



UNIVERSITY OF NAIROBI

**THE ROLE OF MICROFINANCE IN IMPROVING THE WELL BEING OF THE  
DISABLED IN MUKURU SLUMS, NAIROBI**

By

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## DECLARATION

### Declaration by the student

This project is my original work and has not been presented for award of a degree in any other University

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### Declaration by the supervisor

This Project paper has been submitted for examination with my approval as University supervisor

Name Geoffrey R. Njeru Sign  Date 21/11/11  
University supervisor

## DEDICATION

I dedicate this work to the wealthy in determination, rich in commitment, sufficient in philanthropic ways - especially to the strangers - but wanting in means. To my parents, siblings and pals, I also humbly dedicate this work. Your sincere prayers, unending encouragement and unconditional love curved a bottomless source of strength and inspiration for me. Indeed, you are priceless gifts in my life!

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## ABSTRACT

This study investigated the role of microfinance in improving the wellbeing of the disabled living in informal settlements. The focus was on the micro-finance services which included micro-savings, micro-credit, micro-insurance and business training. There was need to conduct this study to determine the effectiveness of microfinance in economic empowerment of the disabled poor by assessing the activities that have utilized loans from APDK to enhance their existing socio-economic conditions. This study, thus, attempted to identify and inform on microfinance strategies that can be successfully utilized to have a lasting positive impact in combating poverty.

The study was conducted by way of case study on APDK. The study is a descriptive research conducted using both the qualitative and quantitative research methods. Data collection tools included questionnaires and interview guide. In data analysis, data from the questionnaires was coded and analyzed through the Statistical Package for Social Scientists (SPSS).

The findings of the study were that 100% of the respondents expressed their satisfaction with the microfinance (micro credit) services. 83% of the respondents used their loans in expanding their existing business. Most of the businesses (91%) are run by the owners. It is about nine percent businesses where there are two employees. All the same, employment opportunities have been created by the loan recipients.

Recommendations include adequate and timely consultations before implementation of major policy changes that affect microcredit services. Enhancement of financial resources and structures that encourage consultation should be prioritized.

In addition, a formal comparative study involving the disabled poor in microfinance program and those not in the program should be carried out to fully determine the effect of microfinance as an instrument of poverty reduction and wellbeing improvement to the vulnerable poor.

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## LIST OF ABBREVIATIONS

<b>APDK</b>	The association for the Physically Disabled of Kenya
<b>ADB</b>	Asian Development Bank
<b>CBR</b>	Community Based Rehabilitation
<b>DFID</b>	Department for International Development (UK Government)
<b>GDP</b>	Gross Domestic Product
<b>GNP</b>	Gross National Product
<b>GoK</b>	Government of Kenya
<b>ITDG</b>	The Intermediate Technology Development Group
<b>IMF</b>	International Monetary Fund
<b>KaR</b>	Knowledge and Research (a DFID-funded disability research programme)
<b>KIHBS</b>	Kenya Integrated Household Budget Survey
<b>KIPPRA</b>	Kenya institute for Public Policy Research and Analysis
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KNSPD</b>	Kenya National Survey for Persons with Disability
<b>MDG</b>	Millennium Development Goals
<b>MFI<sub>s</sub></b>	Micro-Finance Institution(s)
<b>MSE</b>	Medium and Small Enterprise
<b>MTP</b>	Medium Term Plan
<b>NGO<sub>s</sub></b>	Non-Governmental Organizations
<b>PWD<sub>s</sub></b>	Persons with Disabilities
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>USAID</b>	United States Agency for International Development

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Microfinance is one of the socio-economic tools meant to help the poor to break out of the vicious cycle of poverty. Microfinance involves a number of services such as micro-credit, micro-savings, training and insurance. According to Fisher and Sriram (2002) the first step for poor people on the path out of poverty cycle is social and economic security. "During the nineties, the provision of financial services dealing with very small deposits and loans – microfinance – and particularly the provision of micro-credit have been increasingly acclaimed as effective means of poverty reduction.

...very small deposits and loans are referred to together as 'micro-finance,' (Johnson et al 1997:1).

This definition does not fully capture the true picture of microfinance. Microfinance is an integrated approach that not only involves making small deposits and loans but also insurance, and training. This makes microfinance more effective as an instrument of poverty reduction as opposed to the traditional provision of micro-credit without any training on how to use the loan efficiently and effectively for economic empowerment. Insurance is meant to cushion the recipients from financial losses.

Appropriate savings and insurance, as well as loans for emergency expenditures or basic assets such as housing and education, can contribute significantly to such security, not least among poorer and more vulnerable households.

In Kenya, Nairobi County is one of those counties considered to be wealthy since it houses the country's capital city. However, the reality on the ground may be different since the majority of people in the informal settlement are poor while a relatively small group of people are rich.

Mukuru slum is an informal settlement located in Embakasi constituency, Nairobi County in Kenya. Mukuru slum occupies land which is partly owned by the government

of Kenya, private companies and individuals with legal deeds. The settlement dates back to the colonial era and was initiated by rural-urban migrants who have constantly been coming to Nairobi in search of employment. The settlement is quite heterogeneous as it comprises most of the tribes in Kenya (ITDG Report, 2001).

Van Zwanenberg (1972) asserts that poverty in Nairobi is as old as the city itself. He goes on to say that the urban problem of poverty is becoming worse though the administration responses to it have changed. The basic problem remains that of a situation where too many people are entering the city in relation to the availability of housing.

The poverty situation is extremely complicated when the victims have physical disabilities. According to the Kenya National Survey for persons with Disabilities (KNSPD), people with disabilities confront a range of handicapping situations depending on the level of disability (and poverty). Access to infrastructure and services is a big challenge. They may face various challenges in the course of pursuing their daily activities because of activity limitation or restrictions. It is on this basis that reliable measures to combat poverty, especially among the disabled poor, must be sought and utilized. Microfinance is one of these measures. Since the poor disabled are greatly disadvantaged and vulnerable due to their physical challenges, assisting them to be economically liberated and independent by offering them microfinance services is crucial. They become economically productive by engaging in business or farming activities.

Yeo (2000) asserts that, "eliminating world poverty is unlikely to be achieved unless the rights and needs of people with disabilities are taken into account. Poor people with disabilities are caught in a vicious cycle of poverty and disability, each being both a cause and a consequence of the other," (DFID 2000:1).

In addition to that, the Asian Development Bank's Technical Assistance proposal (ADB 2000) reproduced the major elements of the 'new conventional wisdom' in its introduction:

"By all definitions of poverty, disabled people in developing countries are over-represented among the poor ... Social exclusion and isolation is a frequent part of their daily experience... Often, the disabled are deprived of the opportunity to participate in productive work and thus become impoverished more easily than the rest of the population. Poverty also causes new disabilities as a result of poor and dangerous living and work conditions; malnutrition; and lack of adequate health care, education and vocational training opportunities. Therefore poverty is both a cause and a consequence of disability. Poverty and disability reinforce each other, contributing to increased vulnerability and exclusion." Mainstreaming of people with disability into development plans of a country is very significant. Poverty and disability can be seen to be closely interlinked. Many challenges are encountered when implementing the inclusion of disability issues in the mainstream of development.

In this respect, Yeo (2000) advocates for a 'twin-track approach' entailing "the inclusion of disability issues in the mainstream of development co-operation work, and looking for opportunities to support more focused activities, including direct support to organizations of disabled people and to initiatives aimed specifically at enhancing the empowerment of people with disabilities," (DIID 2000:11). Socio-economic empowerment of the disabled can result to a positive effect on poverty especially when inclusion is complimented with the provision of opportunities that enhance empowerment. This is where APDK's intervention on the disabled has a potential of empowering its members.

The association for the Physically Disabled of Kenya (APDK) is a registered Non-Governmental Organization which operates through a network of nine branches in Nairobi, Mombasa, Kisumu, Nakuru, Machakos, Embu, Kisii, Busia and Eldoret regions. Since its inception in 1958, it has undergone a tremendous transformation in approach towards the empowerment of people with different abilities. According to the National Director of APDK, Mr. Hubert Seifert, the initial focus of APDK was based on the charity model of rehabilitation where disabled people were considered objects of pity that depended on the good will of well-wishers. In the 1980's and 1990's the focus shifted to empowerment of person's with disability through a community based approach with the objective of integrating them into their respective communities. In the new millennium,

APDK has been fully embracing the social model of rehabilitation with emphasis on equalization of opportunities and mainstreaming of services for integration.

The Poverty Alleviation Program by APDK was initiated in the Nairobi County (then Nairobi Province) in the year 2002. APDK aims at uplifting the economic status of communities through its microfinance programs. This is done through the Revolving Fund Project where the communities are encouraged to form groups with the aim of setting up small scale enterprises either as individuals or as a Joint Group Project. Therefore, APDK has endeavored to alleviate poverty among the disabled poor through its microfinance services to the disabled poor. In Nairobi, APDK commenced giving microfinance services in the year two thousand and two (2002) when the Poverty Alleviation Program was initiated.

In this respect, this study endeavored to examine the role APDK's microfinance as a tool for poverty alleviation, wealth creation and socio-economic empowerment of people with disabilities. This observation is supported by the organization's mission statement: "To enable people with disability to overcome their physical limitations and empower them socially and economically to become self-reliant and fully integrated members of their communities".

## **1.2 PROBLEM STATEMENT**

According to Yeo, despite numerous policies and statements regarding disability and poverty reduction globally, it is still estimated that 50,000 people, including 10,000 disabled people, die every day as a result of extreme poverty (Yeo, 2005:3). Therefore, any measure meant to empower the poor and more particularly the disabled poor is very welcome. One of the measures of empowerment is through microfinance.

It has been widely suggested that microfinance gives hope to the poorest in the society and it offers social and economic security to the poor and the vulnerable (Fisher and Sriram, 2002:188). There has been a marked increase in microfinance programs to the poor, including the physically disabled in Kenya. However, despite this increase, the effect of microfinance on the physically disabled beneficiaries has not been fully established. This is a serious omission particularly against a background of an increase in

both poverty and the numbers of the physically disabled in Kenya. For instance, according to the KNSPD Report (2008), the disability rate stands at 4.6% of the total population of Kenya. Mukuru slums have approximately 45,000 disabled persons (GoK, 1989). The population figures may have tremendously increased over the years. As a result, poverty levels could also be higher. Indeed, there is a vicious cycle between poverty and disability where each is a cause and consequence of the other. Poverty is a serious problem that is affecting many people in Kenya. In the 2008 World Development Report, the proportion of Kenya's population living below the international poverty line - that is, less than \$1 a day- was 58.3 per cent. Despite the fact that this percentage on poverty has reduced to 46 per cent (GoK, 2009), the rate is still high and more initiatives should be established to fight poverty and to improve the wellbeing of the poor. In fact, with a high population growth in Kenya there will be a definite increase in the absolute number of poor people. Therefore, this study sought to investigate how micro credit services offered by APDK to the disabled are utilized to reduce poverty and enhance their wellbeing.

### **1.2.1 RESEARCH QUESTIONS**

A research question must be feasible, clear, significant and ethical. A feasible research question implies that the question can be investigated using the resources available. On the other hand, a research question should not be ambiguous but it should be able to advance knowledge of value to a field of study. The following are the research questions that this study attempted to answer.

- i) Who are the recipients of APDK'S microfinance services?
- ii) In what activities did the recipients utilize the loans from APDK?
- iii) Have these activities helped in improving the recipients' wellbeing?
- iv) Are there any challenges facing the implementation of microfinance by APDK?

## **1.2.2 BROAD OBJECTIVE OF THE STUDY**

To investigate the role of microfinance in improving the wellbeing of the poor disabled residents of Mukuru slum.

## **1.2.3 SPECIFIC OBJECTIVES**

- i) To identify the disabled people in Mukuru slum who obtained microcredit services from APDK?
- ii) To examine the activities that have been initiated with the loans received from APDK by the physically disabled poor in Mukuru slum.
- iii) To investigate whether the activities initiated with APDK loans have helped in improving the wellbeing of the poor disabled residents of Mukuru slum.
- iv) To analyze the challenges facing the implementation of microfinance by APDK.

## **1.2.4 STUDY JUSTIFICATION**

The study was critical since there are few studies on the physically disabled people and as a result they are ignored and discriminated upon. Poverty prevalence is on the increase. According to the World Food Program, many Kenyans are resorting to more and more desperate survival strategies, including pulling children out of school to work or beg for food (World Bank 2007). There is need to identify and utilize better and sustainable strategies which can effectively fight poverty and improve the wellbeing of the poor.

There was need to conduct the study to investigate the effectiveness of microfinance in socio-economic empowerment of the disabled poor by assessing the activities that have utilized loans from APDK to enhance the disabled poor's wellbeing. It appraised microfinance program in achieving economic and social growth. As a result, the study provides valuable information on the appropriateness of microfinance as a development strategy for poverty alleviation and empowerment tool for the disadvantaged in the community. This study hence attempted to identify and inform on microfinance strategies that can be successfully utilized to have a lasting positive impact in combating poverty, improving the wellbeing of the disabled residents of Mukuru slum and the poor in

general. This may also contribute positively towards the realization of some of the Millennium Development Goals in Kenya (MDGs).

Failure to conduct this research may mean ineffective and inefficient microfinance program with huge loan defaulters, poor savings, ignorant poor population and fewer micro-credit applicants. This will probably increase the poverty levels among the poor and frustrate the government's efforts on poverty alleviation and improvement of its population's wellbeing.

This study sheds light on the challenges facing microfinance programs and what could be done to maximize the initiative's potential. It is also significant to development agencies, organizations, and government in adjusting and improving the existing practices of microfinance practices. This can positively influence policy makers thus leading to a positive implication on the overall administration and practice of microfinance programs. Therefore, this study sheds more light to the microfinance stakeholders in regard to microfinance program. Finally, the study findings will contribute to the body of knowledge on microfinance.

### **1.3 SCOPE OF THE STUDY**

Since its inception in 1958, APDK has endeavored to empower challenged people socially and economically. It initiated Micro Finance Programs in 1997 in Mombasa, in 2002 in Nairobi and from 2004 onwards in the upcountry branches.

This study focused on the role of micro-finance as one of the instrument of social and economic development to the physically disabled poor in the Mukuru slums, Nairobi County. In essence it examined loan recipients, loan utilization and the activities that were initiated by the disabled poor of Mukuru slum to enhance their wellbeing.

This study also considered the key challenges that were affecting micro-finance operations and analyzed the effects of micro-finance to the disabled poor, both socially and economically. The study involved the disabled poor who were members of the seven disabled self-help groups in Mukuru slum and supported by APDK.

This study was about absolute poverty and within it; the focus was on the people with disability who had received micro credit services from APDK in the Mukuru slum. This study examined the various ways in which the PWDs utilized the micro credit services to enhance their economic development. I also established the extent to which the APDK microfinance program had been able to help its clients. It is my considered opinion that the findings of this study can only be applied to other similar cases especially on the vulnerable groups.

