

KAMPALA INTERNATIONAL UNIVERSITY

**THE IMPACT OF MICRO FINANCE INSTITUTIONS ON
GENDER EMPOWERMENT**

CASE STUDY

KANSANGA SAVINGS CREDIT SCHEME

**A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF A DEGREE OF BACHELOR OF
BUSINESS ADMINISTRATION OF KAMPALA
INTERNATIONAL UNIVERSITY**

BY

ARINAITWE MACTOSE

BBA / 7752 / 51 / DU

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DECLARATION

I **ARINAITWE MACTOSE**, hereby declare that the contents of this proposal are purely achieved through my own initiatives.

The contents are original and hence, have never been at any time presented by any person in any University or any other institution at higher learning.

Signature: Arinaitwe Mactose

ARINAITWE MACTOSE


Date: 4/06/08

APPROVAL

This is to certify that the research work contained in this booklet entitled "The impact of Microfinance institutions on Gender Empowerment". A case study of Kansanga savings credit scheme (K.S.C.S) was carried out under my supervision and is now ready for Submission to the examination Board of Kampala International University with my approval.

SIGNATURE:.....

Mr. RUTEGANDA MICHAEL.BBA, (Acct) – USA, Msc (Fin) - UK, A.C.I.S.

DATE:.....

DEDICATION

This dissertation is dedicated to my sponsor and family MR PAKU and MRS Birungi

Evas without whose support, I could not have reached this level of education.

Dedications also go to my cousin brother Mugisha, for the support and love extended to me throughout my study.

God bless you all.

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ABSTRACT

The purpose of this study was to establish the contribution of on women involvement in financial generating activities in Iganga.

The objectives of the study were:

To find out services offered by KSCS to women, how KSCS has helped women to get involved in income generating activities and to find out the problems faced by women dealing with KSCS.

Related literature was reviewed about the services, origins and challenges of micro finance institution and in particular related to women empowerment.

The study was carried out on a sample basis in Kampala District 40 respondents were selected. 32 being women beneficiaries and 8 KSCS officials stratified random sampling was used to eliminate bias.

The results of the study were presented by use of tables and pie charts and analysis was done by use of percentage.

The study revealed that KSCS mainly deals with the active poor dealing in small income generating activities such as small scale trading, farming and [poultry keeping. Apart from providing loans KSCS offers other services such as training and advice to women.

CHAPTER ONE.

1.0 INTRODUCTION:

The study was carried out on the impact of microfinance institutions on Gender Empowerment (a case study of Kansanga Savings Credit Sceme in Kampala district). This chapter presents the back ground of study problem, purpose of the study, research questions objectives of study, scope of study as well as the significance of the study.

1.1 Background of the study

Micro means small or petty. This implies that micro finance institutions are small finance groups which operate on small scale in offering financial services to their customers in Uganda.

Micro financing dates back to 1980s and was a response to the defects associated to states delivery of subsidized services to the poor people. The government accumulated large loans and losses, which required frequent capitalization. This led to a new approach of micro finance institutions (MFIs) which were to be privately owned, but with government support.

Micro finance institutions are in form of non-government organizations (NGOs) saving and loan co-operative, credit union, government banks, non bank financial institutions among others.

The micro finance clients are in most cases involved in low income generating entrepreneurs in both urban and rural areas that are self employed, small farmers, service providers and traders in small scale business constitute part of client.

Micro finance institutions as result of their development in Uganda government had to establish a ministry called **ministry of micro-finance** headed by general Akandwanaho alias Salim Saleh. In 2006 like else where in the world, Uganda has witnessed rapid advances in the development of the micro-finance industry. These micro-finance institutions provide financial services such as savings and credit as well as insurance services to members.

The micro finance provides variety among other developing of self confidence in training financial literacy and management capabilities. Among the main objectives that led to establishment of the micro-finance institutions, was to empower poor people especially women by developing in them confidence so as to be able to participate in decision making in social economic and political areas. Micro-finance institutions therefore target women as their core clients and this is reflected in the composition of their clients where over 80% are women.

New vision of Thursday April 2006 states that, micro finance institutions acknowledge women status as a disadvantaged group whose traditional, social and economic deprivation to have access to financial services wanted some form of affirmative action, in addition, women are viewed as being credit worthy in order for them (women) to fully participate in economic activities like trading and

agricultural activities. Hence need to be empowered. E.C.A Wident (2002), defined women empowerment as a process of helping women to respect and value themselves and to feel justified and able to demand their physical emotional, social and economic rights.

In the plan for modernization of agriculture (PMA) main document (2002) and new vision 2005, it was revealed that people who are most vulnerable to poverty include women, widows, youth among others and that women are the poorest of the poor. This is because they are involved in reproductive activities such as bearing children, family caring and food production as compared to men who are involved in activities such as livestock, cash crop production, fishing among others.

Also the intra- household benefit sharing from the sale of produce does not favour women. This means that increase in household income does not necessarily increase access to income for female members.

Further, women lag behind men in terms of education level and income earnings. They lack ownership and access to assets. Even in the situations where women are increasingly looking for employment outside the home, there is a clear division of labour between women and men.

Therefore the position of women in Uganda is not all that good if not tackled, women will increasingly become powerless be left out in the

1.3 General objective

To examine the role played by MFIs towards supporting women empowerment financially.

1.4 Specific objectives

1. To find out the role MFI has played towards' women involved in income generating activities.
2. To identify the services credit development trust offers to the women.
3. To identify problems faced by women in dealing with credit development.

1.5 Purpose of the study.

The purpose of study was to establish the contribution of microfinance institutions in Uganda towards women financially considering a case study of KSCS. The focus would be on the service and the corporation women exhibit towards KSCS in Kampala District.

1.6 Research question

1. How has MFIs helped women to get involved in income generating activities?
2. What services does Kansanga Savings Credit Scheme offers to women?
3. What problems are faced by women who deal with kansanga savings credit scheme development trust?

1.7 Significance of study

The results of study would intend to benefit both KSCS and Kampala women empowerment group. Identifying the existing opportunities, strengths and threats for future course of action. Equally the result of study would intend to serve as a basis for future research in related topics by scholars and researchers to advance their studies.

