

KAMPALA INTERNATIONAL UNIVERSITY

**THE IMPACT OF MICRO FINANCE INSTITUTIONS' OPERATIONS ON
WOMEN ECONOMIC EMPOWERMENT**

CASE STUDY –FAULU UGANDA

BY

RUTARO ANDREW K

BBA/3658/22/DU

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

2006

DECLARATION

I RUTARO ANDREW do hereby declare that, this research report is my original work written out of my own reflection and has not been submitted by any student in any institution of learning for academic purposes.

However all other authors' literature that was used in this research report had been duly acknowledged.



RUTARO ANDREW

Date.. October 12th, 2006

Supervised by:



MR. MUWONGE ISAAC

Date.. 13/10/06

APPROVAL

This is to certify that my approval has been given for this research report to be given to school of Business and Management as a requirement for the partial fulfillment for the award of Bachelors of Business Administration.

Isaac

Mr. Isaac Muwonge

Date *13/10/06*

DEDICATIONS:

I would like to dedicate this research report to my parents; Late Major John and Mrs. Gertrude Kamushana. Finally to all those teachers, lecturers and students who have been besides me throughout my academic struggle.

In the same spirit I dedicate this report to **Shiv Khera** the author of best selling personal development book “**You Can Win**” which acted as a turning point in my life.

ACKNOWLEDGEMENTS

In all fairness, there is no way I can claim sole responsibility for the successful completion of this research report.

I wish to express and extend my sincere gratitude to all those persons, institutions and companies that assisted me academically materially and spiritually.

The list is endless, however the following went an extra mile to deserve an extra recognition

In a special way I salute **Mr. Isaac Muwonge** who meticulously and painstakingly guided me throughout the production of this work. On the other hand his lectures were empowering and contemporary which made his students competitive internationally. Keep it up!

Am particularly thankful to **Mrs. Bellina Kaijuka** for her stupendous job which she did unreservedly. God Bless you.

In the same spirit I recognize all the necessary authorization bestowed upon me by the Dean **Mr. Olar Alfred** and Associate Dean **Dr. Y.B. Nyaboga** of School of Business and Management.

Finally I wish also to acknowledge the support of management and staff of FAULU (U) an institution that I used as my case study, the staff of MUBS, Uganda Management Institute Libraries and also KIU lecturers and fellow students.

Thank you all for your tremendous contributions

TABLE OF CONTENTS

Declaration.....	i
Approval.....	ii
Dedication.....	iii
Acknowledgement.....	iv
Table of contents.....	v
List of tables.....	viii
List of figures.....	ix
Abstract.....	x

CHAPTER ONE

1.0 Background of the study.....	1
1.1 Statement of the problem.....	3
1.2 Purpose of the study.....	4
1.3 Objective of the study.....	4
1.4 Research questions.....	5
1.5 Significance of the study.....	5
1.6 Scope of the study.....	6
1.7 List of abbreviations.....	6

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.....	7
2.1 Micro-finance Institution concept.....	7
2.2 Background of micro finance scheme / institutions.....	9
2.3 Rationale for MFIs growth.....	10
2.4 Risks of MFIs.....	11
2.5 Challenges of MFIs.....	11
2.6.0 Products and services of MFIs.....	12
2.6.1 Financial intermediation.....	12
2.6.1.1 Ways through which products/ services are delivered.....	13

2.6.2 Social interediations.....	13
2.6.3 Entrepreneurship development services.....	14
2.6.4 Social services.....	14
2.7 attributes of a good mfi that empowers women economically	14
2.8.0 operations saving mobilizatio.....	16
2.8.1 operaion of micro-finance.....	16
2.8.2 savings mobilizations.....	17
2.9.0 manifestations of women economic empowerment by mfis;.....	17
2.9.1Factors of production	18
2.9.2 Political emancipation.....	18
2.9.3 Education achievement.....	18
2.10 Conclusion.....	18