#### **1.4 CONCEPTUAL FRAMEWORK**

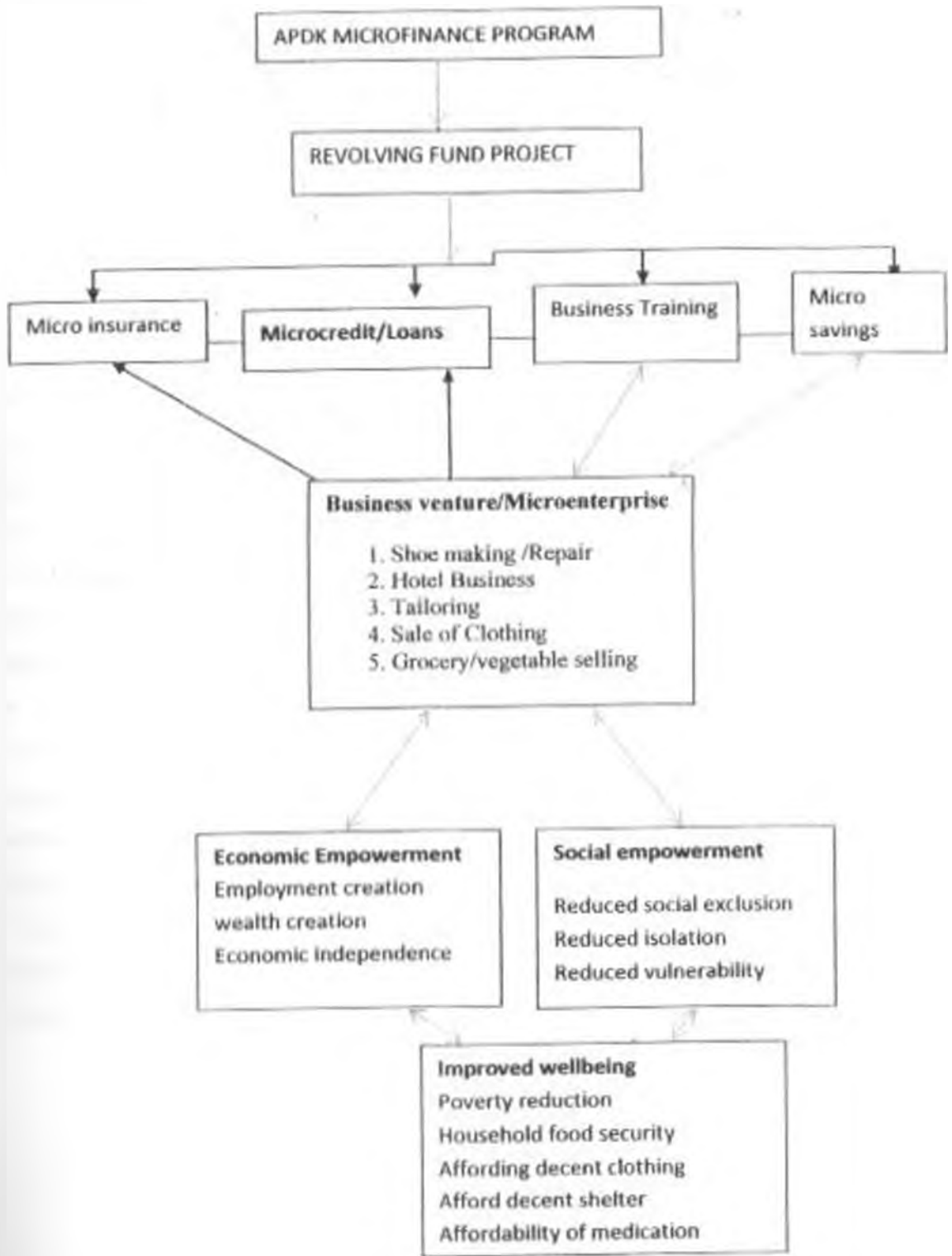
This is a research tool intended to assist the researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. It has the potential usefulness as a tool to assist a researcher to make meaning of subsequent findings. It explains the relationship among the interlinked concepts. It explains the possible connection between the variables and answers the why question. It must also address the set objectives (Kombo and Tromp, 2006).

According to Wen. (1999), When a group is viewed as inferior to the rest of the society, the group becomes unable to claim its rights. This affects the group's income as it cannot assert its rights. The group becomes timid and complaisant thus easily exploited. The group may physically abuse or lowly paid. It depends on the oppressor. Dependency is a major constraint to economic growth.

Indeed, this captures the circumstances the disabled persons, particularly the poor ones, find themselves. They are oppressed by the society through social exclusion and discrimination. To change this situation there must be a dependency reversal (Doran, 1983). This can be achieved through off sets of stagnation such as acquisition of skills, economic empowerment and assertiveness. Microfinance is one of the social economic tools meant to help the poor people to break out of the vicious cycle of poverty. Microfinance involves a number of services such as micro-credit, savings, training and insurance. The first step for to poor people on the path out of poverty cycle is social and economic security (Fisher and Sriram, 2002).

Yeo (2000) asserts that eliminating world poverty is unlikely to be achieved unless the rights and needs of people with disabilities are taken into account. Poverty and disability reinforce each other, contributing to increased vulnerability and exclusions. It is significant to analyze APDK'S strategy in providing microfinance services and the challenges they encounter in their attempt to empower the physically disabled poor

**Figure 1.1 Conceptual frameworks on the role of microcredit on the wellbeing of the disabled**



## KEY

- Direct relationship (one way)
- ←→ Direct relationship (either way)
- Indirect relationship

Source: author (2011)

APIDK's microfinance program has a revolving fund project through which members of the disabled social groups individually or as a group borrow small credit or loans for business or commercial purposes. The loan given out is used for economic activities that are capable of making a profit like starting up microenterprises or to expand those which already exist. Some of the microenterprise that have been established include shoe making, hotel business, sell of clothes, electronic repair, tailoring, grocery among others. Servicing the loan by the clients ensure sustainability of microfinance program. However, before any loan is given to a new client, business training on entrepreneurship is conducted to equip the potential clients with the necessary business skills. This empowers the clients with skills on proper record keeping, significance of making savings and knowledge of micro credit operations. The members are therefore encouraged to make savings even as they service their loans. Insurance services are also extended to the members of the social groups. Social and economic empowerment facilitates poverty reduction. Poverty reduction, on the other hand, enhances socio-economic empowerment of the disabled poor in Mukuru which may result to an improved wellbeing. This initiative aims at empowering the disabled poor economically and socially thus reducing poverty prevalence and promotes the wellbeing of its clients.

## **1.5 OPERATIONALIZATION OF KEY VARIABLES**

This section is concerned with the definition of the key concepts used in this study. The definition of the terms is meant to remove any ambiguity that could result from differences in meanings to different readers in different contexts. These terms include: poverty, disability, microfinance, slum, and welfare.

### **1.5.1 Poverty**

Poverty is the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the inability to afford them. This is also referred to as absolute poverty. According to KIPPRA (2009), Poverty refers to whether individuals or households have adequate resources or ability to attain a predetermined minimum level of consumption at which basic needs of a society or country are assumed to be satisfied.

### **1.5.2 Disability**

Disability is restriction of the ability to perform normal human activity (due to body impairments).

### **1.5.3 Microfinance**

Microfinance is the provision of financial services such as small loans (microcredit), savings, insurance, and training to people living in poverty to help them engage in productive activities or grow very small businesses.

### **1.5.4 Slum**

A slum is a heavily populated urban area characterized by inadequate access to safe water, inadequate access to sanitation and other infrastructure, poor structural quality of housing, overcrowding, insecure residential status (resulting in arbitrary demolition of property), substandard housing and squalor.

### **1.5.5 Wellbeing**

Wellbeing refers to a state of financial independence, improved incomes, and ability to meet basic needs and to participate more in public life.

## CHAPTER TWO

### LITERATURE REVIEW AND THEORETICAL FRAMEWORK

#### 2.1 INTRODUCTION

Literature review is the reading into the literature written in the topic of an individual's interest, by other experts on the same topic. This helps to establish information about a particular research problem (KIM, 2009). This chapter contains general literature on microfinance and poverty. The chapter has been sub-divided into five key sections including the introduction, poverty and disability, a detailed look at microfinance, methodology, conclusion and summary of the literature review.

#### 2.2 POVERTY AND DISABILITY

According to KIPPRA (2009), Poverty remains a major concern of development policy in Africa and other developing regions including Kenya. In 2005, it was estimated that 45.9% of Kenyans were poor (KNBS, 2007). Previously the percentage of the poor increased to about 52.9% (rural) and 49.2% (urban) in 1997 up from 46% (rural) and 29.3% (urban) in 1992. The overall poverty was estimated at 56% (51.5% urban and 59.6% rural) in 2000. Many reasons have been put forward to explain why poverty in Kenya is high, including lack of income earning opportunities, inadequate human capital investments, unfavorable agro-climatic conditions, HIV-AIDS pandemic and weak implementation of antipoverty interventions. This study gave a special consideration to the income earning opportunities through micro-credit (micro-finance) programs. Poverty reduction enhances the poor's wellbeing by enabling them to access basic social amenities and to afford basic needs.

Poverty refers to whether individuals or households have adequate resources or ability to attain a predetermined minimum level of consumption at which basic needs of a society or country are assumed to be satisfied. The formulation of appropriate programs to effectively combat poverty requires proper identification of the poor (KIPPRA, 2009).

Chronic poverty can be defined as those who are inter-generationally poor and also experience multi-dimensional poverty (income, education, social and capital). Self-help groups refer to groups and organizations, which come together to address the causes of their oppression, discrimination or poverty and to advocate for inclusion. "Poverty is not simply the consequence of a lack of resources. Some people are unable to access existing resources because of who they are and what they believe or where they live. Such discrimination is a form of exclusion and a cause of poverty (DIID 2000). For instance, a majority of people with disability or impairment find themselves in the cycle of poverty mostly due to discrimination from the society. KIPPRA (2009:47-48) states that high initial inequality in assets and income is likely to undermine growth and hence poverty reduction efforts.

Although changes in poverty depend on economic growth and changes in income inequality, the responsiveness of poverty to these variables depends on the degree of initial inequality. Changing income distribution is more important for reducing poverty in better off and highly unequal economies, while economic growth is relatively more important for poverty reduction in countries with low average incomes and low inequality. This is the situation that confronts us in Kenya and more forcefully in the slums like Mukuru informal settlement of Nairobi.

Yeo (2001) defines impairment as an individual's condition-physical, sensory, intellectual or behavioral. Disability is a complex system of social restrictions imposed on people with impairments resulting in a denial of rights and equal opportunities. Inclusive policies do acknowledge that socially excluded, poor or vulnerable people are not a homogenous group and that disabled people have a right to be included in poverty alleviation and development work. Because disability and poverty are inextricably linked, poverty can never be eradicated until disabled people enjoy equal rights with non-disabled people (Lee, 1999). Poverty is not only about rates of income but also about social exclusion and powerlessness.

There is a need to address both the inequalities between disabled and non-disabled persons in all strategic areas of work and to support specific initiatives to enhance the

empowerment of people with disabilities. These will promote equality rights and opportunities for persons with disabilities. Micro-credit and particularly microfinance have been claimed to be instruments of poverty reduction and economic empowerment.

According to a March 2008, Kenya National survey for persons with disabilities, 4.6% of Kenyans (1.6 Million) experience some form of disability. Ahead of the 1981 United Nations International Year of Disabled Persons, the Kenya government declared 1980 the year of persons with disabilities and supported a number of campaigns in disability issues.

Furthermore, in 1993 the Attorney General appointed a task force to review laws relating to persons with disabilities. The task force collected views and presented its reports. Consequently, the persons with disabilities Act was enacted in December 2003 and gazette for commencement in June, 2004.

While persons with disabilities make up 10% of the world's population, disability is associated with 20% of global poverty according to the World Bank findings. "Unless the disabled people are brought into the development mainstream, it will be impossible to cut poverty in half by 2015..." James Wolfensohn (UN ms-2000) Disability and poverty are mutually reinforcing as disability can be a cause of poverty, and poverty can be a cause of disability. Disability affects the poverty levels of individuals, families and society because it affects access to education and employment and income generation. With 98% of children with disabilities in developing countries, achieving universal primary education must consider children with disability. Children don't attend school because of their disability. Elwan (1999) asserts that the disabled people (and their families) are more likely than the rest of the population to live in poverty.

Disability adds to the risk of poverty, and conditions of poverty increase the risk of disability. Disability in developing countries stems largely from preventable impairments associated with communicable, maternal and prenatal disease and injuries, and prevention has to remain a primary focus. Disability is restriction of the ability to perform normal human activity (due to body impairments). Disabled people have lower education and income levels than the rest of the population. They are more likely to have incomes

below poverty level, and less likely to have earnings and other assets than the non-disabled population. Higher disability rates are associated with higher illiteracy, poor nutrition status, lower immunization coverage, lower birth weight, higher unemployment and underemployment rates, and lower occupational mobility.

Poor households do not have adequate food, basic sanitation, and access to preventive health care. They live in lower quality housing, and work in more dangerous occupations. Malnutrition can cause disability and even increase susceptibility to other disabling diseases. Additional costs resulting from disability, and marginalization or exclusion from services or community activities can make the disabled people or their families worse off.

Attitudinal and physical barriers, exclusion and marginalization reduce the opportunities for the disabled to contribute productively to the household and the community, and increase the risk of falling into poverty. The combination of poverty and disability is a fearsome one. On average, disabled people receive less education and are likely to leave school with fewer qualifications than others.

Indeed, one of the United Nation's millennium development goals (MDG's) is poverty reduction in developing countries. Mainstreaming disability into development is the process of assessing the implications for disabled people of any planned action, including legislation, policies and programs in all areas and at all levels. It is a strategy for making disabled people's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programs to prevent the perpetuation of inequality.

A human rights approach is what is required to combat poverty in the developing world. Mulei, Andrew (2001) Poverty eradication has been the main objective of Kenya's development policy since independence in 1963. However, poverty is still widespread and severe, a fact that suggests past anti-poverty measures have not worked. In 1994, the overall poverty in urban areas stood at around 30% (Republic of Kenya, 1998), a figure which has been replicated in a recent study (Mwabu et al, 1999).

In Kenya, anti-poverty measures are likely to have the greatest impact if they are targeted at rural residents, urban slum dwellers, subsistence farmers, pastoralists and widows, the group that constitute the bulk of the poor in this country. Mukuni, one of the urban slums in Nairobi is the focus of this study. There is need to accelerate and sustain economic growth in Kenya.

Countries that managed to reduce poverty substantially, e.g. China, had high rates of economic growth. However; poverty alleviation efforts are more successful when accompanied by not only growth policies but also distributional policies that reduce inequality (KIPPRA, 2009: VI). In addition, KIPPRA suggests that pro-poor growth should focus on the activities in which the poor participate directly. Empowering the poor is very significant in the fight against poverty. Since economic decisions are related to the power balance, it is essential for the poor to be fully accommodated in decision-making. This will not only enable them articulate their needs but also enhance ownership of projects and programmes meant to improve their welfare.

Poverty exists in a given society when one or more persons do not attain a level of economic well-being that constitutes a reasonable minimum by the standards of that society (Ravallion, 1994).

Poverty may be brought on by insufficient capacity to produce basic necessities of life, by low purchasing power, and by inappropriate institutions, among others. It is also acknowledged that poor economic performance, that is, lack of growth or slow growth, combined with lack of access to adequate basic social services are the root cause of poverty. Among urban areas of Kenya, food poverty incidence as measured by the headcount index ranged from about 30% to about 50% representing the least poor and poorest urban area respectively. The incidence of overall urban poverty as measured by the headcount index ranged from about 21% to about 50% representing the least poor and the poorest urban areas respectively.

It's well established that the disabled population of the slums lack adequate rehabilitation service. To overcome the inadequacies of service for the disabled can be addressed if the government develops a national policy with regard to the disabled. However, it has

become apparent that significant development and improvements must involve the broad spectrum of NGOs and community resources. The current situation is compounded by the fact that government lacks the resources in finances and personnel to effect any major changes or improvement in programs for the physically handicapped.

Yeo asserts that despite numerous policies and statements regarding disability and poverty reduction, it is still estimated that 50,000 people, including 10,000 disabled people, die every day as a result of extreme poverty. This is not an abstract theory, but a disastrous crisis. It would be deceptive to claim that this injustice is anybody's conscious intention (Yeo, 2005:3).

But then, this observation on policy may not be sufficient to change the lives of the disabled poor. That which is required is an empowerment strategy that will give the disabled the opportunity to assist themselves in improving their lives both socially, economically, and politically.

Good policies which recognize special needs of the disabled will be required to compliment individual efforts. Besides, most countries have nice policies on paper which don't translate to development.

In regard to economic self-reliance, people are truly empowered when they gain access to and control over economic resources; when they are able to reduce and overcome their dependencies on forces which exploit them; and when they manage their own economic activities which truly respond to their needs and perhaps that of the community. Indeed, this is what the disabled poor need to come out of poverty and consequently improve the quality of their lives.

Sriram (2002) asserts that the first step for poor people on the path out of the poverty cycle is social and economic security. He goes on to say that appropriate savings and insurance, as well as loans for emergency expenditures or basic assets such as housing and education, can contribute significantly to such security, not least among poorer and more vulnerable households. These activities can only be interpreted as microfinance initiative for poverty reduction. Nevertheless, even in cases where the disabled poor have received microfinance services, no reliable and in-depth research has been done to

document their success in poverty alleviation. Most of those research works have been basically done on women yet men are also vulnerable and poor. This gives poverty a gender perspective which could be limiting a better understanding on poverty. The disabled poor people are generously represented among the poorest and the most vulnerable due to social discrimination and their physical challenges.