1.8 Scope of the study.

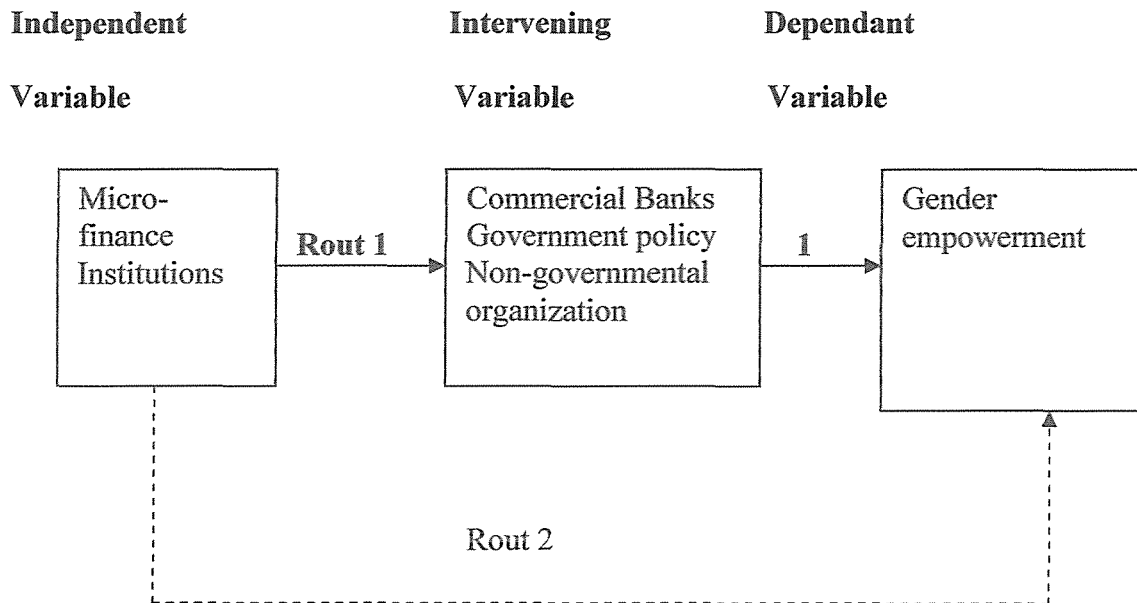
The study would cover the social-economic impact of KSCS on its clients, the type of services it offers and constraints. The study covered KSCS from 2005 to 2007.

1.9 Conceptual framework

This refers to the definition of a research topic through explanation of the variables within the topic. There are independent variables which predict, direct, influence, control determine the dependent variables. There are intervening variables which work hand in hand with the independent variables to influence the dependent variables. Thus the purpose of this research the independent variables is micro-finance institutions and the dependent variable is Gender empowerment.

The intervening variable may include conventional banking, non-governmental organization presence, government policy and among others. This can be illustrated in the model below.

CONCEPTUAL MODEL



This research will concentrate on mainly where possible reference will be made in
rout 1

Definition of terms

MFIs - Micro finance institutions

KSCS- Kansanga Savings Credit Scheme.

CHAPTER TWO

2.0 literature review.

2.1 Introductions

This chapter presents a review of selected existing knowledge or literature on micro financing institutions.

2.2 The concept of micro finance institutions (MFI)

Micro finance refers to the provision of financial service to low income clients including the self employed. The financial services generally include savings credit.

Since 1980's the field of micro financing has grown substantially. Most of the MFIs are donors funded and supported micro finance activities especially those that are committed to achieving substantial out reach and financial sustainability over source of funding are government loans. Membership subscription from those associated with co-operatives and building societies. Fund from banks, as well as interest rates charge from loan and share capital for those established from limited companies. Ledger Wood (1998)

An institution is a collection of assets human, financial and other combined to perform activities such as granting loans taking deposits over time. Ledger wood (1998)

Bank of Uganda (1998) defines MFIs as non- governmental institutions saving and credit co-operatives that prongs savings and micro loans not exceeding Us & 5000 and individual average not greater than Us & 1000 per project to poor individuals, enterprises or groups for the purpose of engaging in viable economic activities who have experienced difficulties in accessing financial services from formal banking sectors.

The majority of MFIs are created as NGO's. As the field of micro finance development, the focus is changing from the delivery of credit services to a true process of saving and other financial services demanded by the poor. However, the shrinking resource base (donor fund) to support the ever increasing demand implies that MFIs will need to support themselves Léger wood, (1998)

Micro finance institutions are a recent development in Uganda and art licensed under various law such as the company act (1964) co-operative statue (1991) and non-government statue (1993). Over 70% of MFIs were formed from government funded project and provisions have made to govern the operations of these institutions in 1999 statue. Bank of Uganda 1998.

2.3 Objectives of MFIs

The objective of most MFIs is poverty reduction and often focuses on the poorest segment of population Dichter, (1999). MFIs achieve their objective through the provision of credit and saving mobilization among the poor people ledger wood (1998)

MFIs also help in empowering women and the disadvantage population groups, increasing on their level of employment, developing parallel financial sector and business sector enhancing potential growth. Bank of Uganda (1998)

At a national level the objective of micro finance institutions to the national saving mobilization level, reduce rural transfers of financial resources and increase in locally. Circulating financial resources through re- investment in local communities. Lescelles Chen (1999)

2.4 Nature of clients\ target market and activities of MFIs

Based on the objective, micro finance providers select a target market to address specific client population group take into account various social-economic characteristic gender, poverty level and geographical focus. Lapenu, (1998)

The micro finance clients are typically self-employed low income entrepreneurs in both urban and rural areas. Clients are usually trader, street venders, small farmers and service providers like hairdressers, artists, small providers vender, black smiths Ledger wood, (1998)

According to church (1998) a number of MFIs focus on women. This he said is intended to empower women by increasing their economic position in society and experience has also shown that women have generally a high sense of responsibility

The activities of MFIs include the provision of micro loans typically for working capital. Most MFIs are engaged in group based lending.

This is because the peer pressure within the group acts as a substitute for the collateral requirement of most financial institution in the formal sector.

Another reason for group lending is that it may reduce certain institutional transaction costs.

Ledger wood (1998) also points out that addition to the provision of credit, micro finance mobilize savings. The savings are either compulsory or voluntary. Compulsory saving represents the fund that must be contributed by the borrowers as condition for receiving loan. Lapenu (1998) further states that compulsory savings demonstrates the value of saving practices to the borrower and also serves as additional guarantee mechanism to ensure payments.