CHAPTER THREE

3.0 METHODOLOGY

3.1Introduction.....	20
3.2 Research Design.....	20
3.3 Study procedure.....	20
3.4 Survey poplation and sample size.....	20
3.5.0 Data sources and instruments.....	21
3.5.1 Data instruments.....	21
3.5.2 Data collection and research instruments.....	21
3.5.2.1 Questionnaires.....	21
3.5.2.2 Interview topic guide.....	22
3.5 Data processing and analysis.....	22

CHAPTER FOUR

4.0 Introduction.....	22
4.1Over View of the study.....	22
4.1.1-4.4 List of tables.....	23
4.5 Managers / staff's views on why client fail to pay lack loans.....	31

4.6 Ways of women empowerments.....	31
4.7 Advice given to clients.....	32
4.7.1 objectives of FAULU (C).....	32
4.7.2 Types of loans given.....	32
4.8 Loan securing conditions.....	32
4.8.1 Other services provided.....	33
4.9 Methods of lending.....	33
4.10 FAULU's plans and projections.....	34

CHAPTER FIVE

5.0 Introduction.....	36
5.1 Summary.....	36
5.2 Conclusion.....	36
5.3 Recommendations.....	37
5.4 Suggested area for further research.....	37
Appendix.....	37
Bibliography	
Questionnaires	
Authorising letter	

LIST OF TABLES

Table 4.1	Showing age of Respondents.....	22
Table 4.1.1	Number of dependants per respondent.....	23
Table 4.2	Respondents on loan acquisition process.....	23
Table 4.2.1	Respondents and their businesses.....	24
Table 4.2.2	Respondents and interest rates.....	24
Table 4.2.3	Respondents and appropriate use of loans.....	25
Table 4.2.4	Respondents and loan amount disbursed.....	26
Table 4.2.5	Respondents on convenience of loans procedure and supervision.....	26
Table 4.2.6	Respondents on training importance.....	26
Table 4.2.7	Respondents on loans importance.....	27
Table 4.2.8	Respondents on loans to improving their standards of living.....	28
Table 4.3	Showing why clients fail to pay and drop outs.....	29
Table 4.4	Respondents on how institutions can improve their services.....	30

LIST OF FIGURES

Figure 4.1	Showing various divisions in age groups.....	23
Figure 4.2	Showing employee growth rate.....	34
Figure 4.3	Showing branch growth rate.....	34

ABSTRACT

This research was conducted to establish the impact of the operations of MFIs on economic empowerment of women.

The study involved getting some personal information like age and the number of children supported by the clients to make it easy to understand their status and it was found out that most of them had small families but still found problems in catering for their needs.

The study also found out that most of the clients were small business proprietors represented by 92% of the sample with only 8% employed people.

This showed that the institution was succeeding in targeting small businesses.

Further still it was found out that the services provided by the institution had gone a long way in making small business people succeed using the loans and at the same time improving the standard of living of their families and the community at large.

Although the institution was achieving its objectives and empowering women by giving them access to finance, training and improving the way they take decisions both at home and in business, the clients had some problems like; high interest rates, short repayment period, and many others which needed the attention of their institution.

The clients therefore made recommendations that they can benefit more from the services and these include the following:

The institution should reduce on the interest rates charged, give more time for repayment, intensify training which is custom made, check on corrupt officers, and lastly expand to rural areas.

If these recommendations are considered for action by the MFIs they will assist women overcome marginalisation and eventually improve the wellbeing of the society at large.