While persons with disabilities make up 10% of the world's population, disability is associated with 20% of global poverty according to the World Bank findings. "Unless the disabled people are brought into the development mainstream, it will be impossible to cut poverty in half by 2015..." James Wolfensohn (UN ms-2000) Disability and poverty are mutually reinforcing as disability can be a cause of poverty, and poverty can be a cause of disability. Disability affects the poverty levels of individuals, families and society because it affects access to education and employment and income generation. With 98% of children with disabilities in developing countries, achieving universal primary education must consider children with disability. Children don't attend school because of their disability. Litwan (1999) asserts that the disabled people (and their families) are more likely than the rest of the population to live in poverty.

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Poor households do not have adequate food, basic sanitation, and access to preventive health care. They live in lower quality housing, and work in more dangerous occupations. Malnutrition can cause disability and even increase susceptibility to other disabling diseases.

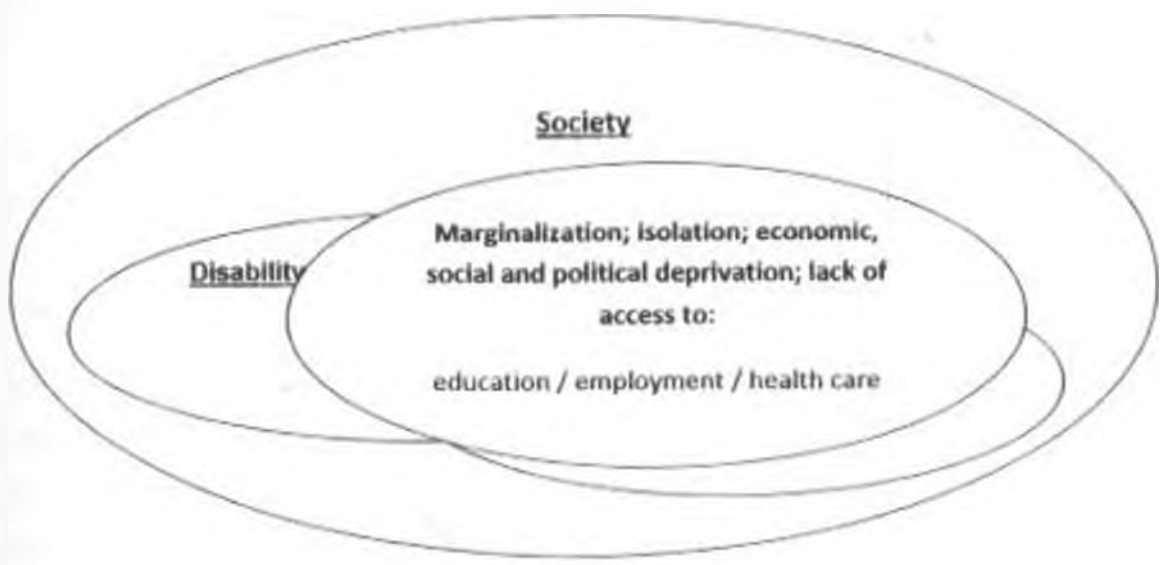
The (disabled) poor have also come up with other measures like forming support groups to improve their lives. Very often, support group express their own concern in this area by setting up income and employment generating projects, more particularly extending credit and other forms of material support. This has resulted in the expansion of the income and employment base of the poor, but soon enough project begin to suffer from a host of difficulties related to management, marketing and financial accountability. According to Fisher and Sriram (2002) micro-financial services have been in existence for about three decades. Interestingly, it is about this time that we have seen a steady growth of poverty. Apparently, there is no single verdict on the outcome of microfinance hence need to carry out more research to establish its significance in poverty reduction. There is an urgent need to establish the impact of microfinance on poverty.

Experience has indicated that unless a project developed is directly linked to empowerment, income and employment generating, projects can be counter-productive, divisive and diversionary.

Other studies have shown that microfinance interventions have created an impact not only on the values of the people but more so on their economic conditions as they gradually make adjustments to their economic and production structures and establish self-help income and employment generating projects. It is thus important to carry out a research that could identify why some microfinance interventions to the poor and the vulnerable have failed while others have been successful. This study seeks to investigate on the specific strategy or strategies of microfinance that enhance positive change to the poor disabled people in the Mukuru slums.

Yeo (2005) suggests that the relationship between disability and poverty is often described as a vicious circle. Here, it is argued that in fact, both disability and poverty are often manifestations of the same processes (2005:20-21).

**Figure 2.1 Relationship between poverty and disability**



Source: Yeo (2005:21)

She goes on to say that if both disability and poverty are manifestations of similar processes of marginalization, then the need for disability activists to make alliances with other campaigns against the causes of poverty is clear. If poverty reduction work were to really address the causes of poverty this would also have to challenge the nature of disability. Indeed, this is what APDK is attempting to implement through community based rehabilitation of the disabled and issuing of microfinance services.

Aspects of poverty include lack of wealth or assets, and lack of flows of food and cash. It is often assumed that being poor and disabled leads to the most severe isolation possible. On the other hand, Coleridge questions whether this is always the case. He suggests that "in a country as poor as Afghanistan it may be that there is less discrimination towards disabled people than there is in America" (1999:161).

He reports commonly seeing disabled children being pushed along in a cart by other children. He states that, "Amputees are such a common sight that they are accepted as

part of the normal scene in a hazaar." "Poverty," he claims, "is a great leveler." This also captures the experiences of the disabled in Kenya including the informal settlements of Nairobi. He goes on to say that the household is poor if it has few assets. Its hut, house or shelter is small, made of wood, bamboo, mud, grass reeds, hides and has little furniture: Mats or hides for sleeping, perhaps a bed, cooking pots, and a few tools. There is no toilet or an insanitary one. The household has no land or barely assures subsistence or which is rented or shared, has no livestock or has only small stock (hens, ducks, goats) or a few weak cattle.

The house borrows from neighbors, kin, traders, and is in short term or long term debt. Clothes are few and worn until they are very old. Family labour has low productivity, has little or no control over the means of production, and its main, often only productive asset is the labour of its members. Household is either locked into dependence on one patron, for whom most work is done or contrives a livelihood with a range of activities which reflect tenacious ingenuity in the face of narrow margins for survival. The impacts of microfinance will be considered in line with the above features as micro-credit influence on the disabled poor will be investigated.

Food or cash obtained meet immediate needs and are soon used up. All family members work when they can, except the very young, the very old, the disabled, and those who are seriously sick. Women work long hours both at domestic tasks and outside the home. Returns to the family's labour are low and in the slack seasons often very low, if indeed there is any work then at all. The household is physically weak. There is a high ratio of dependents to able-bodied adults. The dependent may be young children the old, the sick or the handicapped.

The household is isolated from the outside world. Its location is peripheral and its members are not well informed about events beyond the neighborhood. Its children do not go to school or go and drop out early. The household is vulnerable. It has few buffers against contingencies. Small needs are met by drawing on slender reserves of cash, by reduced consumption, by barter or loans from friends, relatives and traders. Disasters and

social demands like funerals, accidents, and sickness have to be made by becoming poorer.

The household is powerless. It is ignorant of the law, without legal advice, competing for employment and services with others in a similar condition. It has descended or inherited low social status. Its position is weak in negotiating terms for the use of its labour or the sale of its produce or assets.

Poverty contributes to physical weakness through lack of food, small bodies, malnutrition leading to low immune response to infections and inability to reach or pay for health services. It also contributes to isolation both spatial and informational because of the inability pay the cost of schooling, to buy a radio, to afford to travel to ease transportation and communication. Poverty also contributes to vulnerability through lack of assets to pay large expenses or meet contingencies; and to powerlessness because lack of wealth goes with low status: the poor have no voice. The above features were considered among the poor people residing in our informal settlements of Nairobi, including Mukuru slum where this study was based.

Chambers' observations get reinforcement from Yeo (2005:19-21). Referring to Moore and Yeo (2003), she provides features that characterize disability: exclusion from formal or informal education and employment, limited social contacts, low expectations from community and of self, exclusion from political or legal processes, exclusion from even basic health care, lowest priority for any limited resources (e.g. food, clean water, inheritance, and land) and lack of support -for high costs directly associated with impairment. These are the challenges that must be confronted in order to free the disabled poor from the vicious cycle of poverty.

Poverty in general is characterized on the basis of issues almost universal to the poor people. These include the following characteristics: limited access to education and employment, hazardous working conditions, limited access to land and shelter, unhygienic, overcrowded living conditions, poor sanitation, exclusion from political or legal processes, lack of ability to assert rights, limited access to health care, insufficient or unhealthy food, malnutrition, poor health and physical weakness (Yeo, 2005:18-21 ).

The features that characterize poverty have a striking and significant resemblance to those on disability with a few which exclusively relates to disability. This emphasizes the close association that exists between disability and poverty, and the reason why paying attention to disability issues can have an impact in poverty reduction or alleviation. The similarities between the characteristics of poverty and those of disability are self-evident. A vicious circle highlights the causal relationship between poverty and disability, but perhaps it also obscures the commonalities. Yen (2000) asserts that, "eliminating world poverty is unlikely to be achieved unless the rights and needs of people with disabilities are taken into account ... Poor people with disabilities are caught in a vicious cycle of poverty and disability, each being both a cause and a consequence of the other" (DfID 2000:1).

No individual or family can survive without an income and the rising cost of such items as medicine, school fees and transport makes this all the more vital. People want a secure income, whether it comes from employment or self-employment. Some NGOs support income generating activities by providing credit, training and advice. Credit is usually the cornerstone of income generating activities.

Loans are relatively small, and the returns appear insignificant at first glance. But earning enough money to pay for the children's school fees can make an enormous difference both to the morale of a family and to the future financial security. This is well captured in the goal of microfinance whose aim is to provide accessible credit to support the disabled to start or expand business for wealth and employment creation. One of the indicators of where poverty lever has been passed is when families start to have a small capacity to save, because this indicates that they have overcome this principle problem (Burney, 1995).

According to Navayan (2002), around the world 2.8 billion people, almost half the worlds' population lives less than a dollar a day. He goes on to say that unless we tap into resources and capabilities of poor themselves- expanding their freedom of choice and action and supporting their efforts to lift themselves out of poverty- the number of poor people will only increase and the impact of poverty on their lives will only increase.

It is important to increase poor people's access to opportunity, security and empowerment for economic growth and poverty reduction.

"Empowerment is the expansion of assets and capabilities of poor people to participate with influence, control and hold accountable institutions that affect their lives," (Navayan, 2002: xvii).

Poor people need a range of assets and capabilities at individual level (such as health, education, and housing) and at the collective level (the ability to organize and mobilize) to take collective action to solve their problems. Unfortunately, poor people are often excluded from access to economic opportunity because of regulation, discrimination, and lack of information, connection, skills, and organization.

Poor people themselves are the most invaluable partners in the task of poverty reduction. Empowerment approaches include behavior that builds self-confidence and their belief in themselves, and respect their dignity (World Development Report, 2001). In particular it underscores the importance of increasing poor people's access to opportunity, security and empowerment for economic growth and poverty reduction.

Experiences have shown that growth alone is not enough to ensure substantial and sustainable poverty reduction but also where the distribution of income is more equal. Empowerment is associated with terms like self-strength, control, self-power, self-reliance, own choice, life of dignity, in accordance with one's values, capacity to fight for one's rights, independence, own decision making, being free, awakening and capability.

NGO's offer the smallest loans and work with the poorest borrowers. NGO's generally offer more social services than banks, invest much more in the capability of poor people, educate poor people about financial systems, and prepare them for participation in formal financial institutions. In managing vulnerability, poor people need access to finance for direct income generation to safeguard personal and household well-being. Micro-insurance schemes provide poor people with some protection against costs associated with illness death or damage to property. Microfinance fund aims at providing accessible and affordable credit to the poor of the poorest.

A thorough understanding of poverty and poverty reduction requires cross-disciplinary research and the development of 'Q-squared methodologies' (Quantitative and qualitative). Quantitative studies may be representative but they risk missing out on crucial variables and may not go beyond identifying correlates. Qualitative studies can capture the complexity of poverty dynamics and the processes that underpin poverty but they can be dismissed for not being able to explain how their findings relate to wider populations. Poverty is considered a state of deprivation, with a living standard below some minimal level (Addison, Kanbur and Holme, 2009). A study on microfinance and its role in improving the wellbeing of the disabled really needs integration methods in order to be more reliable and valid in order to contribute positively towards the existing body of knowledge on poverty and microfinance. This study utilized both quantitative and qualitative methodologies.

The disabled people struggle to find employment. They are seen as presenting a high risk. The disabled people are also usually denied access to micro-credit schemes. According to the report: Disability, poverty and the millennium development goals;

- I. The disabled people are typically among the poorest; they experience poverty more intensely and have fewer opportunities to escape poverty than non-disabled people.
- II. The disabled people are largely invisible, are ignored, and excluded from mainstream development.
- III. Disability cuts across all societies and groups. The poorest and most marginalized, disabled women, disabled ethnic minorities, disabled members of secluded castes and tribes among others will be the most excluded.
- IV. UK department for international development (DFID): Mainstreaming disability cannot be said to be working effectively to reduce poverty and tackle social exclusion unless it makes efforts to address disability issues

Deliberate actions need to be initiated to bail out the poor from chronic poverty. In reference to KIPPRA (2009:47) there are many policies and programmes aimed at poverty reduction in Kenya. These initiatives emanate from the government and other

stakeholders and are in various sectors. One of such initiatives is through microfinance which is supposed to work as an instrument of poverty reduction.

## **2.3 Detailed Look at Microfinance**

The traditional banking system requires that a borrower have collateral to receive a loan; the world's poorest people have no such collateral.

According to Johnson and Rogally (2003), traditional banks are not interested in issuing small loans — \$50 to \$150— as the interest return does not exceed the transaction costs. That said, how has microfinance been so successful?

### **2.3.1 High Repayment Rates**

According to Unitus Microfinance, microfinance institutions (MFIs) exist in many forms: credit unions, commercial banks, and, quite often, non-governmental organizations (NGOs). Many MFIs utilize lending methodologies that use social collateral in the form of peer groups to ensure loan repayment. Under this system, borrowers take out loans in groups of five to eight individuals. If a borrower defaults on her loan, the entire group is often penalized and sometimes barred altogether from taking further loans. This peer pressure encourages borrowers to be very selective about their peer group members and to repay loans in full and on time, resulting in the higher than 95 percent repayment rates industry-wide.

### **2.3.2 Shorter Loan Cycles**

Microcredit loan cycles are usually shorter than traditional commercial loans— typically 6 months to a year with payments plus interest due weekly. Shorter loan cycles and weekly payments help the borrowers stay current and not become overwhelmed by large payments

### **2.3.3 Appropriate Interest Rates**

Clearly the transaction-intense nature of weekly payment collections is more expensive

than running a bank branch that provides large loans to economically secure borrowers in a metropolitan area. As a result, MFIs must charge interest rates that might sound high—the average global rate is about 35 percent annually—to cover their costs. For a financial institution to scale and remain sustainable, at a bare minimum it has to cover its costs.

What about price regulations for microcredit loans in the form of interest rate ceilings or subsidies to help reduce the rates charged to borrowers? Although many types of price-regulation might be well-meaning, in reality they can cause a fatal blow to the MFIs that they affect. When MFIs are required to charge a pre-determined interest rate—which is usually much below the cost that the MFI incurs to acquire capital for lending and to operate its business effectively—MFIs are often forced to go out of business. As a result, those whom the MFI would have served are left without access to any financial services at all, which is why this type of regulation often is a disservice to the very people it's meant to protect.

One should note that although MFIs may charge rates of 30 to 70 percent to cover their costs, these interest rates are still significantly lower than the 300 percent to 3,000 percent annual rates that many borrowers were previously paying to money lenders, and are typical of the local credit card interest rates in many developing economies.