2.5 Reason for growth in MFIs

According to ledger wood (1998) there has been growth in MFIs and the reason for growth include the following.

- **The promise for reaching the poor**

Micro finance can support income generation for enterprise operated by low-income house holds.

- **The promise for financial sustainability**

Micro finance activities can help to build sufficient subsidy often free from locally managed institutions.

- **Contribution of micro finance to strengthening and expanding existing formal financial outreach**

Micro financial can strengthen the existing formal institutions such as saving loan co-operatives credit unions and commercial banks.

- **Insurance covers**

Several MFIs are providing insurance cover, thus helping to safe guard micro business clients from calamities. Some act as agents for formal insurers, providing life and disability insurance. In these ways MFIs will provide micro business clients with efficient producers access formerly denied them.

In future products for the market might include a health. Insurance programmes fire and theft policies mc word 1998.

- **Non- financial service**

Micro financing institutions provide non-financial services like training and education to the micro- business clients among others. These training programs can help a business develop person better skills and there by assist them to improve their earnings and envision better ways to grow in business. Both clients

earning clients earnings and client capacity to utilize larger loans are used. McCord (1998).

2.6 Performance indicators

Performance indicators collect and restate financial data to provide useful information about the financial performance of MFIs.

By calculating the performance indicators, donors' practitioners and consultants can determine the efficiency viability and outreach of MFI operation. Performance indicators are portfolio. Quality productivity and efficiency, financial viability, profitability, leverage and capital adequacy and scale out reach and growth Vogel (1998).

2.6.1 Portfolio quality

Portfolio quality ratios provide information on the percentage of non-earning assets, which in turn decrease the revenue and liquidation position of MFIs. Loan portfolio may be defined as the earning assets or investment of credit program represented by outstanding loan balance. Donor (1992)

The portfolio quality ratio are divided into repayment rates portfolio quality ratios and loan loss ratio, Ledgerwood (1998)

Repayment rate is a popular measure, the amount of payments received with respect to amount due. It's a good measure for monitoring repayment performance overtime, useful for projecting future cash flow because it indicates

what percentage of the amount due can be expected to be received based on past experience.

However, repayment rates particularly may be misleading if the MFI portfolio is growing rapidly and if loan term is long. This is because the percentage that has become due compared with amount disbursed or amount outstanding is relatively low, which variation are used to calculate repayment rates. This is why it is difficult to use an indicator of success unless the least method of calculation is known and understood ledger wood, (1998)

The formulae that are suggested are

on time repayment rate=collection current due

Total current amount due

OR

Repayment rate including =collection on current due+ past due- payment

Past due rates

Total current amounts due +past due payment

These formulas remove the effect of repayments and show the actual rates of received payments against expected payments either on time or taking into account past due amount Ledgerwood (1998)

Portfolio quality rates include the areas rate the portfolio at risk and the ratio of delinquency borrowers. Arrear rate is the ratio of over due loan principal (or principal plus interest to the portfolio outstanding

Arrears rate= Amounts in arrears portfolio outstanding (including amount pastdue)

Arrears rate shows how much of loan has become due and has not been received.

However, the arrears rate understates the risk to the portfolio and understates the potential severity of a delinquency problem, because it only considers payments as they become past due not, the entire amount if the loan outstanding that is actually at risk. Vogel (1998)

According to Ledger wood (1996) portfolio at risk refers to the outstanding balance of all loans that have an amount over due. It's different from arrears because it considers the amount in arrears plus the remaining outstanding balance of loan. It's calculated as:-

Portfolio at risk = outstanding balance of loans with payment past due

Portfolio outstanding (includes amount past due

The portfolio at risk ratio the true risk of delinquency problem because it considers the full amount of loan at risk. This^{is} particularly important when the loan payment are small and loan terms are long. By calculating the portfolio at risk rate on periodic basis MFIs can determine whether delinquency is improving or deteriorating.

Delinquent borrowers as a further indication of portfolio quality, it is useful to determine the number of borrowers who are delinquent relative to the volume of delinquent loans. If there is variation in the size of the loan disbursed, it is helpful to know whether the larger or smaller loans result in greater delinquency. If the ratio of delinquent borrowers is lower than the portfolio at risk or the arrears rate, then it is likely that larger loans are more problematic than smaller loan Ledgerwood, (1998)

$$\text{Delinquency borrowers} = \frac{\text{number of delinquent borrowers}}{\text{Total number of active borrowers}}$$

Loan loss ratio

There are two types of loans loss ratios that can be calculated to provide an indication of the expected loan losses and the actual for MFIs. The first is the loan present a rate which is the cumulative amount of loan loss provision minus loss written-offs. It's determined based on the quality of the loan portfolio outstanding. Loan loss reserve ratio shows what percentage of the loan portfolio has been reserved for the future loan losses. Loan loss reserved ratio for a successful MFI rarely exceed.5%

$$\text{Loan loss Reserve} = \frac{\text{loan loss reserve for period}}{\text{Portfolio outstanding for the period}}$$

The second is the loan losses for a specific period usually one year. The loan loss reflects only the amounts written off in a period. It provides an indication of the volume of loan losses in a period relative to average portfolio outstanding at the end of year; the result is generally divided by two because loan write-offs

generally occur on order loans, the loan ratio may not be as indicative of current loan portfolio quality as the loan loss reserve ratio. The loan loss ratio will rarely be higher than loan loss reserve ratio because some loans on which a reserve has been made are in turn repaid and the loan loss reserve it self is usually greater than actual write offs.

Loan loss Ratio = Amount written off in the period

Average portfolio outstanding for the period.

2.6.2 Scale and depth of outreach indicator

According to Ledger wood (1998), many MFIs collect data on their client base both the scale of their activities and the depth of out reach. Scale of activities would mean the number of clients served with different type of instruments. Depth of out reached would mean the type of clients reached and their level of poverty. The depth of outreach is proxies by average loan size or average size as a percentage of GDP per capital

Outreach indicator includes the numbers of clients, number of women as percentage of active borrowers, number of current. Voluntary saving of people targeted to mention but few. Yaron, Benjamin and piprek, (1997)

There is multitude of performance indicators that MFIs might use to analyze its financial performance. The one is presented are just a few of them. To date there

are more micro finance institutions. However, there are currently several efforts under way to establish a set of world wide micro performance standards Salzman, Rock and Salinger (1998)

2.7 Risks associated with micro financing

Although they are various successful stories of micro finance, there are various risks associated with micro finance.