CHAPTER ONE

1.0 BACKGROUND OF THE STUDY

The provision of micro finance is largely one of the most successful poverty alleviation strategies in poor economies. There is a strong correlation between lack of financial access and low incomes. **(Robert Peck1997)**. The operations of micro-credit institutions in Uganda have enabled many people especially women to improve their live hoods. **(McCord 1998)**

Uganda has a range of retail micro finance service providers that have salvaged the lives of many of its people. Although financial sectors are expanding and economic growth attained, financial assets usually remain tightly concentrated in the hands of a few wealthy people. **(Graham et al 1999)**

The majority of people in developing countries have no savings account, do not receive credit from formal financial institutions and have no insurance policies. Its therefore seen that the emergency of micro-credit, micro-saving and micro-insurance industries in various developing countries over the past couple of decades facilitates poor clients. **(Robert Peck 1997)**

The population and Housing estimation in Ministry of Finance, Planning and Economic Development established that for 2002 population census, women constitute 51% of the 26m people. Given that agriculture constitutes 95% of Uganda's export and women provide more than 60% of the required labor force. Women have a high sense of responsibility and are highly affected by social pressure.

Ledger Wood (2000), shows that in repayment rate women have responded higher than their male counterparts. It's against this basis it's argued that increase in women's income benefits the household and national economy in general than in men's case.

By December 31st, 2004 at least 3,164 micro credit Institutions had been reported reaching 92,270,289 clients globally. Out of those, 66,614,871 people were among poorest when they accessed their first loans. This justifies MFIs as an economic empowering tool.

The report also shows that poorest clients 83.5 % or 55,622,406 million people are women. Hence women are a corner stone of MFIs. **(UNDESA Report 2004)**

The Genesis of MFIs in Uganda was first ushered in by Uganda Women finance Trust in 1984. Subsequently FAULU Uganda was founded in 1995 as Food for the Hungry International (FHI). In 1999 it was transformed from an NGO to profit making organization. It offers commercial loans, insurance products, training and consulting service. All these aim at promoting holistic transformation of the community and maximize their share-holder value. **(FAULU 10th Anniversary Report 2006)**

There are over thirty MFIs in Uganda today. The main ones include the following; Pride MF LTD, FINCA Uganda, Uganda Micro Finance LTD, Capital Finance Corporation Ltd, Commercial Micro Finance Ltd, Ugafode Ltd, Feed the Child Uganda, Micro Finance Competence Center, Uganda Micro Finance Union, Ntinda Entrepreneurship Development Association and many more.

1.1 Statement of the Problem.

In Uganda today people's access to credit from financial institution is limited by lack of adequate collateral to meet the bank's requirements. These include; land titles where traditionally women don't own assets like land.

MFIs have come up to improve on this situation by availing small business loans, saving scheme, and insurance services to the active poor mostly targeting women (MFI Banker 2002)

Uganda's vice president Prof. Gilbert Bukenya while launching a MFI in Busiro recently, noted that lack of a saving culture and schemes weighed toil on the financial states of the majority of the Ugandans. He implored people to take advantage of credit provided by government and private MFIs.(MFI Banker 2005)

Despite the MFIs' efforts to extend their services to the poor, there are still some dropouts from the scheme. This is a result of high interest rates charged (25-36% p. a), poorly/ non trained clients, lack of security or short repayment period.

The study therefore will be inclined to finding out whether the objective to economically empower the poor (women majority) targeted by most MFIs is being achieved given the fact that there are drop outs from the scheme.

1.2 PURPOSE OF THE STUDY

The study established to what extent the MFIs operations have empowered women economically, through small business loans, training and saving schemes. The reasons why they have failed to achieve women economic empowerment.

1.3 OBJECTIVE OF THE STUDY

The study aimed at achieving the following objectives in order to carry out a viable and dependable research;

- (i) To assess the effect of loan facilities on women economic empowerment.
- (ii) To examine the extent of women's access to loan facility.
- (iii) To make recommendations on how MFIs can improve their service.
- (iv) To identify the constraints faced in the acquisition of loans.

1.4 RESEARCH QUESTION:

To examine the above objectives, the research was guided by the following questions

- 1 What is the effect of loan activity on women economic empowerment?
- 2 What are constraints faced in loan acquisition?
- 3 To what extent have women got access to loan facility?
- 4 What do MFIs plan to improve on their service to empower women?