### **2.3.4 Why the Poor still lack Access to Microfinance**

Even after 30 years of industry effort, there remains a huge gulf between the supply and demand for microfinance services. Millions of families are still without access, and at current growth rates, the gap will not be closed for decades. For microfinance to achieve its potential as a global poverty alleviation tool, the microfinance industry must grow to scale.

The industry's failure to meet this urgent demand can be attributed to many underlying factors. Most importantly, the majority of the world's microfinance institutions (MFIs) rely on donor dollars—a limited and difficult-to-scale resource—to finance their

operations. And lack of capital is not the only barrier to growth. Limited technology infrastructure, narrow product offerings, human resources challenges, and inefficient business operations all hold back MIs from reaching their full potential.

### **2.3.5 Approaches to Impact Assessment on Interventions**

Previous research has revealed the fallacies of conventional approaches to impact assessment that have taken a linear view of the relationship between an intervention and its consequences.

These approaches encounter methodological and practical problems when put into practice. Problems include the difficulties of getting accurate data, and whether the consequences observed can in fact be attributed to the intervention in question (Johnson and Rogaly, 2002).

To counter these challenges, this study used more recent methodologies (participatory approaches) which involve microfinance users more deeply, in order to capture the diversity of experience which exists among them. It also focused at increasing the understanding of the ways in which microfinance or micro-credit services are relevant and useful in supporting users' livelihood strategies. This study majorly focused on qualitative methods to understand the usefulness and relevance of services to the poor people. To increase the validity of data collected, a wide range of both the users and staff were involved in the process. This study will also be concerned with the impact of financial services, and especially loans, on poor people's livelihoods.

The general research design to this study is the Descriptive design while the specific research design is case study. The case study design basically seeks to describe a unity in detail, in context and holistically. This study, therefore, will seek to investigate the effect of microfinance on poverty. A study of APDK's microfinance initiative can give an in-sight on the influence of microfinance on poverty. It is aimed at bringing about a deeper insight and better understanding on how microfinance initiative can be effectively utilized to facilitate positive change among the poor through its social and

economic empowerment activities. Triangulation methods will be used in validating qualitative data. Questionnaires and in-depth interviews are the basic research instruments that will be used for data collection.

## 2.4 Overview of Literature

Most of the literature on micro-finance involves studies from regions outside Kenya. There is need to carry out studies on the impacts of micro-finance services on poverty reduction among the poor in Kenya. In focusing on microfinance, emphasis has been laid on the need that poor people have for a wide range of financial services. This shift in emphasis away from the provision of credit solely for income generation towards a range of financial services is consistent with an understanding of poverty which looks beyond low incomes to vulnerability and powerlessness. Providing microfinance can give poor people the means to protect their livelihoods against shocks as well as to build up and diversify- also a means of protecting-their livelihood activities by investing loan capital. The role of credit is to promote incomes of the poor people. However, obtaining one or two loans has rarely resulted in sustained improvements in income for poor people (Johnson and Rogally, 2003:118).

Due to unexpected shocks on investment, there is need to build up a degree of security before investment and growth becomes possible. The microfinance programme of flexible services adapted to meet different needs is more likely to be relevant and useful to the poor people. Design features of this program include small loan sizes, regular repayment, group lending, higher interest rates, and savings. Financial sustainability of microfinance schemes can be enhanced by charging interest rates which make contribution to costs, and reducing default rates. On the other hand, organizational sustainability will depend on management, staffing, and organizational structure. Staff motivation and integrity is critical.

According to Johnson and Rogally (2002) even though sustainability is important, Institutions aiming for poverty reduction will need to assess the impact of their services on users' livelihoods. Due to conflict of interest, an independent entity will do a more

objective assessment. A focus on lending to women has become common for microfinance schemes. The focus on a single gender may not capture the subject of microfinance in totality. Besides, the women who have been the focus of study may not necessarily represent the poor of the poorest. In addition, the disabled persons who are most vulnerable have been neglected and that is why the main focus of my study will be on the disabled poor.

There is need to conduct a research to inform policy design and implementation of microfinance programs for poverty alleviation wellbeing enhancement. A research agenda should be developed on this topic to bring about deeper understanding of the link between poverty, economic growth, empowerment and microfinance/micro-credit services. In particular, there is need to ensure that all antipoverty alleviation projects and programs include evaluation in their design and implementation. In this respect, KIPPRA (2009) claims that the argument by Bourguignon (2004) is compelling. He points out that the rapid elimination of absolute poverty, under all forms, is a meaningful goal for development. To be efficient and growth-enhancing, poverty programs and projects should be concerned with wealth rather than current income or consumption. It is clear from the literature that communities that managed to reduce poverty substantially had high rates of economic growth.

Therefore, it is essential for microfinance institutions to aim at promoting growth. However, while economic growth is necessary for poverty reduction, it is not by itself sufficient. Poverty alleviation efforts are more successful when accompanied by not only growth policies but also distributional policies that reduce inequality. To this end, it is noteworthy that the Vision 2030: MIP flagship programs and projects are mainly targeted towards the poor. The World Bank (2008) has proposed a strategy to accelerate and sustain high growth rates based on reducing business risk and improving infrastructure.

This initiative is concerned with empowering the poor. Since economic decisions are related to the power balance, it is essential for the poor to be fully accommodated in

decision-making. This will not only enable them articulate their needs but also enhance ownership of micro-credit projects and programs meant to improve their welfare. For example, the use of micro-credit services can benefit from the input of those they are meant to assist.

## **2.5 Theoretical Framework**

### **2.5.1 Introduction**

A theoretical framework is a collection of interrelated ideas based on theories. It is a reasoned set of propositions, which are derived from and supported by data or evidence.

A theoretical framework accounts for or explains phenomena. It attempts to clarify why things are the way they are based on theories. A theoretical framework, therefore, is a general set of assumptions about the nature of phenomena (Kombo and Tromp, 2006).

This study is based on George Howan's Rational Choice Theory, Human Development Approach by the UNDP and the capability theory by Amartya Sen.

### **2.5.2 Capability Theory**

Research on disability and microfinance can benefit by using a microeconomics theory called Capability Theory by Amartya Sen. The most important construct of Sen's Capability Theory is capabilities. Capabilities refer to things a person can achieve or could have achieved in life. These are based on a set of real opportunities and not imagined ones (Sharma, 2005). The capability approach emphasizes functional capabilities like substantive freedoms, such as the ability to engage in economic transactions, get some training or participate in political activities. These are construed in terms of the substantive freedoms people have reason to value, instead of utility (happiness or desire fulfillment) which is a measure of relative satisfaction. Poverty is understood as capability-deprivation. Therefore, by providing micro credit services to the disabled, poverty reduction is a possibility since this involves training and ability to engage in economic transactions. As a result these people may have a chance to improve their wellbeing. It is noteworthy that the emphasis is not only on how human

beings actually function but on their having the capability, which is a practical choice, to function in important ways if they so wish. Someone could be deprived of such capabilities in many ways. For instance deprivation can be as a result of ignorance, oppression, lack of financial resources, or false consciousness.

In most cases the disabled are ignorant of their rights and often discriminated upon by the rest of the community. The micro finance program by APDK which provides micro credit services to the disabled poor in essence contributes to its clients capabilities. This is through basic business training, mentorship, loans, and micro saving opportunities. It is on this basis that this study investigated the role of microfinance/microcredit in empowering the disabled poor, promoting their capabilities and improving their wellbeing. In addition, this approach to human well-being emphasizes the importance of freedom of choice, individual heterogeneity and the multi-dimensional nature of welfare. This approach is suitable in this study since microfinance implies giving substantive freedom through business training, loans, micro-savings and insurance.

### **2.5.3 Human Development Approach**

The second approach that is applicable to this study is the Human Development approach that was formulated by Mahbubul Haq. This approach can be understood as a process of enlarging people's choices and enhancing human capabilities which basically entails the range of things people can be and do and freedoms. Fundamental to enlarging these choices is building human capabilities. The most basic capabilities for human development are to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community. Without these, many choices are simply not available, and many opportunities in life remain inaccessible. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. This enable people to live a long and healthy life, have access to knowledge and a decent standard of living, and participate in the life of their community and decisions affecting their lives (UNDP, 1990). Indeed, the Human Development concept has been applied to a systematic study of global themes, as published in the yearly global Human Development Reports under

the auspice of the UNDP.

This approach is applicable to this study since micro credit services for the disabled are also about creating an environment in which the poor disabled people can develop their full potential and lead productive, creative lives in accord with their needs and interests. This will enable people to live a healthy life and participate in the life of their community and decisions affecting their lives. The loan from APDK is invested in income generating activities that can enable the PWDs to earn some income.

Weekly meetings by the group members enhance sharing of information and knowledge reduces social exclusion and promotes freedom of expression, association among others. Business training carried out before loan disbursement promotes knowledge base though cannot be quantified in monetary form, an idea which is reflected in the human development approach

Micro credit services by APDK are meant to empower its client holistically rather than just economically. This aim is in line with the human development approach which is concerned with the basic development idea of advancing the richness of human life, rather than the richness of the economy in which human beings live.

#### **2.5.4 Rational Choice Theory**

Equally significant in this study is the application of the Rational choice theory. This theory states that humans behave in a purely rational manner and the actions they perform are for their own benefit (Scott, 2000). The theory says that there are rewards and punishments associated with each action and the individual weighs these and decides if it will benefit them to perform the act: if the rewards outweigh the punishment which is risked, then they will go through with performing the act

The disabled poor in Mukuru slum have deliberately formed social groups which are registered with both APDK and the Government through the ministry of Gender and Social Services. The members pay membership fee and give annual subscriptions to renew their membership with APDK. Loans are charged interests and the members organize weekly meetings. This is rather expensive but they do all that because it is for

their own benefit. Those members who fail to adhere to the group's constitution are punished by payment of fines or expulsion from the group for serious and consistent disregard of the laid down regulations. All these activities require critical decisions since one needs to invest a lot of time and make sacrifices to attend to these activities.

It is after considering the benefits over costs that the members choose to voluntarily join the social groups and willingly participate in its activities. These benefits include capacity development like through training on entrepreneurship and leadership. The group meetings reduce social exclusion, while promoting a sense of belongingness among the members since this gives the disabled a chance to interact and share their fears and aspirations. Above all, there is an economic gain as these people access finances in form of loans which they use to carry out their business. The profits accrued are used to cater for their financial expenses like food, clothing and rent. APDK, on the other hand, has to critically consider the social benefits of extending its microfinance services to the disabled people in Mukuru. These benefits are considered alongside the organization's mission. APDK's mission statement is to enable people with disability to overcome their physical limitations and empower them socially and economically to become self-reliant and fully integrated members of their communities.

The relationship between the APDK organization and its clients (The Disabled Groups) is basically based on the rational choice theory where possible benefits to be attained play a critical role on their continued interaction reached through a rational decision making process. The study therefore attempts to find out the extent the rational theory was applicable in the provision and utilization of microfinance program by APDK and the persons with disability in the Mukuru slum. The identified opportunities and strategies to combat poverty and reduce financial suffering can be adopted in the other places with similar situations. The findings of the study may also be useful to the other organizations involved in Micro Finance Programs in the wider society through lessons to be learnt especially on the best practices on microfinance.

## **2.6 VARIABLES**

A variable is a measurable characteristic that assumes different values among subjects. There are three types of variables: independent, dependent, and extraneous variables. An independent variable is the variable that is manipulated in order to determine its effects on another variable (dependent). It predicts the amount of variation that occurs in another variable (Gathuthi et al, 2009).

A dependent variable attempts to indicate the total influence arising from the effects of independent variables. On the other hand, extraneous variables influence the results of a research work unless they are controlled for through an appropriate procedure. In this study, the focus will be on the independent and dependent variables.

### **2.6.1 Independent variable**

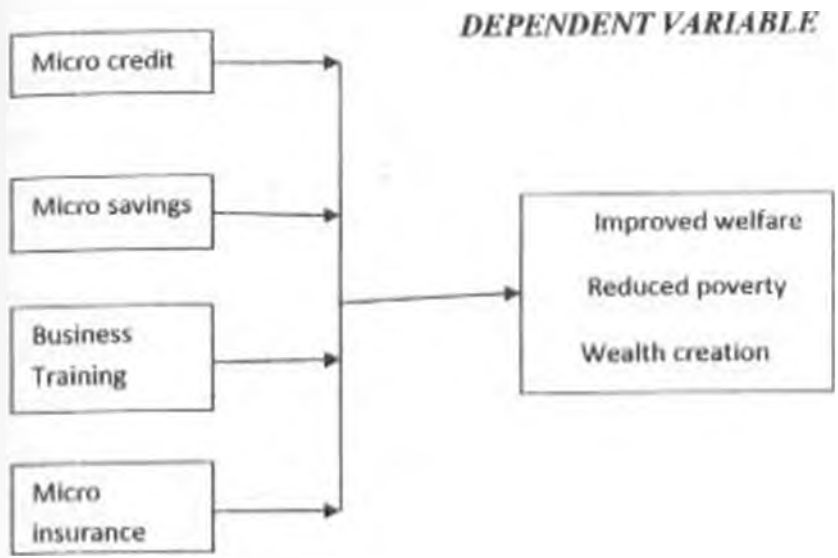
Microfinance/Micro credit services

### **2.6.2 Dependent variable**

Improved wellbeing among micro-credit recipients

**Figure 2.2** Microfinance strategy

***INDEPENDENT VARIABLES***



**Source: author (2011)**

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Research Design

Research design involves selecting a strategy of conducting research that will adequately achieve research objectives, answer and produce data to be used in testing a research hypothesis. It outlines the various data collection methods a given study intends to use and it is the glue that holds all elements in a project together. A research design is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2003). This chapter, therefore, presents the research design and methodology that was used in this study. The study was conducted by way of case study of a selected unit (APDK). The respondents were asked questions that helped in answering the research questions.

This is a descriptive research that was conducted using both the qualitative and quantitative research methods since the two methods complement each other. The questionnaire was the main tool for data collection. Questionnaires were used to collect data on the impact of the loans given to the physically disabled in the Mukuru slum. The intention of this study was to investigate the effect of micro credit services as provided by APDK to the people with disability in the Mukuru slum. It aimed at providing important information and knowledge on the use of microfinance for socio-economic empowerment of the poor and the vulnerable.

The justification of using descriptive research was due to the fact that its aim was to investigate the state of affairs as it (micro finance) exists. Indeed, the aim of this study was to examine the activities that had been financed by loans from APDK and their role in improving the wellbeing of its clients. I examined the difficulties which were encountered during loan disbursement and utilization in order to identify possible solutions. To be able to fully establish the role of microfinance and to determine how loans were utilized by the disabled, both quantitative and qualitative approaches in data collection and analysis were employed.

## **3.2 Research Site**

The study was carried out at the Mukuru slum in Embakasi Constituency, Nairobi County. The Mukuru slum is an informal settlement area, which has been in existence for over 30 years. It covers an area of 14 square kilometers. It is a continuation of the Kibera slum which lies along the Nairobi River from the Mater Hospital in south B estate to Outer ring road in Embakasi (Tromp and Kombo, 2006). Mukuru slum was purposively selected as the study location. This was because Mukuru slum had the highest number of disabled social groups receiving microfinance services from APDK. It was also one of the poorest informal settlements in Kenya. Mukuru is among the very first areas where APDK introduced its microfinance program. The microfinance program had been in existence for the past ten years at this region. The microfinance program for the disabled poor in Mukuru is basically supported by the association for the physically disabled of Kenya (APDK).

### **3.2.1 Study Population**

According to KNSPWD (2008), about 80% of the world's persons with disabilities (PWDs) live in low income countries where they experience social and economic disadvantages and denial of rights. This source also states that 4.6% of Kenyans experience some form of disability. A quarter of PWDs work in family business, but a third do not work at all. This could be part of the reason why many of the disabled people are poor. Indeed any measure that can help fight poverty will surely be a relief not only to the disabled but also to the other members of the community.

According to Murathe (2005), Mukuru comprises 17 villages with an estimated population of 500,000 people. In total, there are seven (7) disabled social groups receiving microfinance services from APDK in the Mukuru slum. A significant percentage of the disabled persons live in this slum.

Given that background information on disability, it is critical to note that the study population was that the poor and vulnerable disabled persons in Mukuru. The study

population involved the persons with disability in Mukuru slum who are members of the disabled social groups that receive microfinance services from APDK.