The MFIs may target a segment of the population that has no access to business opportunities because of lack of market, inputs and demand the institutions may also fall non supportive policy frame work and social and economic challenges. Replications of successful micro finance modes have at times proved difficult due to differences in social contest and lack of local adaptation world wide, in 2004.

2.8 Size of the micro finance industry in Uganda.

In Uganda that is over so formal institutions involved in micro financing covering and estimated 200 clients each. The total loan portfolio was estimated to be Us \$ 40m and a total mobilized saving of Us \$20m. The number of saver was estimated to be 400000 people (Background to Budget) 2000-2001.

2.9 The future of MFIs programs in Uganda

MFIs recognize the poverty reduction impact of its products. However, if these services are going to have impact, MFIs must focus not on the development issues of clients but the business of providing those services. Its only through focusing

on the business of micro enterprise finance that MFIs will continue to provide the access that want and need in the over the successful MFIs management has increasingly resemble the management of small bank than the management of an organization.

Successful MFIs are hiring banks and other financial managers to run their organizations.

Which are often no longer simply NGO are's but are formerly registered as companies? Some MFIs like K-REP in Kenya have actually converted in to formal sector banks servicing the micro business niche. Breth, (1999)

2.9.1 Viability

MFIs must recognize their responsibilities to their clients and to their branches and work to become and remain viable entities in order to continue with their development impact.

This means they will have to charge interest rates that cover costs, not tolerating any delinquency on the loan portfolio, growing to serve high volumes of clients and constantly reviewing operating and financial costs.

2.9.2 Savings mobilization.

Saving not only assist the client and create a better future, but also protects the MFIs in several ways, such as acting as collateral for micro business loans,

covering at least some of the default risk. Therefore, MFIs must mobilize saving from their clients making them feel are part of the MFI and this help them become more responsible clients.

2.9.3 Prudent lending

Prudent lending is a cornerstone of responsibility for the MFIs in any financial institutions default is the fault of the MFI lender, and the lender must protect against it right from receipt of the application. Loan product must be appropriate for clients relative to the structure, terms and loan levels as well as servicing. Group based MFIs for example, will often use group members to do an assessment of risk on individual borrowers they sometimes use the group for their repayment guarantee and provide intensive servicing of the group. In general “MFI best practical offer a guide for MFIs to follow if they are to remain strong and to follow if they are to remain strong and continue appropriately servicing their micro business clients.

2.9.4 Capacity Building

Capacity building of sustainability micro finance (MFI) institutions has been catapulted to the fore front in the vibrant and rapidly growing MF industry in Uganda. Management of small MFIs is relatively simple, but when it begins to grow new issues creates new problems to which management often cannot properly respond.

The planning process is often lacking, as is the ability of management to conduct critical financial analysis of the organization. But then even if analysis is made management might fail to respond constructively to the result therefore capacity building within the industry is a critical issue if we are to see the kind of portfolio values and returns that the business requires long term viability. However through the Uganda capacity building framework (UCAP) a framework has been set up with guidelines for MFIs capacity building. The capacity Building unit (UCB), within the context of UCAP principles provides for training and certification of the private sector capacity building service providers (CBSPs): consulting and technical assistance and linking of the demand and supply communities. Currently the CBU has on its database 966 CBSPs with varying levels of competence in MF training. These providers tend to offer similar services on narrow range of topics routinely accessing public domain training materials that are available on the internet and library resource of CGAP\ World Bank materials that have been developed for donor specific training. New vision April 22 2005.

2.9.5 A system of client identification

In Uganda there is no adequate system of client identification and no formal mechanism by which MFIs can obtain information of their clients other activities. Therefore a credit reference system is needed to assist the MFIs to make prudent lending decisions. The industry must recognize that clients receiving loans from multiple sources create serious risk for all participants. A system that identifies

client and provide their credit would be major aid to strengthen the industry in Uganda.

2.9.6 Appropriate environment for MFI operation

Government should create a micro finance friendly political and legal environment for MFIs to provide more service to the per-urban and rural areas as well as to improve the functioning operations within the urban areas. In such environment government will not directly lending to micro business as in the bonnabagagaware such a programme merely distort the market for those participants looking a long “Best practice” guide lines.

2.9.7 Effective legal and supervisory environment

The government should support the MFI industry grow in a healthy way of providing an accessible legal system of commercial courts and small claims courts to assist MFIs up holding the agreement made with clients. Their inability to have courts increase the risk to lending the MFI industry or dictate its activities because it might lead to quality MFIs being damaged hence conflicting with political objectives and Uganda.

Therefore, micro-economic like high growth rate, relatively low inflation and high population density, in which micro finance institutions operate can serve as powerful enabling or disabling forces, world bank report (1995)

Micro financing institutional are currently operating formerly and informally because of absence of regulatory frame work and in many cases they depend on external sources, New vision, (24th June 1999)

The government in partnership with donors intends to support the initiative of financing institutions to meet capacity building service especially training as well as to build up the supply of their service. Annual synopsis, Errist and Young.

2.9.8 Networking and co-ordination

The out look for MFIs in Uganda is very positive several large MFIs are gathering momentum for dramatic growth in volume, which will spread the benefits of micro enterprise financial service to most parts of Uganda. There are also several intervention in process designed to build capacity with in MFIs so they can successfully manage increasing number of clients. Among these activities is the industry's own effort at creating a voice for it self in association of micro-enterprise finance institutions in Uganda. This association strives to represent the industry with government donors and other as well as to create opportunities for capacity building of its members. It also intends to develop self regulating mechanism for its members.

Therefore with the given factors above MFIs should have a bright future in Uganda because of the strong demand and supply if financial services is significant and growing.

2.9.9 Gender empowerment

According to Mbilinyi (1992), cited by Tibatemwa (1999), gender reflects to social relational concept that denotes the manner in which women and men are differentiated and ordered in given a socio-cultural context.

This because of different rights, privileges and obligations, roles and status which attributed to both men and women by virtue of their sex.