1.5 SIGNIFICANCE OF THE STUDY

- (i) To assess the impact of loan schemes on women economic empowerment upon which decision may be made, and implemented.
- (ii) The study will contribute to the existing literature in matters relating to the effectiveness of policy, objectivity and goals to actual performance of FAULU- Uganda, and other MFIS. This may stimulate further research.
- (iii) The findings will guide the scholars of related discipline. Policy makers especially in the ministry of Gender labor and social development and other government bodies like URA benefiting from increased tax base, improved enterprises of MFI's clients.

- (iv) The findings will help both MFIs management and proprietors to improve their service by ironing out weakness pointed out. The clients will learn better loan management skills.

1.6 SCOPE OF THE STUDY

The study encompassed the clients and the staff of FAULU- Uganda Limited Kira road Branch for the period of 2004 - 2006 Kampala Road.

The content scope basically encompassed the impact of MFI operations on women economic empowerment, access to loan facility and identification of constraints faced in loan acquisition and its management.

1.7 LISTOF ABBREVIATIONS

MFI- Micro Finance Institution

UWONET- Uganda Women's Network

URA- Uganda Revenue Authority

UN United Nations

UNDESA United Nations Department of Economics and Social Affairs

UWFCT Uganda Women's Finance and Credit Trust.

NGO Non governmental Organization

FHI Food for the Hungry International

UIA Uganda Investment Authority

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the available literature by different scholars and researchers. The literature reviewed is about MFIs and women economic empowerment and how the two are related. The literature is sourced from text books, journals, report, Newspaper etc.

2.1 Micro-finance Institution Concept

According to **Graham (1999)** MF refers to provision of low income services to low income clients including the self employed. The financial services generally include savings and credit but some MFIs provide insurance services, training, payment services and also provide social intermediation such as group formation, development of self confidence and provision of financial literacy and management responsibilities among group members. Hence the definition of micro finance includes both financial intermediation and social intermediation. Micro finance is not simply banking but a development tool (**Sentamu 1997**).

UN Secretary General **Kofi Annan** in the state of Micro Credit campaign report demystifies the misconception that Micro finance is charity. Instead he holds' "it is a way to extend the same rights and services to low income house holds that are available to every one"

He says the micro finance scheme is the recognition that poor people "are the solution, but not the problem." (**UN Report 2005**)

According to **McCord (1998)**, he points out that MFIs are basically NGOs, savings and credit co-operatives that provide Micro credit to individuals, enterprises or group for purposes of engaging in income generating activities.

An institution is a collection of Assets, human financial and others combined to perform activities such as granting loans and taking deposit over time (**Wood 1998**). MFIs are part of the financial sector, which responds to the demand of low income households by providing small scale credit and saving facilities. Economic empowerment is explained as the gaining of financial freedom and self sustainability through increased investment, productivity, savings, incomes, employment opportunities and general well face. **Malcom (1996)**

The World Bank has collected information about poverty that defines people's living on less than one dollar per day to be truly, poor. The Bank adopted this definition after concluding that people with income below this level would have difficulty to obtain adequate nutrition and other necessities of life (**World Bank 1998**)

According to this definition nearly one third of the population of developing countries are poor, Uganda being no exception with 35% of it population below poverty line (**Budget report (2006/7)**).

MFIs can be NGO's savings and loan co-operatives, credit unions, government banks, commercial banks or non- banking institutions. Therefore MFI's clients are typically self employed, low income entrepreneurs in both urban and rural areas. These clients are often traders, street vendors, small farmers, service providers like hair dressers. Usually their activities provide a stable source of income often from more than one activity. Although they are poor, not the poorest of the poor in the same content. Money lenders, brokers and rotating savings and credit associations are informed micro finance providers and important source of financial intermediation. (**Sentamu 19997**)