### **3.3 Unit of Analysis**

According to Baker (1994:102), the entities whose characteristics are the focus of the study are the unit of analysis. It can also be seen as the object of attention. The unit of analysis in this study was Mukuru disabled families.

### **3.4 Unit of Observation**

The unit of observation in this study is the people with disability (PWDs) in the Mukuru slum who are members of the Association of the Physically Disabled of Kenya (APDK). These are the disabled people in Mukuru slum who had been receiving microfinance services in form of loans and training by APDK.

### **3.5 Sample Design**

#### **3.5.1 Sampling Procedure**

This study was based on both purposive and systematic random sampling. Purposive sampling was required to select the Key Informants who were the microfinance officers in APDK. The sample was selected from the Mukuru slum among the seven disabled groups who receive microfinance from APDK. Therefore, the respondents who filled the questionnaires were selected through systematic random sampling with the aid of the microfinance register.

The target population comprised the disabled people with association to the APDK microfinance in Mukuru slum. This place was chosen because it had a relatively large number of microfinance grass root social groups and with limited external assistance unlike those who resided in upcountry who easily receives assistance from relatives or rich neighbors and food from the farms. The subject of this study was also relevant to the target area that generally consisted of people of low socio-economic class living in informal settlements.

The study targeted 40 respondents out of the 120 disabled people who were in the APDK's microfinance register which also served as the sampling frame. The respondents were selected through the systematic random sampling technique from the Mukuru Microfinance Disabled Group Register. I selected the 'Nth' person by dividing the total size of population (120) with the desired sample size (40) which equaled to three (3). The 'K<sup>th</sup>' (3) person was the interval that was used in selecting a respondent.

In addition, three (3) key informants were interviewed comprising two (2) microfinance field officers and the microfinance coordinator from APDK. These informants were selected purposively because of their knowledge and experience in microfinance.

### **3.6 Research Methods and Tools of Data Collection**

#### **3.6.1 Case Study**

The specific research design that was used in this study is case study. A case study basically seeks to describe a unit in detail, in context and holistically. According to Kothari (2004), a case study places more emphasis on the full analysis of a limited number of events or conditions and their interrelations. This was very relevant to this study on microfinance and poverty reduction. It related well with the research topic and the purpose of this research. The case study method is a way of organizing, educational data and looking at the object to be studied as a whole. The same source states that the object of the case study method is locate the factors that account for the behavior-patterns of a given unit as an integrated totality. This study, therefore, sought to investigate microfinance program in detail, in context and holistically. A study of APDK's microfinance initiative allowed an in-depth investigation on the influence of microfinance on poverty. It was aimed at bringing about a deeper insight and better understanding on how microfinance initiative can be effectively utilized to facilitate positive change among the poor by empowering the poor both economically and even socially

Through the case study research design it was possible to identify and access a sample of the disabled beneficiaries of micro credit services that facilitated this research with little or no feelings of mistrust and suspicion among the disabled people of Mukuru. This design also made it easier to acquire adequate information especially from the disabled

users of micro credit and the credit officers. The study aimed at collecting information from the respondents to find out the socio-economic influences of microfinance with the use of in depth interviews and semi-structured questionnaires.

### **3.6.2 Survey**

According to Kothari (2003) survey research is one of the most important areas of measurement in applied social research. The broad area of survey research encompasses any measurement procedures that involve asking questions of respondent. This study was based on the Cross-Sectional survey where data was conducted at one point: the Mukuru slum. The justification on the use of the survey method was due to a number of reasons. First was its uniqueness of gathering information not available from other sources. It utilizes probability sampling hence unbiased representation of population of interest. This method ensured standardization of measurement where same information was collected from every respondent. It entailed personal (face to-face) administration.

### **3.6.3 Research Instruments**

Research instruments are devices, which assist researchers in collecting necessary information or data (Kombo and Tromp, 2006). The following methods were used in data collection.

#### **n) Structured Interviews**

The main tool for data collection was a structured questionnaire. The questionnaire contained both the open-ended and closed questions. The open-ended questions gave the respondents a chance to express themselves fully whereas the closed-ended questions simplified the recording down of the responses. The questionnaire was used to collect socio-economic data on the general situation of the household livelihoods in relation to the effects of micro credit services provided by APDK.

## b) In-depth Interviews

This study employed the use of a structured interview schedule. The schedule contained open-ended questions regarding the key issues on loaning the physically challenged people in Mukuru. The open ended questions gave the key informants a chance to give a detailed account as regards microfinance provided by APDK.

**Table 3.1 Summary of Data sources, Collection Methods and Tools**

<b>METHOD</b>	<b>TOOLS</b>	<b>SOURCES OF DATA</b>
In-depth Interview	Interview guide	Key informants (Microfinance officers)
Structured Interview	Questionnaire	Loan recipients (sample)

## 3.7 Data Analysis

Data collected was processed and analyzed in accordance with the aims of this study. The data processing ensured that all relevant data was available for analysis. According to Kothari (2004), processing technically implies editing, coding, classification and tabulation of the collected data so that they are amenable to analysis. In addition, he says that analysis is the computation of certain measures along with searching for patterns of relationship that exist among data groups. Data that had been collected were edited to ensure accuracy and that maximum acquisition of information. I checked for inconsistencies, mistakes, lack of uniformity, illegibility and blank or missing responses. I, then, classified and tabulated that data according to the research questions and objectives.

The data from the questionnaires was coded and analyzed through the Statistical Package for Social Scientists. This made analysis easier and assisted in interpretation of the

responses. Techniques used include cross tabulation and by use of rating scale. Both descriptive and inferential statistics were used to present and interpret the data.

Therefore, analysis on the data collected entailed data organization, editing, and summary. That eventually ended with the interpretation of the responses.

## CHAPTER FOUR

### DATA ANALYSIS AND PRESENTATION

#### 4.1 Introduction

This chapter provides information on data analysis, presentation and interpretation of findings. Data from the field has been presented in form of pie charts, graphs and tables. This section begins with an overview of the respondents' information. This is followed by information on micro-finance (credit) from the field, its analysis, presentation and interpretation of the findings.

#### 4.2 Overview of the respondents' information

##### 4.2.1 Response Rate

I selected forty (40) APDK loan recipients out of the 120 registered members through the systematic random sampling from the Mukuru Microfinance Disabled Group Register. I then issued them with questionnaires to be filled so as to get the required data. Ninety percent (90% of) the questionnaires (90%) were properly filled. The four members were said to have travelled or relocated and thus could not be accessed. All the same, 90% respondents' rate was a good representation of the total sample which provided adequate data to inform on the study.

Table 4.1 Summary of Response Rate

Questionnaire	Frequency	Percentage (%)
Filled in forms	36	90
Not completed or filled	4	10
Total	40	100

All the respondents save for four filled in the questionnaires issued to them since they were accessible and willing to participate in the study. This was made possible by the microfinance field officers who introduced me to the group.

Their willingness and co-operation to participate in the exercise was enhanced after I explained to them the (academic) objective of the study and assuring them that all the information to be shared will be kept in confidence and be used for academic purposes only. The respondents were generally co-operative and willingly obliged to participate in the research. As a result, they provided data which I used in answering the research questions of the study.

#### 4.2.2 Sex of the Respondents

Thirty six APDK loan recipients provided data for this research. The female respondents were nineteen (53 %), while the male were seventeen (47 %). This formed the sample for this study.

**TABLE 4.2 SEX OF THE RESPONDENTS**

Sex of the Respondent	Frequency	Percentage (%)
Male	17	47
Female	19	53
Total	36	100

The numbers of the female and male respondents were almost equal. It however emerged that all the male respondents had some physical disability unlike the females. The female respondents were either disabled or parents/guardians of the disabled kids or husbands. The role of females as caring and concerned beings came out by acting as guardians of the disabled and engaging in the activities likely to improve the welfare of the disabled members.

### 4.2.3 Level of Education of the Respondents

The respondents were asked to indicate their highest level of schooling completed. There were five (14%) respondents who had not attended formal schooling, twenty three (64%) were primary school graduates while eight (22%) were secondary school graduates.

**Table 4.3 Respondents' Level of Education**

Level of Education	Frequency	Percentage (%)
No formal education	5	14
Primary	23	64
Secondary	8	22
Total	36	100

The majority of the respondents (42%) were primary school graduates and with this level of qualification it is difficult for one to secure formal employment. 14% of the respondents did not attend formal education while only 22% managed to complete secondary level of education. The microfinance members were not well learned academically. Disability, discrimination and poverty were identified as the contributing factors to this state.

This group of people usually needs alternative forms of employment (self employment) in order to earn a decent living and to be socially and economically empowered. That is the point at which APDK and its microfinance (microcredit) program came in handy to assist these people who are barely learned and living with disability. Business or entrepreneur training by APDK can be very significant in empowering this needy group of people with knowledge and skills necessary in effectively managing their business.

### 4.2.4 Marital status

The APDK loan recipients sample was asked to provide information about their marital status. 73% of the respondents were married while 7% of the respondents indicated that

they were single. Those who had separated with their partners were 5% the same percentage as those who were widowed as indicated in the table below.

**Table 4.4 Marital Status of the Respondents**

Marital status	Frequency	Percentage (%)
Married	29	80
Single	3	8
Separated	2	6
Widowed	2	6
Total	36	100

A majority of the respondents (80%) were in a marriage institution. In fact, some members were couples since both of them were disabled or the husband and their children were disabled. Being in a marriage has its advantages like getting assistance from family members but it also means more expenditure. Apparently, disability had little or no effect in family or marriage formation.

Nevertheless, the disabled have a number of challenges which only multiply with the expansion of the family size or even when a couple is disabled. Unique needs, requirements, and conduct begs for consideration. All in all these families were aware of their predicament and thus embraced microfinance services to improve their situations both socially and economically.

#### **4.2.5 Type of Disability**

The respondents had varied disabilities. 52% of them had leg, 22% had arm, 19% had head, 1% eye and another 1 % had back tribulations.

**Table 4.5 Location of Disability**

Location of Disability	Frequency	Percentage (%)
Leg	19	53
Arm	8	22
Head	7	19
Eye	1	3
Other	1	3
<b>Total</b>	<b>36</b>	<b>100</b>

A majority of the respondents (53 %) had leg disabilities and this implies that they had problems of movement. Transportation of goods and travelling over long distances posed a great challenge to these people bearing in mind the fact that physical infrastructure in the slum is poor. That was disadvantageous especially in regard to attendance of weekly group meetings. They, however, organized meetings in venues that are centrally placed and easily accessible to all the members.

They loan recipients of Mukuru conducted their business in places near their place of residence. Those with arm problems (22%) had learnt with time how best to live with their disability and thus could afford to do most of their chores with little assistance. Most of those with head problems were parents of children with head disabilities. All in all these people have special abilities and with some necessary assistance like use of appliances and walking aids they are able to work on their own towards socio-economic emancipation.

In spite of the physical challenges encountered by the disabled, they do have the potential and ability to work towards their personal improvement given the opportunity and a favorable environment. This was evident in the provision of microfinance services.

#### **4.2.6 Presentation of Data in Relation to the Study Objectives**

#### **4.2.7 Loan Recipients from APDK**

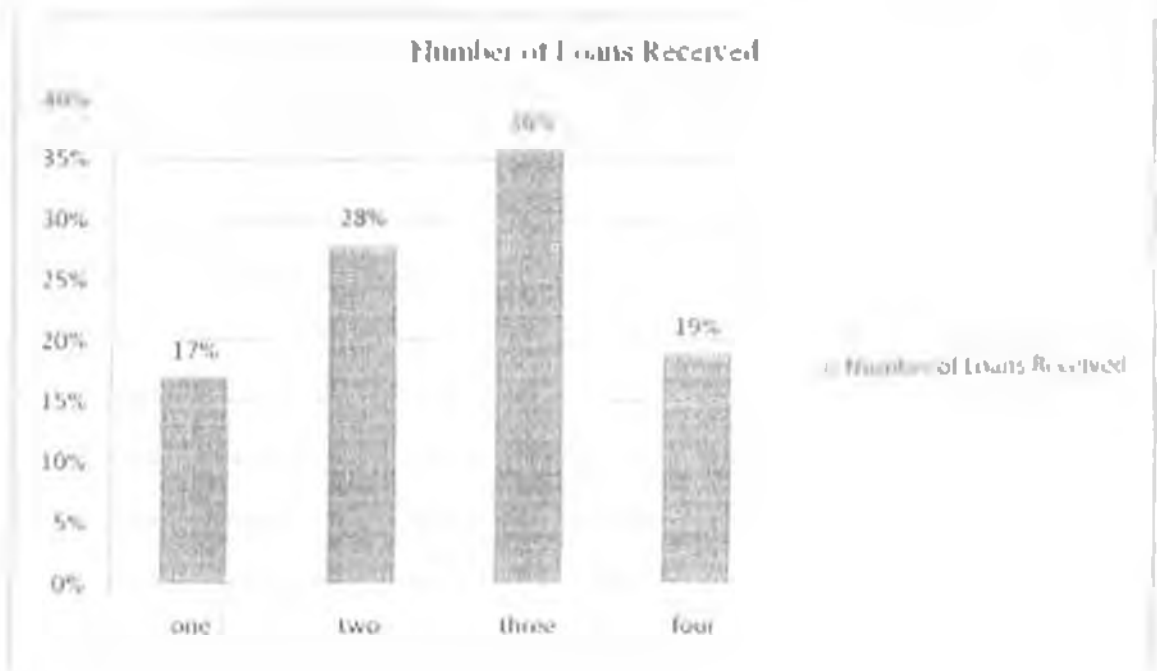
This study sought to identify people with disability in the Mukuru slum who had obtained microfinance loans from APDK since its inception in Nairobi (2002) up to 2010. The beneficiaries, as it was discovered, were not limited to the individuals who were disabled only but also included the poor parents or guardians of the disabled people. It was also discovered that these people had formed social groups through which they obtained training, loans (collaterals) and held meetings to make contributions or discuss issues of interest to them. The investigation revealed that a total of a hundred and sixty (160) homes of Mukuru slum had gained access to the microfinance services by APDK.

However, due to deaths, relocation and displacements of the Mukuru residents, it was a hundred and twenty (120) disabled people who were actively involved with the microfinance initiative by APDK as per the time this research was being conducted. The disabled poor were required to establish social groups which had to be registered with the ministry of Gender and Social affairs. The groups were, therefore, legal entities recognizable by the government. It was through these social groups that APDK used when advancing loans and the other micro credit services to its members. Social collateral was also made possible through the social group.

#### **4.2.8 Loan Disbursement**

All the respondents had received a loan from APDK for commercial purposes. The findings indicate that 6, 10, 13, and 7 respondents had received one, two, three and four loans respectively as shown below.

**Figure 4.1** Loans Received by the APDK members (2002-2010)



A majority of the respondents (83%) had received loans at least twice from APDK. This meant that these people had managed to complete repaying their first loans since that was one of the prerequisites to qualify for a subsequent loan. This also implied that the loan had been utilized as it was required and the client, group members and APDK were satisfied with the program. Micro credit facilities by APDK were meant to empower the disabled poor to improve their economic status in particular and their lives in general.