Gender is based on collective socio experience of living as a member of group “women or men taking, on particular roles in order to conform to cultural expectations” Cameron Gender discourse, (1997) gender is a concept that refers to learned culturally determined difference in behavior patterns of women and men in relation to each other and to their socio context. Gender roles have implications for women’s income generating opportunities. Women have less access to resources than men and less control over their own labour.

Action to certain sub-sector and source of employment are restricted and support services are harder to obtain, women also have difficulty in exercise control over their income.

Empowerment refers to ‘enabling a person or group through strength developed with in to restrict oppression victoria, Genderand Discourse, (1992:p.42)

Gender empowerment refers to helping women to respect and value themselves and to feel justified and able to demand their physical emotional, social and economic rights Namaganda et al (2002)

Empowerment of women would wide be traced as far back as 19th century. In 1880's for instance, in India several social platform movements were formed to tackle social injustices in society. In 1904, a special women's organization was formed to create increasing sympathy to relieve various groups of women and to emphasize and struggle for emancipation of all women. Encyclopedia of women, society and culture.

Since the advent of women suffrage, women activities have been concerned with increasing participation of political social and economic life.

The recognition that it was necessary to promote gender equality and advance the status of women, was given an extra push by the United Nations (UN) at the women's conference in Mexico in 1975.

Achun was adopted.

With the declaration of development and peace a mid-decade review took place in Copenhager in 1980. An end-of- the- decade conference took place in Nairobi in 1985 at which a plan action called the Nairobi Forward Looking Strategies (NFLS) was adopted. A decade later in 1993 a women conference was held in

China and a Beijing platform for action was adopted. Such movements have made women's rights and their status in society. Women's health project new letter, (No 32 November 1999)

During the United Nations decade women (1975-85) participants made numerous recommendations designed to rectify the gender imbalance in society. In the report of world conference of UN. Decade of women held in Nairobi in 1985 resolutions were passed stressing the need for political parties to nominate women candidates to give them a real chance of winning elections for governments and NGO's to educate women about their newly won civil, political and social rights and participants voiced support for time tables and quotes to set concrete goals for increasing the participation of women Ranjara et-al (1992)

Report of Uganda catholic women work shop (1997).As stipulated in the 1995 constitution of Uganda, affirmative action for women has been put in place to tackle injustice against women in Uganda. As cited by Assimwe in the monitor (march 5 2004). One foreigner was quoted to have joked "people in Uganda take affirmative action and gender balance so seriously that even a plane can not take off from Entebbe international airport if women do not form one third of passengers. This shows that to which gender issue has been considered in Uganda.

One of the achievements of women to greater political representation and participation was during women conference which was held in Munyonyo speke hotel from 8th-13th December 2006, when a list of names with accompanying

curriculum vitae (CV's) of women qualified in government parastatals and members of management board handed them to minister of women, gender and community development.

Another achievement in elevation of women to gender political representation and participation was during the women conference which was held in Mukono from 14-18 march 1986

Women organizations are one of the ways through which women can be made aware of their status and right in society. Some organization in Uganda started as far back as 19908. The Uganda branch of the mother's union Kwesiga, visible at last (1995).

Many governments wanted to use women's organizations for genuine and other political interests. In 1946 was then department of social welfare and later with other women groups, there come a council of voluntary social services in 1953.

Through UNCEF 40 women club leaders were provided with training by the Ugandan government for promotion and extension of women's organization (AWO). In 1973 when some delegates to guinea suggested to president Amin in Uganda, that Uganda should have one women's body like in Guinea it was welcomed as it is promised possibility of more effective control co-ordination. This closed down most women's organizations. The single women association

also failed when its principal architect, Elizabeth Bagaya fell out of favour with Amin regime.

However, in 1978 decree to form National council of women was passed. Although it struggled through when a list of names with accompanying curriculum vitea was handed to prime Minster Dr Samson Kiseka and women were appointed to various branches following that submission.

CHAPTER THREE

3.0 Methodology.

3.1 Introduction

This chapter would present the methodology to be used and entails the following areas, research design, survey population sampling design, study variables, data collection instruments, source of data administration of instruments, data processing and presentation, data analysis and limitation of the study.

3.2 Research design

The study would examine the impact of MFIs on gender empowerment and data was collected using both qualitative and quantitative methods. The research based on the results from questionnaire designed for collecting data.

3.3 Survey population

The study would cover all employees of kansanga Savings Credit Scheme branch and it would cover all sections as well as the loan beneficiaries of kansanga savings credit scheme development services in and around kampala District.

3.4 Sampling design

The researcher would use stratified random sampling because it eliminates bias. The study covered a sample of 40 respondents who were approached. Respondents got depended in the availability. The sample would be carried as follows.

Table 3.1 showing the sampling design.

Respondents	Number of respondents
Branch manager	1
Credit officer	3
Cashier	2
Other support staff	2
Loan beneficiaries	32
Total	40

3.5 Study variables

The study would involve two variables, the dependent and independent variable. Gender empowerment would be the dependent variable where as MFIs would be independent variable.

3.6 Source of data

The data would be collected from both primary and secondary source, primary data collected from the responses of both loan beneficiaries and micro credit development staff while secondary data would be got from text books, journals reports, articles and other on line publications.

3.6.1 Data collection instruments

The researcher would use both open ended and closed ended questionnaires to obtain information from selected respondents.

3.6.2 Administration of instruments

The questionnaires are to be distributed to selected respondents who would fill them and there after the filled questionnaires would be collected and they would be self administered questionnaires.

3.7 Data processing, presentation and analysis.

The raw data which would be collected from the field and it would be first edited with a view of checking completeness and accuracy so as to derive statistical meaning of the data collected. The data would be presented showing frequencies, percentages.

All questionnaires would be collected and coded. The findings are analyzed using frequencies and percentages. Other non descriptive statistical such tables are used to analyze the data collected.

3.8 Limitations of the study

The researcher was faced with the following problems:

- Limited finances, the study involved high costs in terms of transport, printing, photocopy, yet finances were little.

Thus constraints would be over come by pooling resources together from various stake holders coupled with personal saving.