2.2 BACKGROUND OF MICRO FINANCE SCHEME/INSTITUTIONS.

MFIs arose in 1980 as a response to doubts and research findings about state delivery of credit subsidies to poor farmers in 1970's. Government and international institutions/ donors who are main financers assumed that the poor required cheap credit and saw this as a way of promoting Agricultural production, and entrepreneurship development, credit unions. The intention of this co-operative movement was mostly on saving mobilization and instill culture of saving. **(GUPTA 1987)**

In 1980s the schemes faced a number of criticisms because most programs accumulated large loans and required frequent re-capitalization to continue operating. This required MFIs to be integral part of mainstream financial system. This led shift from disbursement of subsidized loan aimed at community development to building sustainable institutions for services. Fore example Gramen Bank Bangladesh which now services more than 2 million clients. The same decision was also taken by Bank Rakfat in Indonesia a state owned rural bank that took institutional approach that operated on market principle. Since 1980's the field of MF has grown substantially, donors actively support and encourage MFIs activities, focusing on MFIs that are committed to achieving substantial and financial sustainability. **(McCord1997)**

2.3 RATIONALE FOR MFIs GROWTH

For every venture to succeed there must be a reason. Different scholars have come up with various reasons as to why MFIs' have registered a recommendable level of success. Below is a brief observation of **Margaret (2000)**

The promise of reaching the poor, as their activities can support income generation, enterprise operated by low income groups.

The promise of financial sustainability where their activities can help to build financially self sufficient, subsidy free often locally managed institutions.

The potential to build on traditional systems that is rotating savings and credit allocations which provide the same services in the similar way are dealt with greater flexibility at a more affordable price to micro enterprises, because these services attract a large number of low income clients.

The contribution of MFIs to strengthening and expanding existing formal financial systems that is their activities can strengthen existing financial institutions such as savings co-operative, credit union net-works commercial banks by expanding their market for both savings, credit and potentially their profitability.

McCord(1997) advances the following as a basis for the growth of MFIs

The growing number of success stories, there is an increasing number of well documented innovative success stories in settings as rural Bangladesh Urban Bolivia and rural Mali.

The availability of better financial productivity as a result of experimentation and innovation. The innovations that have shown more promise are solving the problem of collateral by using group based and character building approaches. Solving problem of repayment indiscipline, transaction costs by group sharing.

2.4 RISKS OF MFIs

Although most MFIs have largely insured most of their risks, they are still a threat to their operations. **Otero (2001)** observes the following risks that are commonly faced by the MFIs;

Some MFIs target a group of population that has no access to business opportunities because of lack of market, input and demand. Productivity of credit therefore is of no use to such people without other input.

Many MFIs never reach either the minimal scale or the efficiency necessary to cover the cost.

Some MFIs face non supportive policy frame-work and daunting fiscal, social and economic challenges.

Failure to manage funds adequately enough. This may be due to employment of poorly educated and/or unscrupulous workforce to meet future cash needs and as a result they confront a liquidity problem.

According to **Susan (1997)**, others develop neither financial management system nor the skills required to maintain a successful operation.

Replication of successful models as at times proved difficult due to difference in social context and lack of local adoption.

2.5 Challenges of MFIs

According to **Hamilton and Oddenorth (1992)**, there exists failure for organizations to reach women borrowers. This is needed to revise institutional set up which calls for more research on both institutions and their clients. This can be addressed by ensuring structural commitment and institutional stability in any

effort to provide financial service to the poor.

According to **Mensmik (1995)**, Due to women advancement hindrances, its therefore necessary to integrate a gender perspective in budgeting decision policies and programs as well as adequate financing of specific programs for women. This situation is aggravated by the environment in the World Bank borrower countries where women's roles are often culturally defined and changes under taken continuously (**Murphy 1995**).

Nyekon (1990) considers insufficient funds as an overriding reason for optimum performance of women's institutions. Hence governments and donors have not facilitated the women institution fundamentally. They have limited organizational and technical expertise both locally and internationally.