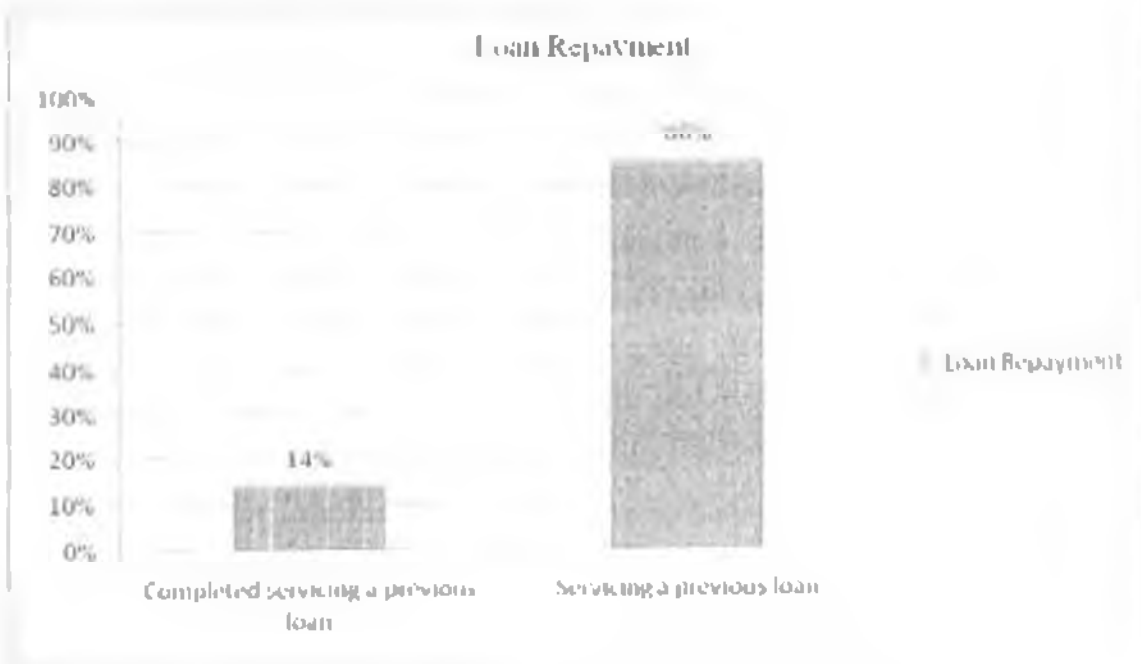
The financial resources acquired were used in expanding existing business in order to make them more profitable and attractive to the loan recipient. Those who had applied for micro credit as their first loan from APDK had used it to start new business. Those who had not cleared their first loan did not qualify for the second (subsequent) loans. This condition came out as a motivating factor that encouraged the loan recipients to service their loans to safeguard their right of taking or receiving loans from APDK. It was also a measure that gave the other group members confidence in accepting to be guarantors of the loan applicant.

Worth noting, is the manner in which the respondents conducted their business. Although a majority of the respondents were not well learned (14% of the respondents did not attend formal schooling while 42% of them only made it to primary school), they professionally carried out their businesses. They kept a record of their goods, prepared simple accounting records and had a sense of separation between the owner and their businesses. In a sense, they respected their businesses and thus led to good management of business activities.

#### 4.2.8 Loan Repayment

At the time of doing this research, only 14% of the respondents had cleared their loan arrears. The rest (86%) were still servicing their loans.

Figure 4.2 Loan Repayments



86% of the respondents were servicing their recently acquired loans while 14% of the respondents had actually completed repaying their last loan. Normally, once a member has cleared repaying their previous loans, they are at liberty to take another loan. The member can actually be allowed to borrow large sums of money (but below kshs.60, 000)

due to being credit worthy. This shows that the micro credit program was progressing well and the intended beneficiaries appreciated the services provided unto them. This also indicates the desirability of the micro credit services by the people living with disability in the Mukuru slum. Loan payments were made on a voluntary basis though the loaned were encouraged to give their contributions on a weekly basis during their weekly meetings. The members are not given targets on the amount of money one is supposed to give. This is left to the individual member to decide. The individual member was required to behave rationally and ensure that the loan was repaid within the stipulated time. The loan money was part of a revolving fund which had to be repaid without unnecessary delays to enable the other needy members to secure credit services or loans.

The group members functioned as the social security and thus compelled to keep an eye on each of the loaned to ensure that they serviced their loans. The other members also offered advice, encouragement and wise counsel especially to the new members or those members facing difficulties likely to affect their ability to repay their loans.

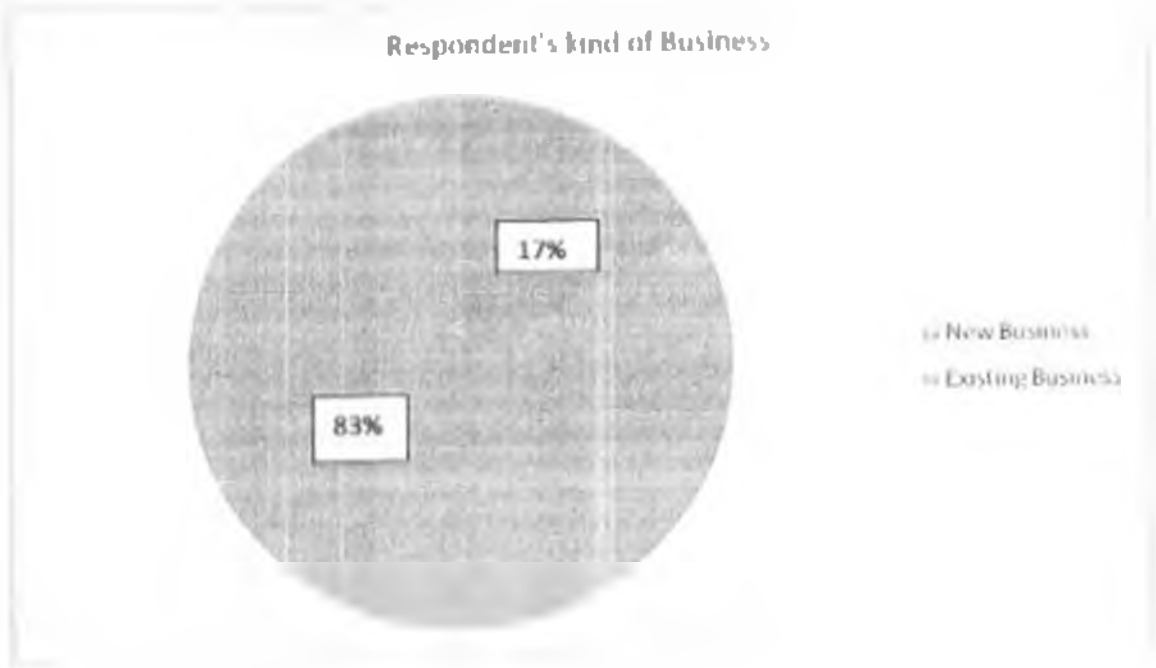
Loan repayment was seen to be doing considerably well since all the loan recipients with loan balances were actively involved in servicing their loans. There were measures in place to deal with defaulters like involving the local administration officials like chiefs to recover any money owed to APDK by the group members who are actually the guarantors of the defaulter.

Therefore, cases of loan defaulters were at the minimum. Non loan compliance was found in cases where the loan recipient had passed on, hospitalized, arrested or affected by accidents like fire. The affected loaned members are usually given time to recover before the resumption of servicing. In some cases, especially on the demise of a member or when the loaned is adversely affected by accidents or natural calamities, the loans are deservedly written off. However, these cases are as most of the members do pay their loans promptly.

#### 4.2.8 Microcredit Investment

All the respondents (100%) invested their loans in business activities. Six respondents (16.7%) invested their loans in new businesses whereas thirty respondents (83.3%) invested their micro credit in existing businesses.

Figure 4.3 Category of Business Investment



Most of the respondents (83%) used their loans in expanding their already existing business. That was due to the fact that existing business had room for expansion and thus existed opportunities to be exploited. However, some of the respondents (17%) had invested their micro credit in new businesses. It is worth noting that the loan from APDK had enhanced the capabilities of the respondents. The micro credit services by APDK provided substantive freedoms like the ability to engage in economic transactions through business investments initiated with the help of APDK loan services.

#### 4.2.9 Businesses Activities

The respondents invested in different kinds of business. They included; 'Mitumba' or Second-hand clothing/footwear (42%), Kiosk (14%), Grocery (14%), Hotel (8%), Hardware (8%), Tailoring (6%), Shoe making/repair and electronics repair (8%) as shown below.

Table 4.6 Type of Business

Type of Business	Frequency	Percentage (%)
'Mitumba'	15	42
Kiosk	5	14
Grocery	5	14
Hotel/Kiosk	3	8
Hardware	3	8
Tailoring	2	6
Shoe making and electronics repair	3	8
Total	36	100

The respondents performed different activities to improve their economic situations. Those were the business activities that the respondents had invested their loans and time so as to facilitate their economic growth and development. Sale of the second hand garments and foot wears (Mitumba) top the list. The respondents sold 'mitumba' within Mukuru slum. This slum, just like the other slums in Nairobi is densely populated with people of low wages. The two factors made the 'Mitumba' business in this region more attractive to the local investors. 8% of the respondents were engaged in the running of 'Kiosk' business where they sold household goods to the residents. Some of the respondents (14%) operate green groceries where they engaged in the sale of vegetables, fruits and grains while (6%) of the respondents run hotel business which basically

soldfoods like 'ndazi, githeri, tea, porridge and the other less expensive food stuff'. A few respondents (8%) run 'hardware' businesses which entailed sale of a few new equipments, cutlery, used machines and electronics which were sold a bit cheaply to the customers. The more professional business was tailoring (6%) where new garments were made and repairs of old garments were done. Repair of electronics and shoes (foot wears) was also another activity that was practiced by 8% of the respondents.

It was discovered that a loan applicant could only be considered for a loan if he/she planned to use that money for commercial purposes. The applicant was supposed to come up with some kind of business plan indicating how the loan applicant intended to use the loan which was then availed to the micro finance officers of APDK. That was the reason why the new members were taken through a business training to prepare them for such eventualities.

The business training, credit facilities, social grouping (especially through the members' weekly meetings), contribution of savings in form of shares essentially enhanced the members' capabilities. This greatly helped in reducing capability-deprivation. These business ventures are the usual activities people engage yet business success is not always guaranteed. The success in these initiatives among the microfinance beneficiaries of APDK, depend on salient issues like; prior preparation through training, having a clear plan on an investment development, which functions as a blueprint. It is the manner of business conduct which proved critical in the success of the business' ventures.

#### **4.2.10 Business Age**

The respondents indicated that they had been operating their businesses for a relatively long duration. It however emerged that there were variations on the length of each loan recipient's engagement in business as captured in the table below

**Table 4.7 Age of Business Activities**

Age of the business	Frequency	Percentage (%)
Below one year	5	14
1- 3 years	10	28
3- 5 years	9	25
5- 7 years	12	33
<b>TOTAL</b>	<b>36</b>	<b>100</b>

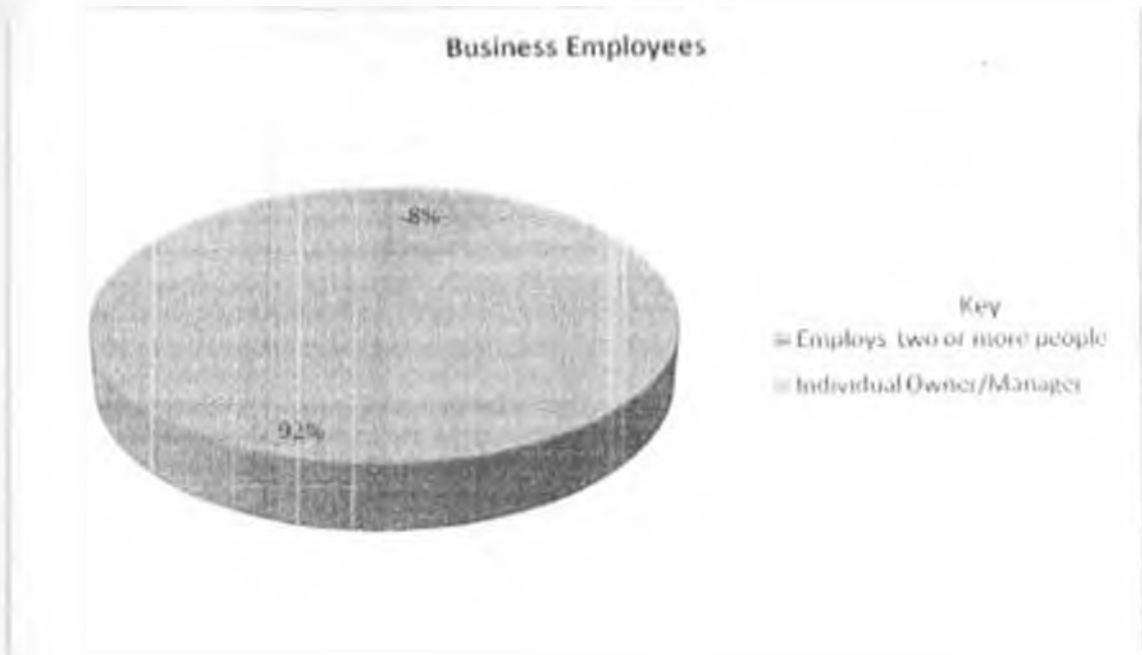
Most of the respondents (86%) had been operating their business for over a year then. It was only 14% of the respondents who had been in their business for less than a year. This implies that the business investment was sustainable and reliable form of employment and income source. It also suggests some level of satisfaction in terms of profitability. The loan recipients used part of the profits made from their business ventures to service their loans and made savings in form of shares with APDK.

The continued existence of the businesses could be associated with monitoring of the businesses by the microfinance field officers. They regularly visited its members' businesses to check on their progress and thus could offer appropriate advice. They also ensured that appropriate records were kept. It is rational to keep in touch with the loan recipients even after loan disbursement. By so doing, those who provide loans also benefit since the possibility of loan repayments by the debtors running successful undertakings. The ultimate goal of microfinance/microcredit on empowerment will be realized with this kind of arrangement.

#### **4.2.11 Business Ownership**

Thirty-three respondents representing 92% of all the respondents individually run their businesses. It was only 8% of the respondents who had employed an extra person to work with them in their businesses.

**Figure 4.4**    **Number of Business Employees**



Businesses which had more than two employees constituted businesses like hotels where one employee could not effectively manage. However, the family members of the respondents offered assistance in the running of the business except for those which needed specialized skills to perform like tailoring and shoe making or electronics repair.

Thus, although microfinance initiative had not directly led to employment of many people in the established business ventures, it had created employment to the loan recipients. Those people ran their businesses or appointed other people to work for them. The initiative by APDK had led to creation of employment particularly for the loan recipients. Evidently, microfinance can facilitate creation of jobs, wealth, and thus serve as an instrument of poverty reduction capable of improving the wellbeing of the poor.

As for business ownership, all the respondents (100%) in this study owned their businesses individually. They only got support from their family and friends to manage their businesses. However, there were group projects or investments which were

essentially owned by all the group members. The members had to contribute finances towards those investments. Apparently, most of the businesses were owned and run by the individual loan recipient. There were no partnership businesses.

It, however, emerged that there were joint group business ventures that were collectively owned by the various microfinance disabled social groups. These microfinance groups had invested in joint economic ventures like rental house businesses, water tank investments for selling clean water, chicken rearing, and toilet services at a fee among others. These joint ventures were financed from contributions by the individual members in form of shares. Those projects earned the members incomes and hence showed that micro credit service by APDK had the potential to empower and to create positive change among the weak and poor in the society. The respondents reiterated that they were not engaged in any other economic activity and thus relied on their business for all their financial obligations.

#### **4.2.12 Effect of Loans Received from APDK on the Recipients' Quality of Life**

All the respondents interviewed affirmed that they had gained from the loan services offered by APDK through their microfinance initiative. The respondents believed that its through APDK's financial assistance that they were able to earn an income from business. They employed themselves and sometimes offered other people some employment. This enhanced their economic independence and ability to purchase goods and services. The respondents were also able to make some savings for emergencies and development ventures thus making them less vulnerable.

The respondents also asserted that APDK made them to come together as disabled families to interact and share their concerns, wishes and future plans. As a result they felt less isolated, "I used to hate myself and my condition. I believed I was cursed and only capable of begging. I feel this way no more for I can do whatever others can do...", proclaimed one of the respondents. True to this statement, the respondents are active participants in their community and they are more informed than before. This has improved their self-esteem and self-belief.