- Inadequate time given, the high academic schedule and other commitments, the available time for the study will be small to allow a more comprehensive and detailed study. This will be over come by drawing up a time table so as to appropriately maximize the available time.
- Getting willing customer to answer the question would be difficult as some of them claimed to be busy in addition some of the respondents declined to discuss their credit issues for personal reasons. This will over come by explaining to them why they should help and give responses.
- Bureaucracy before getting audience with staff of micro credit development permission would be first sought from Head office which would take along process of presenting an introductory letter from KIU to head office would reduce this.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS:

4.1 INTRODUCTION

This chapter presents the findings of the study. It encompasses background, the service KSCS offers to women involvement in income generating activities and the problems faced by women. Presentation is done in tables and pie-c harts and interpretation is in percentages.

4.2 PRESENTATION AND ANALYSIS OF BACKGROUND OF DATA

This section presents the background information of the respondent's qualification, age, sex, marital status.

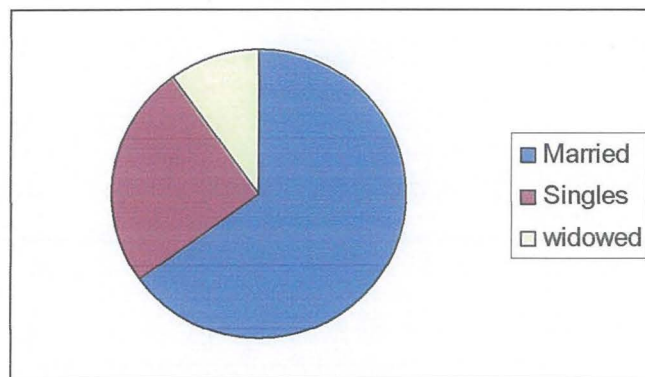
Table I showing the age distribution of loan beneficiaries

AGE	NUMBERS	PERCENTAGE
18-25	10	31.25
26-35	20	62.5
36 AND ABOVE	2	6.25
TOTAL	32	100

Source; primary data

From the table above it shows that the majority of KSCS are in the age bracket of 26-35. There are the ones who are very active taking 62.5%, while the old ones who are 36% and above seem to be less active only representing 6.25%

Pie chart I showing the marital status of the respondents



Source; primary data

From the pie chart above 65% of the respondents are married meaning that KSCS mainly deals with married women who are taken to be more stable and can easily be treated.

Table II showing education level of clients

Level	Frequency	grange
Primary	7	21.8
Secondary	15	46.8
Diploma	4	12.5
Degrees	2	6.25
None	4	12.5
Total	32	100

Source; primary data:

Information obtained shows that KSCS mainly deals with secondary dropouts which are 46.8%. While those with degrees are the lowest with 6.25% meaning that the highly educated are very active in KSCS activities.

Objective I. services offered to women.

A study was also made on the services offered to women, the respondents showed that there are many other services offered which included: Training, that KSCS trains women on how to handle their business, that it mobilizes women in making savings where by they are supposed to make compulsory savings every week; that it gives than advise on the type of project they can invest in plus keeping visiting their projects women agreed strongly that they had benefited from the services offered by KSCS, the table below shows how they have benefited

Table III showing benefits from the services of KSCS

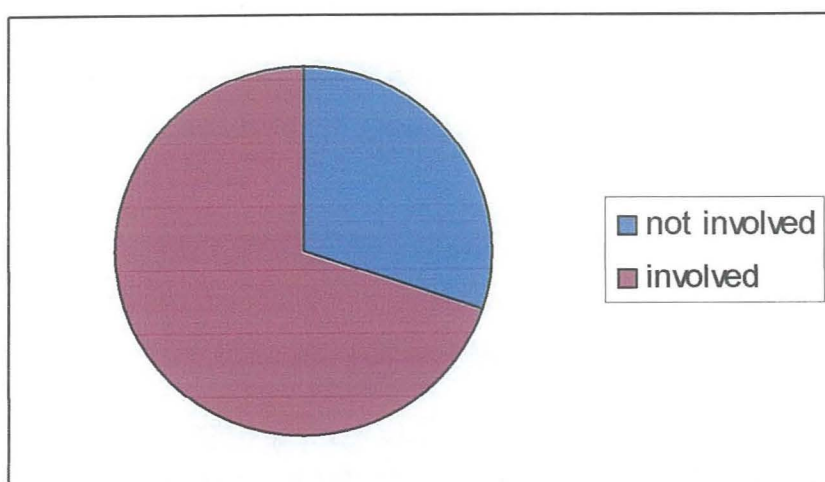
Benefits	Frequency	Percentage
Managing the business	16	50.0
Making savings	7	21.8
Keeping books of accounts	7	21.8
Others	2	6.25
Total	32	100

Source: primary data

From the table above most 2women revealed that they had mainly benefited by getting business management skills which is shown by 50%, while some making up to 21.8% gained by making savings while also 21.8% said they had learnt to keep books of accounts

Objectives 2. Role of KSCS towards women involvement in income generating activities.

Pie chart II showing whether women were involved in economic activities



Source; primary data

From the pie chart above. 70% of the women were already involved in business while only 30% were not involved in any economic activity before joining KSCS

The table below shows the type of activities that women were involved in

Table IV: Showing activities women were involved in before joining KSCS

Activities	Frequencies	Percentage
Farming	5	15.6
Trading	13	40.6
Tailoring	3	9.37
Poultry	7	21.8
Others	4	12.5
Total	32	100

Source: primary Data.

From the above table, the majority of the clients were involved in trading which is 40.6%, 21.8% were involved in poultry, 15.6 in farming while 9.37 were involved in tailoring.

Clients were also asked the amount of loan they had ever received. The table below shows the amount they had received.

Table V showing amount of loan received by women.

Amount	Frequency	Percentage
50000-150000	5	15.6
150000-250000	7	21.87
250000-500000	15	46.87
500000 and above	5	15.6
Total	32	100

Source; primary data

From the table above, it was shown that the majority of the clients received loans ranging between 250,000-500,000 which made up 46.87% meaning that it deals with low income earners 150,000-250000 were 21.87%, while those who got between 50,000- 150,000 were the same with those who got 500,00 and above which made up 15.6% each.

Respondents were also asked whether the loan amount given were enough and below are the views of the respondents.

Information obtained from KSCS the programme coordinator and loans officer shared that for women to receive loans, the following are required.