Ahmed (1992), signifies the evidence of repayment de-empowerment ties selection seem to indicate that MFIs substantiality are at their best when borrowers are very poor and powerless. As borrowers become more empowered, the likelihood of drop out increases because the opportunity cost of remaining in the program has become too high.

The cheap loan scheme has lowered interest rate to motivate borrowing. **Aburge (1992)** argues this is borne to empirical evidence that interest per se discourages borrowing and affects repayment.

2.6.0 PRODUCTS AND SERVICES OF MFIs

2.6.1 FINANCIAL INTERMEDIATION:

According to **Mensmik (1995)** this involves a transfer of capital or liquidity from those who have excess at a particular time to those who are short of it at that same period of time. Financial intermediation involves providing the following service; working capital, fixed Asset, loans, savings, insurance. The choice of which financial service to provide depends on the objective of MFI.

2.6.1.1 WAYS THROUGH WHICH PRODUCTS/SERVICES ARE DELIVERD

According to **Sam (2005)**, services or products can be delivered through individual lending. This entails the following characteristics;

The guarantee of loans by some form of collateral defined less stringently than formal lenders or co-signer. The screening of potential clients by credit checks and character influence, the tailoring of the loan size and terms of business needs. The staff develops relationships with clients so that each client represents a significant investment of staff time and energy.

According to **McCord(1997)**, group based lending is another form of delivery which involves formation of groups of people who have a common wish or interest to access financial service or product.

This approach has adopted a model of rotating, savings and credit associations to provide additional flexibility to loan size, terms and generally to allow borrowers access funds when needed rather than coming to wait for their turn.

He however argued that group lending has accrued more benefits to most MFIs than in individual's case.

2.6.2 SOCIAL INTERMEDIATIONS

This prepares managerial groups or individuals to enter into solid business, relationship with MFIs. Its therefore the process of building the human and social capital required for the sustainable financial intermediation with the poor by encouraging co-operative efforts, through local clubs, temple, church association or a work group. **Nyekon (1990)**

There is a range of capacity building that takes place with social intermediation. Namely; developing group cohesiveness and net-working, developing a parallel financial system and also training group members in participatory management, accounting, basic financial management skills and record keeping discipline. **Sam (2005)**

2.6.3 ENTERPRENUERSHIP DEVELOPMENT SERVICES

According to **McCord (1997)**, this includes a wide range of non financial services aimed at strengthening business entitles and includes the following interventions; marketing and technology services, business training, production training, sub-sector analysis and interventions.

These services are commonly provided by training institutions, Universities, private firms and companies, producer groups or chamber of commerce government agencies like small business association and export promotion bureaus. (**Sam 2005**)

2.6.4 SOCIAL SERVICES

According to **Mensmik (1995)** here MFIs take advantage of contacts with clients

during loan disbursement and repayment. The management of social services should be kept as distinct as possible from delivery and management of financial intermediation.

To provide these services the MFIs should be aware of costs incurred and the donor community must understand the implication of providing these service.

2.7 ATTRIBUTES OF A GOOD MFI THAT EMPOWERS WOMEN ECONOMICALLY

Margaret (2000) emphasizes that it should provide services to the relevant targeted women group. Appropriate services include the offering of loans that match clients' demands, which refers to loan size and maturity, collateral requirement and procedures applied in guarantying and ensuring repayment.

The scope of service must be constraint with the situation of female clients. In some cases offering a loan of some specific type may be of all that is needed. \It may be more important to offer deposit and payment transfer facilities or co-ordination of all these service.

Administration and finance must be thorough organized in terms of women needs/interest, loan processing and other activities be based on standard practices and operations manuals and understood by the staff accounting system , producing accurate, timely and transparent information. Internal and external Audit must be carried out at regular intervals, budgeting and financial proposals.

Graham (1999)

Institutional Viability that is legal registration and compliance with the supervisory requirement, clearly defined rights and responsibilities of owners, Board of directors and management and strong second level of technically trained managers who can specifically handle women client interests.