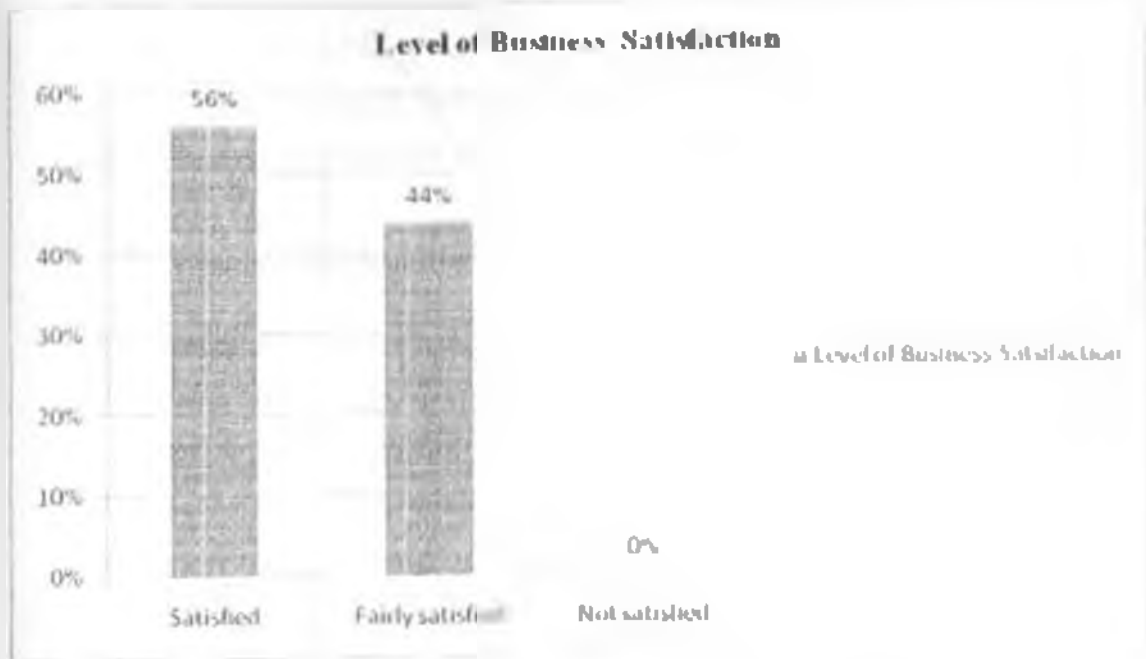
Micro credit services have had a positive effect on the recipients' lifestyle. The respondents confirmed that before their introduction to APDK, life was difficult to them. "We could hardly have enough of anything and all essential goods like clothing and food could only be found as a donation or begging. I am happy I can buy my own food, clothing with my own money". are the words of one of the female respondent. The respondents affirmed that they can, with relative easy, purchase food, clothing, medication, pay for their rent, educational expenses and household goods for themselves or their families.

Through microcredit services, the loan recipients were able to improve their wellbeing as a result of its socio-economic empowerment effect. Evidently, the provision of loans to the disabled poor in Mukuru slum had a positive effect in their lives. It enabled them to earn a living (profit and income) to meet their financial requirements. They used their profits to buy household goods and furniture. They were also able to buy food for their families as well as making savings in form of shares. The loan recipients also managed to invest in group (joint) economic projects. The result of these developments is reduced vulnerability, enhanced independence and security of the beneficiaries.

#### **4.2.13 Level of Business Activity Satisfaction**

No member had expressed dissatisfaction with their business activity. The respondents were either satisfied or very satisfied as shown in the chart below.

**Figure 4.5**    **Extent of Business Satisfaction**



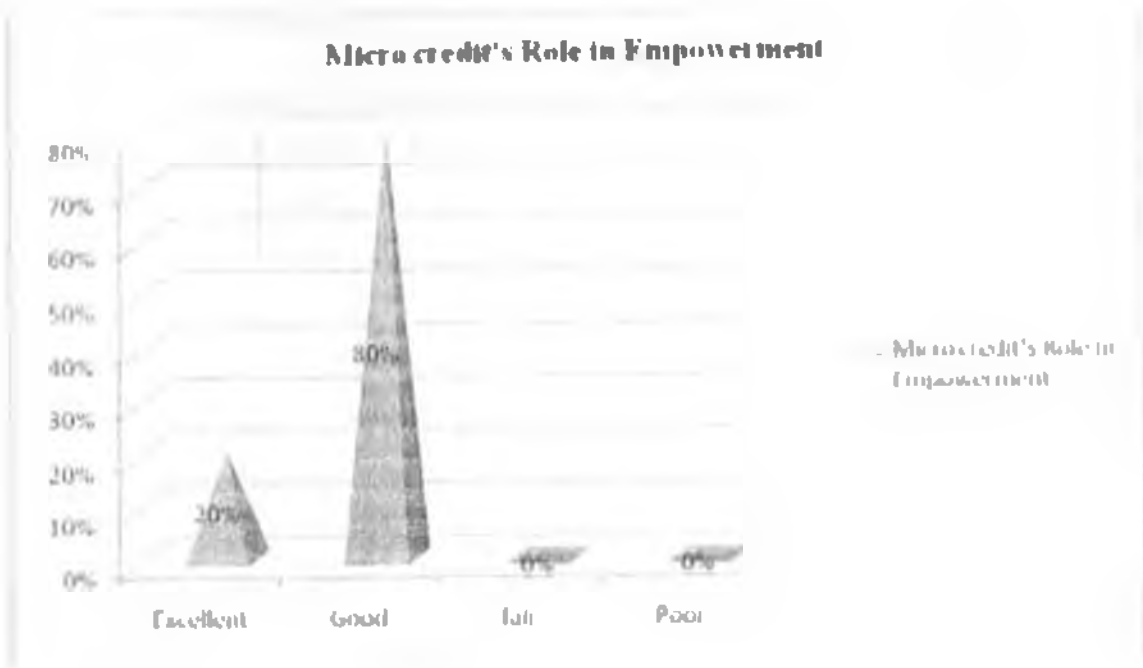
A majority of the respondents (56%) were satisfied with their business activities which coincidentally happened to be the only economic activity in which they engaged. Forty four percent (44%) of the respondents were fairly satisfied with their economic activities and none of the respondents indicated that they were dissatisfied. Factors which could be attributed to this include the fact that microfinance members were given business training on how to run their business. Skills on record management and book keeping were significant in the development and growth of the businesses. Another reason was that before one was given a loan he was supposed to come up with a business plan. This acted as the guideline and a map one followed once the loan was secured and disbursed. Good planning helped an individual to plan and deal with hitherto challenges. Field visits by the microfinance officers also provided the members with necessary advice on how to conduct their business. As a result, a sense of satisfaction was developed among the members. Earning an income as a result of profits from their business reinforced the business satisfaction of the members.

However, challenges like relocations, city council harassment, insecurity and a number of business risks like fire break outs affected businesses' growth negatively. Doing business along the foot path of the slum or preparing meals in not very clean environment attracted the wrath of the council 'askaris'. In spite of the challenges and the risks, the loan recipients were satisfied with their business activities.

#### **4.2.14 Microcredit Services' Role in Empowerment**

The respondents positively viewed micro credit services by APDK. Twenty-nine respondents said that that this service played a major role in empowering the poor while the other seven respondents believe that micro credit plays an excellent role in empowering those who are weak and poor both socially and economically. The respondents indicated that micro credit services gave them the means to earn a decent income. It also gave them an opportunity to come together and freely interacted together as they shared that which concerned them (fears, aspirations, dreams and achievements). As a result, social empowerment was advanced by elimination of social discrimination while enhancing self esteem of the disabled poor.

**Figure 4.6 Microcredit and Empowerment**



All the respondents believed that micro credit (loan) services by APIJK were generally good in empowering them both socially and economically. Twenty percent of the respondents indicated that the services are excellent while eighty percent simply stated that the services were good. The respondents said that loans given to them helped them to engage in economic activities hence 'removing us from the streets'. Thus instead of begging in the streets for money, they were given the means for self reliance through loans that they used in doing business.

Business training on simple business skills and knowledge particularly on book keeping, cash handling techniques and appreciating that business and the owner are different entities. This meant that the business owner could only buy goods from the business anyhow. As a result, they avoided misuse of money or funds meant for business.

The other service provided by APIJK was micro saving. The members were encouraged to make savings in form of shares and funding group economic projects like constructing houses to let, purchase of water tanks to enable them sell clean water to the residents and

chicken rearing projects. They stated that those services were helpful to them and for their empowerment.

#### 4.2.15 Significance of Training Services

All the respondents (100%) viewed training services by APDK on microfinance and entrepreneurship favorably. They affirmed that training services were helpful to them in the management of the loan extended unto them and their businesses.

That was because knowledge and skills gained through training was an eye opener and a tool for empowerment to the micro finance group members. It was realized that there were different forms of training that were conducted by APDK to its micro finance groups. These included group training which was meant for newly formed groups. It basically involved creating awareness on policies, rules and regulations, accounting, record keeping and reporting on the group performance. This brought the group members together thus reducing social exclusion while enhancing their human capabilities, and enlarging their choices both socially and economically.

On the other hand, business training principally entailed training on how to successfully operate a small- scale business. That was conducted before a loan was given to the members. Its content included vital aspects like planning, business choice, general business management, record keeping, marketing, risk analysis, budgeting and accounting.

Social training was largely done on advocacy, social behavior, HIV/AIDS prevention and treatment, general healthcare, family planning, and building relationships in order to become fully accepted members of their respective communities.

Therefore, training created an environment in which the poor disabled people could develop their full potential and lead productive, creative lives in accord with their needs and interests. This enabled the loan recipients to live a healthy life and participate in the life of their community and decisions affecting their lives.

#### **4.2.16 Significance of Micro Saving Services**

The respondents perceived micro savings by APDK as helpful and significant to them. This was another micro finance service that was offered by APDK to its clients. The culture of making savings was inculcated among the micro credit members of APDK, a service the respondents considered to be helpful.

According to the business advisor of APDK, savings 'is an integral part of micro finance programme since it instills discipline and safeguards against emergencies.' In fact, before members of a group could qualify for loans they had to complete eight weeks as members and they should have made some savings with the organization. A member was expected to save at least fifty shillings per week though exceptions in cases where circumstances warranted the same. The savings made belonged to the client and was entitled to withdraw it unless the person was servicing a loan or had guaranteed others a loan. In case of a client's death, his/her savings was paid to the next of kin.

#### **4.2.17 Perception on APDK Loans**

All the respondents (100%) acknowledged that the loans they got were helpful to them. The loans received were used for the income generating activities. Economic empowerment as a result was achieved by enabling the disabled poor to access finances which they used to uplift themselves through business. To guard against misuse of loans, a member was required to present a business proposal to the group officials who had to assess it for viability. The group members were also at liberty to seek the opinion of the APDK business advisor before they could approve the loan.

A loan applicant basically required social collateral to apply for a loan unlike most of the financial organizations whose demands are unattainable to the poor people in the society. The interest rate charged by APDK was significantly low (1.25%) than that of the banks. The repayment period was also longer and flexible since one was required to pay in manageable installments provided the member was able to complete the loan within the specified period. The members who had received a loan were given a grace period of one month before starting to service the loan. Micro credit services by APDK were meant to

empower its client holistically rather than just economically to facilitate advancement of the richness of human life, rather than the richness of the economy in which human beings live.

**Table 4.8 Perception on Insurance**

Micro-Insurance	Frequency	Percentage (%)
Helpful	1	3
Not helpful	35	97
Total	36	100

Insurance was another service that was offered by APDK. Ideally, the insurance service was meant to cushion members who had taken loans against emergencies which interfere with loan repayment due to socio-economic disruption. However, the respondents in this study unanimously disapproved the effectiveness of insurance as provided by APDK in their businesses and lives. They indicated that insurance services were not helpful to their business and lives. Further inquiry showed that though the members paid dues as insurance, that money was not used for the intended purpose by APDK. For instance, insurance fund should have helped in off-setting outstanding loan balances especially to a deceased member. On the contrary, in case where a member had died, any outstanding loan balance was to be off set against the savings instead of giving the savings to the bereaved family or the next of kin. In cases of emergencies like fire razing down a member's business, the only source of income, no compensation was given. The members strongly felt that insurance charges could be scrapped altogether or be used to compensate them where necessary.

Nevertheless, the respondents expressed their displeasure with the micro insurance service. They unanimously stated that that service was not helpful to them despite the fact that they remitted some money as insurance (2% of the loan applied for) every time they

took loans. They said that in case of death or inability for a member to pay off his loan due to accidents like fire, the shares (savings) of the loan recipient was used to clear the outstanding loans. This was contrary to the common understanding of what insurance was supposed to do. They suggested that that service should cushion them against accidents or in case of a loan recipient's death, his or her savings should be given to the beneficiaries but not to pay off loan balances.

The APDK officers on the other hand said that loaning the disabled poor had a lot of financial risks and high costs of operation which made it necessary to charge high insurance fee though it was not used to directly compensate the loaned members. All the same, insurance service was significant in business and should be used for its intended purpose to cushion the members against disasters which may have a negative impact on the lives of the disabled poor and negate all the gains that could have been achieved.

#### **4.2.18 Perceptions of Microfinance officers on the Program.**

"APDK encourages and facilitates the formation of grass root groups of people with disabilities and parents with disabled children" Those were the remarks of the microfinance officer at APDK. The objective, she said, is to create forums for awareness creation, sensitization, education, training, advocacy, social integration and economic empowerment. The organization also provides the legal framework, expertise, management and institutional capacity for the setting up an effective management of microfinance groups.

As an organization, it provides manpower for training of group members, advice, monitoring and evaluation services to the groups for purposed of socio-economic empowerment. Accounting and banking services, in addition to a revolving fund are provided to the group to increase the loan capacity of the group.

As for the loan provisions, it was indicated that the first loan range between ksh. 1000 - Ksh.15, 000, depending on the type of business the applicant intends to operate. The second loan, on the other hand, range between ksh.20, 000 to ksh. 40,000 while the third loan is in the range of ksh. 41,000 – ksh. 60,000. It was also reported that any additional

amount will be subject to funds availability, and the client's reputation in regard to loan repayment and efficient loan utilization. Ideally, the second loan should be fully serviced within twenty four months and the third loan should be recovered in thirty-six months.

According to the field officers, the microfinance program is a success. It has managed to improve the wellbeing of its poor members through its socio-economic empowerment activities. They indicated that clients' progress was positive, business expansion, common acceptance of PWIDs, improved purchasing powers by the clients, improved standards of living, participation in social and community issues as prove for their success. This was attested in the field by this study together with the respondents.

The key informants acknowledged that the program was not without challenges. For instance, delays in reporting to the management, delay in issuing loans, shortage of adequate staff, mode of receipting and lack of an exit plan for mature clients. They, however, hope that good will of the top management and collaboration with business partners for sustainability will tackle some of the challenges

When asked about the rationale on drastic policy change, their response was swift. They identified the high cost of running the program as the reason for increasing interest rates. The donors were now not involved in the program and more staff were employed because of the program expansion. More equipment had to be purchased coupled with high cost of living. The clients are advised to pay their loans in a shorter period to minimize high interests. These officers were optimistic that efficient micro credit services will definitely improve the welfare of its clients.

#### **4.3 Challenges Encountered by the APDK Microfinance Members in Mukuru**

Poor living conditions in the slums posed a healthy challenge. Those conditions included poor infrastructure, insecurity and risky environment which negatively affected business operations. Loan disbursement was also marred by delays in processing. In fact, in the month of December loans are not usually issued because of fear that the members may misuse the funds for Christmas festivities instead of investing in income generating

activities. This could negatively affect those who in deed wanted to invest the loan in business especially at a time like that when business is at the peak as people celebrate Christmas holidays.

Policy formulation, design and implementation were not consultative and as a result, policies failed to address specific needs of the clients and thus lacked ownership. Lack of client involvement was an issue that affected the microfinance members. The respondents' were rarely or not adequately consulted by the top management of APDK while making major decisions that affected the clients. For instance, the APDK micro finance policy had been amended with major changes on loaning to the members without considering their input, opinion or suggestions. For example, interest rates had been raised, the loan application dues had been increased and membership subscription was introduced without considering the clients' information. This negatively affected the members who complained that APDK had failed them and their decision or change in policy was likely to send them to the streets as beggars.

This could be changed if participatory approaches were used by APDK to make the disabled feel wanted, appreciated, and valued. Involving the client could make them to willingly participate and implement APDK'S activities to make it possible for the organization to achieve its goals. APDK should also establish an institutional mechanism to promote consultation among the key stakeholders.