- That they should be in groups of minimum 5 members and all of them must be willing to get loans. These group members act as security to the rest.
- They should have saved 10% of the loan that they want to get.
- They should have attended training sessions for a month on business skills provided by KSCS officials either at their head office or by their field officials who visit women groups in their respective places.
- They should be having some economic activity they are running.

Table VI showing respondents views on the amount of loan received

Response	Frequency	Percentage
Adequate	14	43.75
Inadequate	15	46.87
Very small	3	9.37
Total	32	100

Source: primary data

From the table above, the majority said that the loans given were not adequate which was 46.97%, while 43.75% showed that the loans were adequate while only 9.37% said the loans were very small. This shows that there is need to increase the loan size or capacity.

Then, clients were again asked how they used the loans, respondents showed the following activities which they put the loans in:

Table VII showing activities in which loans were invested

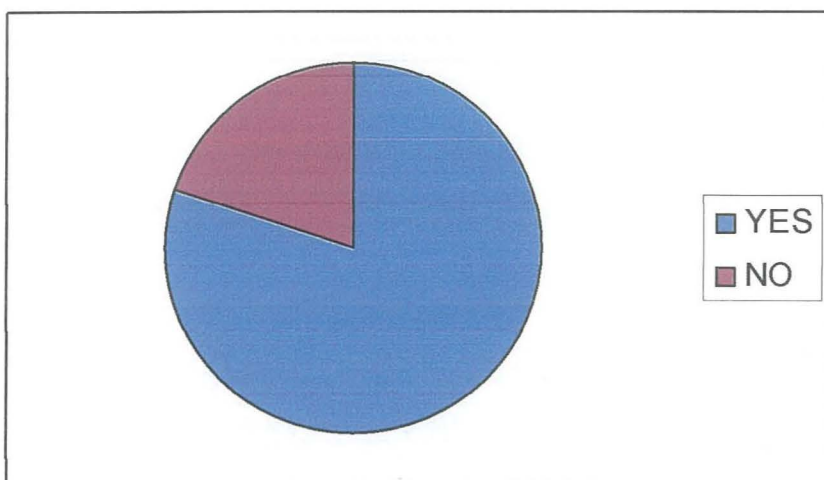
Table VII showing respondents views on the amount of loan received

Activity	Frequency	Percentage
Farming	8	25
Trading	16	50
Poultry	6	18.75
Others	2	6.25
Total	32	100

Source: Primary data

From the table above, it shows that the majority of the respondents used the loans for trading which is 50%, 25% showed that they used the loans in farming, 18.75% for poultry meaning that most of them use loans for trading clients were also asked whether they feel they have benefited from the above services, the pie chart below shows their response.

Pie chart III



From the pie chart the majority showed that they had benefited which is 80% while only 20% did not benefit

They were asked how they have benefited, the table below shows how the clients have benefited from the loans.

Table VIII showing benefits from loans

Benefit	Frequency	Percentage
Farming	24	25
Trading	8	50
Poultry	-	18.75
Total	32	100

Source; primary data

From the table above, 75% said that the loan assisted them to begin business while 25% said they managed to expand their businesses

Objective 3 Problems faced by women in dealing with KSCS

The majority of the women agreed that they had encountered some problems. The pie chart below shows their response

Pie chart IV

From the pie chart above, 80% of the women said they had encountered problems while only 20% said they had encountered any problem,

They were other asked to mention the problems they have suffered, the following were mentioned.

- The interest is very high which is 25% per year making it hard for them to make their own profits and service the loan well.
- Default by group members making it hard for others to access more loans.
- It takes some period to process the loans thus delaying women to implement their activities.
- Some KSCS officials are unfriendly and harass members for payment.
- The loan repayment period is very short.
- The officials were also to mention the problems they have encountered, they mentioned that;
- Some women default paying back the loans.
- They get low allowances when they go in the field to trace for women.
- Most women are illiterate, making it difficult to train.
- Some women miss use the money for non- income generating activities.

CHAPTER FIVE

5.0 DISCUSSION OF FINDINGS, SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter represents a conclusion of findings from study, summary, policy recommendations and future areas of study.

5.2 DISCUSSION

5.2.1 Services offered to women by KSCS. The researcher found out that KSCS provides a number of services to the poor women in Uganda in order to help them with training on how to run their businesses, mobilizing women, giving them advice about the nature of businesses to undertake.

This is as noted by **Bank of Uganda** (1998) that MFIs help in empowering women and the disadvantaged population groups increasing on their level of employment and developing parallel financial sector.

It was also discovered that, women are encouraged to make savings in small group of minimum 5 members, who make compulsory weekly savings through KSCS. It was also noted that this group working has assisted them since act as pressure in mobilizing. This is as said by **church** (1990) that most MFI are engaged in group based lending because the peer pressure with in the group acts as a substitute for the collateral requirement.

5.2.2 Role of KSCS towards women involvement in income generating actives

The study revealed that KSCS mainly deals with the rural poor dealing in simple activities like farming poultry and small scale trading. This is revealed by table IV showing women's activities before them obtained loans.

Table V also shows that most of the KSCS clients received loans between 250,000-500,000, showing that it deals with the rural poor. All this rimes with what **Dichtcher (1999)** said that MFIs have a major objective of poverty reduction and often focuses on the poorest segment of the population.

The researcher also discovered that majority of women have benefited from KSCS services as shown by pie chart III where 80% of the women agreed that they had really benefited. The benefits of women were mainly in terms of opening up, this is revealed by figures in table VIII. Women have got involved in many income generating activities as a result of the KSCS loan, such activities include, farming, trading and poultry as shown in table VII. All this is in line with the writings of **ledger wood (1998)** that clients of MFIs are usually traders, street venders, small scale farmers and service providers like artists, hair dressers and black smith.

5.2.3 Problems faced by women in dealing with KSCS.

The study revealed the majority of women dealing with KSCS have faced problems as shown by pie chart IV. Where 80% said they have ever had problems related to the loans.

The major problems sited out were, high interest rates, long period taken to process loans. All these they say have hampered their success.

All these agree with the writings of Wright et al (1999) that microfinance institution interest rates are still very high, some changing between 30-40% which has failed to raise incomes of the rural poor.

5.3 SUMMARY

KSCS has done a recommended job in supporting the poor women access credit facilities through group borrowing. Most women borrow through their groups where group members act as collateral security.

