their spare/free time productively, but also rural livelihood diversification will be the outcome due to increased socio-economic status.

These groups venture in to the nearby forests for fuel wood and fodder, both for domestic needs and also sell them in the nearby townships in return for cash. They also graze their livestock on the village common lands. The operationalization of income generating activities through self-help credit groups would generate confidence among the targeted groups in the sphere of organization and management capabilities. The rural livelihood diversification would have a “demonstration effect” on the rest of the communities.

Suitable financial linkages have also been forged with the existing development programmes and schemes like Kenya Women Microfinance Bank Limited (KWFT) and government for rural livelihood diversification and poverty alleviation.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusions drawn from the findings highlighted and policy recommendations that were made. The conclusions and recommendations drawn were in quest of addressing research objectives of determining the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County, Kenya.

5.2 Summary of the Findings

Like almost all development programmes, women credit programme is not free from shortcomings. In spite of comprising several limitations, it is evident that the economic activities supported by women programmes have induced improvement in the level of empowerment of women. Women's role in enterprise and household decision making, their access to assets and their control over the self-earnings have improved significantly among the client than non-client group. Women credit-based economic activities have facilitated them to take decision for their personal needs independently as well as to participate in other aspects of household decision making. Further, the women living with their husbands are comparatively less empowered while the level of empowerment has improved much in case of the activities comprising relatively higher number of abandoned women and widows. In the cases of widows and abandoned women generally there is no male member to control or govern their families.

Eventually women involvement in economic activities raised their level of empowerment significantly. Besides the tenure in the women credit programme, the

marital status (women living with husband or without husband) act as influential factors of women empowerment. Thus, there is need to critically examine the issues and self-help credit programme should incorporate necessary steps to enhance empowerment of the women irrespective of their duration in the programme, types of economic activities, and marital status.

5.3 Conclusions

Women groups must have sufficient knowledge and skills to deal with the organizational and technical issues related to various aspects of the economic activities, in addition to relevant management skills. Therefore, the training meant for grass roots organizations must deal with formation and structure of women credit groups, their roles and responsibilities, and account-keeping and financial management. Technical training should also be provided on a range of activities, with a view to build institutions that can make economic activities sustainable. The professionals with a sound socio-economic perspective of the project area should be engaged for imparting technical training. The services of sociologist, economist, community organizers, and extension agents of various line departments including project professionals should be utilized for the task.

The institutions and professionals involved in training should also be invited to participate in the monitoring and review of the progress. The review team should help identify the scope for skills enhancement in relation to specific groups and make necessary modifications in the content and the methodologies of the training.

A fundamental part of the strategy should be to overcome the prevalent dependency syndrome, under which rural stakeholders have become conditioned to expecting subsidized inputs from the government programmes, and to inculcate a sense of local

ownership and self-reliance. The basic process of participatory planning and implementation should encourage this. Important subsidiary factors for sustainability should be: local institutional development (formation of women credit groups and training); reciprocal contributions by beneficiaries (in cash, kind or labour); (iii) encouraging formation and use of village-level funds to sustain the assets created and to enable villagers to generate income. More self-help credit groups should be formed, which will be involved with the subsequent implementation of enterprises identified during participatory processes. Special focus should be given by the participatory development functionaries to motivate the women to form more sustainable and vibrant women credit groups. New women groups should be motivated to create revolving funds and accounts for sustainable development and future management of economic activities after the end of the project. Villagers should be motivated and encouraged to formulate their own rules and regulations for loaning.

5.4 Limitations of the Study

One of the limiting factors was that the researcher may have got inadequate information or if otherwise the response given would have been totally different from what the researcher expected. The main limitations of this study was uncooperative respondents, thus the research might be biased. Another limitation for the study included the short period which micro finance institutions has been in existence in Kajiado county which could not give a long trend for analysis.

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APPENDIX

Appendix I: Letter of Introduction

Livingstone K. Mbai

P.o. Box 30344-00100,

Nairobi.