Accessibility to financial services proved to be a limitation that constrained organization's outreach activities especially in the rural areas. That was as a result of limited resource base and lack of institutional capacity to provide a wide range of financial services. At present, APDK's microfinance outreach is basically through group lending schemes which have limited absorptive capacity for financial resources. Individual persons with disabilities cannot access loans from APDK not until they became part of a social group. This challenge can be solved by encouraging and motivating other organizations to offer initial assistance of finances to enhance the

revolving fund. Enhancing efficiency and effectiveness of loaning people with disability can also reduce the effect of the above limitation.

The micro finance program by APDK that facilitated loan disbursement to the disabled could be more helpful if the challenges and problems experienced by the clients were addressed. Loan processing should take the shortest time possible in order to avail loans at the right time. The management should be efficient and fast when processing loan to avoid holding up of the loan request forms at the APDK offices.

The interest rate which was to be charged on a monthly basis should be reverted to per annum charges to make loan borrowing by the disabled affordable and attractive since APDK is not really a profit making organization. Its aim is to empower the disabled poor. Micro insurance services should be fully utilized to assist the loan borrowers in case of emergencies. Expenses by the organization like training expenditure should not be transferred to the poor disabled client.

#### 4.4 Summary of Data Analysis

The respondent rate was at ninety percent which was good enough to inform on this research. It was however noted that there were more women than men in the micro finance groups. This was attributed to the fact that women are mostly the care takers or guardians of the disabled kids. It is only the disabled persons or parents/guardians of children with disability that qualify to be members of APDK micro finance group. A majority of the respondents were primary school graduates.

A majority of the respondents (86%) were servicing their recently acquired loans while 14% of the respondents had actually completed repaying their last loan. This showed that the micro credit program was progressing well and the intended beneficiaries appreciated the micro credit services provided unto them.

Most of the respondents (83%) used their loans in expanding their already existing business. This was due to the fact that the existing business had room for expansion and

has existed opportunities for exploitation. Most of the respondents (83%) had been operating their business for over a year, by then. It was only 17% of the respondents who had been in their business for less than a year. This implies that the business investments were sustainable and a reliable source of employment and income.

Most of the businesses (91%) were run by the owners. It was about nine percent of the businesses where there were two employees. All the same, employment opportunities were created to the disabled to earn some income. All the respondents expressed their satisfaction with the microfinance (micro credit) services. They indicated that loans had a positive effect in their lives. It enabled them to earn a living (profit and income) to meet their financial requirements. They used their profits to buy household goods and furniture, food for their families and also enabled them to make savings in form of shares.

The respondents also expressed satisfaction on the various microfinance services including training, loans advancement, and savings. It was only the micro insurance service that was largely seen as unhelpful. Financial limitation and lack of involvement or consultation among the key stakeholders were the major challenges. However, enhancing financial resources and establishing structures that allow for consultation will be critical in making the micro credit services more effective and efficient to facilitate socio-economic empowerment of the poor.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This section provides a summary of the whole research process. In particular is the summary of the main findings of the study. In addition, the conclusions, recommendations and suggestion for further study will also be provided.

#### 5.2 Summary of Findings

##### 5.2.1 APDK Loan Beneficiaries

The APDK micro credit beneficiaries included the disabled residents in the Mukuru slum. Loans were also extended to the parents of the disabled children in order to help them care for the children. In addition, the guardians of the disabled persons were also considered as beneficiaries of APDK's revolving loans meant for economic empowerment of its members to enhance their independence and freedom. In total, there were a hundred and sixty (160) families that had received micro credit services from APDK. The number of the beneficiaries as per the time of research was a hundred and twenty. It was however learnt that the total figure of APDK members stood at about a hundred and sixty (160). About forty (40) members had either relocated or passed on.

It was also discovered that the Mukuru Disabled People had formed a financial 'SACCO' to advance their economic welfare. The Sacco is named 'MSE: DFA' an acronym for the 'Mukuru Seven Disabled Families' where the various disabled social groups came together and pooled financial resources in form of shares. They planned to use this project to lend out money and charge interest. This was a positive attribute that micro credit had helped the disabled poor to emancipate themselves from poverty and discrimination in the society.

### **5.2.2 Business Activities**

The physically challenged loan recipients of APDK engaged themselves in various business activities to improve their economic situations and enhance their capabilities. They invested their finances acquired with the assistance of APDK's revolving fund in the tailoring, grocery, sale and repair of electronics and foot wears, hotel and provision of services like water sales, 'rental housing' and toilet services. A majority of the members in the social groups were satisfied with their business activities. However, a number of issues negatively affected their business activities. Examples of those issues include city council officers' harassments, insecurity, fire breakout, relocation and harsh environmental conditions

Those problems can be reduced or eliminated if the government was to introduce friendly policies that are sensitive to the plight of the disabled and the poor. Insurance services should be reliably provided to compensate those who lose their property through fire and theft. Enhancing security in the slum and provision of services and social amenities can be very helpful in empowering the poor residents to reach their full potentials.

### **5.2.3 Improved wellbeing**

The business activities utilized by APDK loan recipients had resulted to the creation of employment opportunities, income earnings, economic independence, reduced social exclusion, isolation and vulnerability. This had led to increased food security, improved lifestyle, enhanced decent clothing and in house assets among the Mukuru APDK loan recipients. The members were to afford better medication and education expenses for their families. Apparently, this initiative did a lot to empower the disabled poor economically and socially thus reducing poverty prevalence among them.

#### 5.2.4 Challenges facing microfinance program by APDK

The microfinance program by APDK has been able to facilitate socio-economic empowerment to its registered members especially at the Mukuru slum. The members were able to start businesses that helped them to earn an income and to improve their lifestyle. However, there had been a number of difficulties in its implementation. There are those difficulties that originated from APDK and others from the loan recipients themselves.

The organizational structure of APDK was a bit inflexible and slow in embracing positive change. This led to delays of loan disbursement. APDK is also to blame for not offering effective insurance services though the service was critical in cushioning the loan recipients from emergencies. Another challenge is inadequate involvement especially on matters directly affecting the clients like change in policy. For instance, increasing the interest rates and introducing new charges like membership and annual subscription fee. Adequate involvement of the client by APDK, need to be enhanced to facilitate ownership of the changes and help in solving emerging issues with relative ease.

Loan processing and disbursement took long time and this left the clients anxious. Delays in loan disbursement cost the applicant crucial opportunities. Speeding up the process by the APDK officials can do a lot in ensuring timely disbursement of the loans. Accessibility of the finances was relatively difficult. To qualify for a loan, a new member should have attended the respective group meetings for three months and made contributions for that period to qualify. If this duration can be shortened, then the loan applicants will receive their loan on time and be able to invest it appropriately.

Harassment of the disabled clients or their helpers by the city council officers and occasional arrests negatively affected both the individual member and his/her group both by missing the group meeting and withholding remittance of the shares or loan monies. The government should also come up with disability friendly regulations that supports and encourage people with disabilities to exploit their special abilities and to be independent. The city council officials should also be restrained from harassing the

disabled who engage in business to earn decent incomes and to uplift their economic situations

Displacement or relocation of members from their residential places affected the social group a member belonged to and complicated meeting attendance and collection of loans/savings. That was as a result of fire razing down residential houses or due to the government's directives. APDK should try to support these individuals and give them time to resettle and organize themselves.

### **5.3 Conclusion**

Microfinance proved to be one of the socio-economic tools destined to help the poor to break out of the vicious cycle of poverty and enhance their wellbeing. Socio-economic empowerment of the disabled resulted to a reduction on poverty prevalence especially when inclusion is complimented with the provision of opportunities that enlarged the poor people's choices and enhanced their capabilities. This was through basic business training, mentorship, loans, and micro saving opportunities.

In particular, microfinance by APDK came out as a reliable instrument of empowerment to the poor people with special abilities and the poor in society in general. It came out as one of the tools helpful in enhancing the wellbeing of the disabled poor living in the informal settlements.

### **5.4 Recommendations**

#### **5.4.1 Association of the Physically Disabled of Kenya (APDK)**

Recommendations to APDK include adequate and timely consultations before implementation of major policy changes that affect microcredit services like change on business training modality, increase on interest rates and loaning durations. Participatory practices especially through engaging the group leaders or representatives in discussions on issues affecting the members will be crucial and helpful. Members' participation and open discussions during AGiMs can be appropriate moments to introduce new policies or change of policies. In addition, relocation of members can be handled in such a way that

the members can join the groups nearest to them but after formally clearing with the former microfinance group. The organization should be supportive to the members who are relocating especially when it is a forced one (when their houses have been destroyed by fire or when it is a government directive)

#### **5.4.2 The Government of Kenya**

The government of Kenya through its various offices and ministries should have the disabled people's fate among its priorities. For instance, it should come up with disability friendly policies and by-laws. Worth noting is the harassment of the disabled people in business by the city council officials. Instead of harassing these people, the city council should be supportive and sensitive to the plight of these people. The government should also support the microfinance organizations which are working towards improving the welfare of the disabled poor. This can be done by tax exemption on goods or appliances meant to benefit the disabled directly. It can also set aside some funds to support these organizations to help them increase their lending power. It should also put into place mechanisms to ensure that these organizations do not exploit these people. The government can also sensitize these people on their rights, available opportunities to improve their welfare, and encourage them to exploit their special abilities. Good infrastructure sensitive to the people with special abilities will go a long way in creating the right environment for individual development.

#### **5.4.3 The Community**

The people of the community should be caring and supportive to the disabled poor. They should encourage these people to work towards self-reliance and sustenance. The community should at all costs not neglect or discriminate these individuals on the basis of their physical abilities. Instead they should show them love and respect and engage them in community activities where possible. They should be protective and offer them security where and when necessary. The community should also offer advice, social amenities and facilities necessary for them to conduct their activities and venues for meetings.

#### 5.4.4 Further Research

A comparative formal study can be conducted in the other regions where the microfinance program by APDK is offered to determine the role of microfinance as an instrument of poverty reduction. The study should involve the disabled poor who have been exposed to microfinance and those who have not gotten that opportunity. The study should also pay a significant interest on those clients who have been members of microfinance for many years against the young members to check out whether there are differences both socially and economically among them and thus strengthen the role of microfinance or otherwise

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## QUESTIONNAIRE FOR APDK LOAN RECIPIENTS

This questionnaire seeks to collect responses from the loan recipients of APDK. It is divided into two parts: A&B. Kindly provide the information frankly and honestly. All the information received will be treated confidentially and will be used for academic purposes only. Your participation in facilitating the study is highly appreciated.

**PART A: PERSONAL INFORMATION**

Name:

Interview date:

Telephone

Age

Work

Sex:  Female  Male

1. Have you ever received a loan from APDK?

 Yes  No

2. Please tick the highest year of school completed:

- 1. None
- 2. Primary
- 3. Secondary
- 4. Tertiary College
- 5. University
- 6. Post-graduate

3. Marital status

- 1. Married
- 2. Separated
- 3. Widowed
- 4. Single
- 5. Divorced

4. Please indicate below which disability you (or child) have.

1. Leg
2. Arm
3. Head
4. Eye
5. Other (specify) \_\_\_\_\_

## **PART B: INFORMATION ON MICROCREDIT/MICROFINANCE**

5 a) How many loans have you received from APDK between the year 2000 and 2010?

1. One
2. Two
3. Four
4. Five
5. Five
6. Six

b) When was each credit disbursed and what was the amount on each credit? Has the credit been repaid or is it in arrears?

Credits	Date Disbursed (Month & Year)	Amount Disbursed (Ksh)	Credit completion Due (Month & Year)	Repayment Completed 1. Yes 2. No	If Not Completed, Balance in (ksh)
First					
Second					
Third					
Fourth					
Fifth					
Sixth					

6 a) Did you invest some cash from the loan in business? (If 'no' go to question 10)

- Yes       No

b) If 'yes' what kind of business?

1. New
2. On-going business

c) Please identify your business

1. "Mitumba" (Second-hand clothing/footwear)
2. Kiosk
3. Green grocery
4. Hotel
5. Hardware
6. Tailoring
7. Others (specify)

d) Please give details on your business in terms of

i) Age

How old is your business

1. Less than a year
2. 1-3 years
3. 3-5 years
4. 5-7 years
5. 7 years and above

ii) Number of employees

1. Owner
2. Two people
3. Three people
4. Four and above

iii) How do you rate your business in relation to its sustainability, profitability, competitiveness, and growth? (Tick as appropriate)

	Very Good	Good	Fair	Poor	Very poor
<b>Sustainability</b>					
<b>Profitability</b>					
<b>Competitiveness</b>					
<b>Growth</b>					

e) Who owns the business?

(Tick as appropriate)

1. Individual
2. Partnership
3. Others (specify) \_\_\_\_\_

7. For how long have you been operating the business?

1. Less than a year
2. 1-2 years
3. 3-5 years
4. More than 5 years

8. How did you get the initial capital (money) for your existing business?

1. Loan from APDK
2. Personal savings
3. Both (i) and (ii)
4. Other (specify)

9. Which other economic activity (activities) other than the business are you engaged in?

(Please explain)

10. In what ways has the loan affected the quality of your life? (Briefly explain your answer)

1. Better off
2. Worse off
3. No change

11. Other than micro credit, what other service (s) did you get from APDK?

12. For the past one month, how often have you done the following? (Circle one)

Daily Weekly Monthly Occasionally others (specify)

	Daily	Weekly	Monthly	Occasionally	others (specify)
1. Contributed some money towards loan repayment	1	2	3	4	5
2. Made contributions towards savings (shares)	1	2	3	4	5
3. Attending micro credit members group meetings	1	2	3	4	5

13. In your opinion, has your business led to reduced poverty in your household when you compare your current situation with before you began the business? (Tick as appropriate)

1. Very much
2. Fairly reduced
3. Not sure
4. Not at all
5. Don't know

15 a) Has your business led to increased income in your household?

1. Yes
2. No

Explain your answer (whether Yes or No)

16. If 'yes' above (Question 15 a) what could you say are the indicators of increased income in your household? (Choose all appropriate and give a brief explanation)

1. Purchase of property/assets (please state the property/assets)
2. Improved food and nutrition
3. Increased ability to settle school fees
4. Increased savings
5. Increased self-reliance
6. Increased ability to pay for (hospital) medication
7. Re-invested the profits in business (state whether it is in the same business or a new one)
8. Other (specify)

16a) How satisfied are you with the economic activities you are engaged in?

1. Very satisfied
2. Fairly satisfied
3. Very dissatisfied

b) Give reasons for your answer above (16 a)

17. The following services are offered by APDK under the microfinance program. Study them and then respond to the questions below.

- i) Micro-insurance
- ii) Micro-credit
- iii) Micro-saving
- iv) Business Training

a) Have you received those services?

- 1. Received all the services
- 2. Received some of the services (please indicate them)
- 3. Not received any of the services

Note: If the answer to 17 (a) above is 3 – Not received any service, skip 17(b) below

17 b) Indicate how you rate each of the services by using the key below.

(1-Very helpful, 2- somehow helpful, 3- Not helpful)

- 1. Micro credit/ loan \_\_\_\_\_
- 2. Business training \_\_\_\_\_
- 3. Micro saving \_\_\_\_\_
- 4. Insurance \_\_\_\_\_

18. In general, the micro-credit (loan) services by APDK in empowering the poor are?  
(Circle one)

- Excellent.....1
- Very good.....2
- Good.....3
- Fair.....4
- Poor.....5
- Don't know..... 6

(Briefly explain your response)

19 a) What are the factors that hinder or negatively affect full utilization of the micro credit services provided to you by APDK? (Briefly explain all the factors)

b) What can be done to reduce or prevent those factors from affecting you?

Thank you very much for taking your time to fill in this questionnaire. Be blessed abundantly!

**APPENDIX II**  
**INTERVIEW GUIDE**

**KEY INFORMANT (Microfinance Officers)**

1. How many physically disabled people in Mukuru slum have received loans from APDK between the years 2002-2010 and their performance in terms of loan repayment and subsequent loan uptakes?
  
2. In which activities are the loans spent or invested and what is your input or contribution since you are in charge of micro credit services provided by APDK to the PWDs in Mukuru slum.
  
3. Based on your experience through field visits and interaction with the loan recipients, what changes have occurred to your clients that can be directly linked to the activities initiated by APDK over the last eight years?
  
4. Are there any particular challenges that you and/or your clients encounter in the process and what measures have been established to overcome these challenges?