KSCS mainly offers two types of loans which are; individual loans although very limited and mainly group loans which are the major ones.

KSCS targets women to help them come out of poverty and begin income generating activities as they have been highly marginalized. The majority of women get loans ranging between 250,000-500,000 and these loans are usually invested in activities like farming, trading and poultry. Most of the clients complained of high interest rates charged, taking long to access loans and harassment from KSCS loan officials.

5.4. CONCLUSION

From the response of most of the employees, it is evident that KSCS has contributed greatly in empowering women through the various services provided such as loans, training and mobilizing term for saving.

Many women have been able to begin income generating activities, others expanded their existing business and also women have got skills of managing their businesses.

In the final analysis, the researcher discovered that women who have dealt with KSCS have benefited despite the problems encountered such as high interest loans and harassment.

5.5 RECOMMENDATION

The research has made the following recommendation to KSCS if it is to improve its service delivery to women:

- They should train their staff in skills of handling or dealing with women when it comes to taking loans.
- They should try to reduce their interest rate to a percentage which enables women to make bigger profits and savings at least 20% per year.
- They should open up more branches especially in rural areas such that they can access more women.

- They should increase their loan portfolio by trying to get donors or solicit the government to give their funds since emancipating women.
- Should relax their lending processes such that, it takes a shorter period for women to access the loans as this has been cited as one of the major problems.

5.5 AREAS FOR FURTHER RESEARCH

The researcher feels that further research should be carried out in the areas especially in the Northern parts of Uganda to find out whether KSCS has had any positive results there.

More research should be carried out on how KSCS gets the money to lend to the women and what is the relationship between KSCS and other MFIs in serving the poor population.

Appendix I

Budget

Item	Amount (Shs)
Stationary	15,000
Transport	50,000
Respondents' facilitation	10,000
Airtime	30,000
Meals	40,000
Typing and printing	80,000
Book binding	30,000
Total	255,000

Appendix II

Appendix I

Budget

Item	Amount (Shs)
Stationary	15,000
Transport	50,000
Respondents' facilitation	10,000
Supervisor's facilitation	30,000
Airtime	30,000
Meals	40,000
Typing and printing	80,000
Book binding	30,000
Total	285,000

Appendix II

Time table

Period	Activity
01 st October – 25 th November 2007	Collection of data
1 st December – 5 th January 2008	Analysis and interpretation of data
10 th January – 3 rd March 2008	Writing the book
5 th – 7 th March 2008	Submit the book to the supervisor for guidance
10 th – 28 th March 2008	Making corrections
29 th – 4 th april 2008	Submit the book to the supervisor for guidance
5 th -15 th April 2008	Making the final copy
20 th – 25 th April 2008	Binding thr dissertation book
1 st – 15 th May 2008	Submitting the dissertation book to the faculty

Appendix III

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Appendix IV

KAMPALA INTERNATIONAL UNIVERSITY

Questionnaire for the KSCS clients

Dear respondents, I am a finalist student from Kampala International university
carrying in research on the topic:-

.....
.....

I am kindly requesting you to fill in this questionnaire to enable me carry on my
research information given shall be treated confidentially and will be for
academic purpose only.

You need not to include your name.

Thanks you

Arinaitwe Mactose

FOR CLIENT

General information

(1) Age

(2) Marital status

Married Single Widowed

(3) Education level

Primary Secondary Diploma

Degree None

Primary ☐ Secondary ☐ Diploma ☐
Degree ☐ None ☐

**OBJECTIVE: THE ROLE KSCS MICRO FINANCE HAS PLAYED
TOWARDS WOMEN INVOLVEMENT IN INCOME GENERATING
ACTIVITIES**

(1) Were you involved in any economic activity before joining KSCS?

Yes ☐ No ☐

(2) If yes which economic activity?

Farming ☐

Trading Poultry ☐

Tailoring ☐

Others (specify) ☐

(3) Have you ever received a loan from KSCS?

(a) Yes ☐ No ☐

(b) If yes how much?

50,000-150,000 ☐ 150,000-250,000 ☐

250,000-50,000 ☐ 5000, 000-and above ☐

(4) Was the loan amount given?

Adequate ☐

Inadequate ☐

Very small ☐

(5) In what economic activity did you use the loan?

Farming ☐

Trading ☐

Poultry ☐

Others specify ☐

(6) Do you feel the loan has assisted you?

(a) Yes ☐ No ☐

(b) If yes how;

i) To begin the economic activity ☐

ii) To expand the economic activity ☐

iii) Others (specify) ☐

OBJECTIVE: SERVICES KSCS OFFERS TO WOMEN

(7) A part from giving loans, does KSCS offer

a) Do you have any other services?

Yes ☐ No ☐

(b) If yes, what are the services it offers?

Training ☐

Savings ☐

Advice ☐

Others ☐

(8) Do you think you have benefited from the services KSCS offers to you?

Yes ☐ No ☐

(9) If yes how have you benefited

☐

Managing the business

Making Savings ☐

Keeping Books of Account ☐

Others specify.....

OBJECTIVES: PROBLEMS FACED BY WOMEN IN DEALING WITH

KSCS

(10) Have you experienced any problems as a result of dealing with KSCS

Yes ☐ No ☐

(11) If yes which problems?

.....
.....

(12) Have these problems affected your operation

a) Yes ☐ No ☐

b) If yes how?

Reducing profits ☐

Burdened me on repayment ☐

Seizing/selling properties ☐

Others (specify)

Thank you

.....
.....

(10) Apart from loans what other services do you provide to your clients?

.....
.....

(11) Do you think your have faced any problems with your institutions?

Yes ☐ No ☐

(12) If yes, what problems

.....
.....

(13) What measures are you putting in place to solve those problems?

.....
.....

Thank you

Appendix V

INTERVIEW GUIDE

General information

(1) Title..... (For example manager programme coordinator loan officer)

(2) Age

(3) Sex: Male ☐ Female ☐

(4) Education level ☐

Certificate ☐

Diploma ☐

Degree ☐

☐

Others

(5) What kind of loans do you provide to the women?

.....
.....

(6) What are the requirements for one to get a loan?

.....
.....

(7) What economic activities do your clients usually use the loans for?

.....
.....

(10) Apart from loans what other services do you provide to your clients?