11th November, 2014.

Dear Respondent,

REF: TO WHOM IT MAY CONCERN

I am a Post Graduate Diploma student at the University of Nairobi pursuing a Post Graduate Diploma in Project Planning and Management (Pgd Proj. Planning), School of Distance Education. I am expected to undertake a research on the impact of micro finance to financial independence of women living in nomadic communities in Kajiado County, Kenya. Your cooperation and assistance are required to enable me complete the exercise. This information will be strictly used for the intended academic purpose and will be treated with utmost confidentiality.

Thanking you in advance.

Yours faithfully,

Livingstone K. Mbai

Appendix II: Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

1.) Which part of Kajiado do you come from?

2.) Kindly, indicate your age?

20 Years and Below 21 – 30 Years 31 – 40 Years 41 – 50 Years Over 50
Years

3.) Please indicate your marital status?

Single Married Widowed Divorcee Separated

4.) How many children do you have?

None 1-4 5-8 Above 8

4.) What is your level of education?

Primary Education Secondary education College Level/Diploma Graduate
Post Graduate

5.) What is your current occupation?

Formal Informal Others Any other.....

6.) What is the name of your micro finance institution name?
which branch?

7.) For how long how you been a Micro Finance institution customer?

Less than 6 months [] between 6 months to 1 year [] 1 to 2 Years [] 2 to 5 Years []
More than 5 Years []

SECTION B: ECONOMIC EMPOWERMENT

8.) What benefits have you derived from your Micro Finance institution?

Savings [] Credit/loans [] Financial Advisory []

9.) Have you ever obtained loan from Micro Finance institution?

Yes [] No []

10.) Kindly indicate what you used the loan for?

Starting Business [] Expansion of the Business [] My Education [] Education for the
children [] Household Expenses [] Give to husband [] Household assets [] Any other?
.....

a.) If for business did, it pick up and helped in sustenance?

Yes [] No [] yet to start []

11.) Before taking any loan, did you receive any business training from micro finance
institution?

[] Yes [] No

12.) Has your business improved as a result of training offered?

[] Yes [] No

13.) Did you have a source of income for your household before the loan?

Yes No

If yes, specify the average monthly income in KES_____

14.) What was the average monthly expenditure of your household before the loan?

Below KES 1000 Between KES 1001 – 3000 Between KES 3001 – 5000
Between KES 5001 – 10000 Above KES 10000

15.) What is your average monthly income after taking the loan? Specify in
KES_____

16.) Do you think your lifestyle has improved after the loan?

Yes No

17.) Do you think that the financial credit from the bank has made a positive impact
towards poverty reduction?

Strongly Agree Agree Disagree Strongly Disagree

SECTION C: WOMEN EMPOWERMENT

18.) Who decides or controls how credit received is used?

(x) Self () (y) Husband () (z) Both ()

19.) Who decides how benefits from business proceeds are used?

(x) Self (). (y) Husband () (z) Both ()

20.) Who makes financial decisions on loan use?

(x) Self (). (y) Husband (). (z) Both ()

21.) Under whose name is the business registered?

(x) Husband (). (y) Self (). (z) Parents ()

22.) Who runs the business on a day to day basis?

(e) Self ().(f) Employees ().(g) Family Members(). (h) Husband ()

23.) Who makes major decision regarding to application of loan?

(x) Self (). (y) Husband ()

24.) Has loan experience led to a feeling of being more capable of handling money and making economic decision?

Yes No

25.) How has the training offered transformed you?

SECTION D: WEALTH CREATION

26.) Did you participate in saving programme at you Micro Finance institution?

Yes No

27.) Have you been able to save excess funds for future use?

28.) Do you own any property?

29.) Did you buy that property after accessing loan facility by the micro finance institution?

30.) What impact has Micro Finance institution services had on your living standard?

A lot of positive change [] Moderate change [] No change [] Negative change []

a.) Kindly explain