According to **Susan (1997)**, MFI's outreach and financial sustainability that is achievement of significant scale including a large number of underserved clients for example the poor and women coverage of operating and financial costs clearly progressing towards full sustainability as demonstrated in Audited financial statements and financial projections. **Graham (1999)**

A women economic empowerment oriented MFI should be strong and financially sound and stable. Depicting the following characteristics, vision, offer financial services and delivery methods, organizational structure and human resource in terms of description, offer relevant training, regular performance reviews performance based incentives offered to staff, management good client. **(Peter 1996)**

2.8.0 OPERATIONS ON SAVINGS MOBILISATION;

2.8.1 Operation of micro-Finance:

MFIs give loans to small borrowers who are left out by the main stream banking system due to reasons of not having collateral and illiteracy.

FAULU- Uganda Limited with a mission enabling people to succeeded through small business loans, is trying to live by its mission. It also aims at increasing employment opportunities, encourage women to be involved in credit for self reliance, foster improvement in business ethics and value. **(FAULU 10th**

anniversary report)

Loans are given to clients starting from as little as 50,000/= to 300,000 at an interest rate of 3% per month or 36%, per annum. For capital loans its 2.4% per month or 29% per annum School fees loans with a maximum of 500,000/= is disbursed at 2.4 % per month.

The repayment period is either weekly for small business loans or quarterly (the 3 months loan repayment period).

These loans have a catastrophic insurance and application fee amounting to 2% of the loan. For one to get a loan you must first become a client undergo training in business policy and ethics, bookkeeping and management skills for 2 weeks.

Further still she/he through a group must have been saving with the firm for 8 weeks. One to get 200,000/= and 300,000/= you must have savings amounting to 16,000/= and 25% of 300,000 respectively. (FAULU 10th anniversary report)

Their savings act as security to assists the firm in recovering the loans. FAULU- gives loans to clients in groups of 5 who later combine to form bigger groups. These help to act as security for individual loans in case a loan beneficiary disappears or fails to repay. Among the group members they give a maximum of 5 million. It has introduced individual loan scheme for successful clients in groups. (FAULU-REPORT 2004)

2.8.2 SAVINGS MOBILISATIONS

Savings are essential and widely used component of the finance of poor households. Apart from saving in institutions the poor save in other unsafe forms like livestock. The poor women have adopted modern way of saving discarding

the belief that poor people do not save

The savings mobilized should be readily available to the clients to meet the guarded against contingencies when they arise however the compulsory saving requirement of mainly MFIs credit program fall short in this respect.

2.9.0 MANIFESTATIONS OF WOMEN ECONOMIC EMPOWERMENT BY MFIs:

2.9.1 FACTORS OF PRODUCTION:

According to **Sentamu (1997)**, human resource being considered as a pivot factor of production, women who have gained economic empowerment have proved to be key players in sectors of economy. They range from small scale entrepreneurs to big investors. Most women have been inspired by success stories recorded by other successful women like Dr. Maggie Kigozi founder/ director Uganda Investment Authority (UIA)

2.9.2 POLITICAL EMANICIPATION:

Margaret (2000), argues that despite the decree guaranteed by statutory powers and legal mandate for women to have equal rights and offers of affirmative action, without economic empowerment exerted efforts may yield no required results.

In Uganda where MFIs have economically empowered women, most of them get ability, confidence and courage to contest for various political posts (reserved and open contest) for example; Local council councilors/chairpersons, members of parliament, ministries, presidential among others. (**FAULU 10th anniversary report**)

2.9.3 Education Achievement:

In modern times, education has a strong correlation with economic sustainability.

When MFIs empowered women economically most began to value education in high esteem, this prompted some to go for further studies or support” girl child education”, the idea that was traditionally neglected. Despite the government idea of 1.5 weights intake subsidization into public universities, would not be achieved if the girl child had no capacity to finance secondary education. **Hamilton and Oddenorth (1992)**,

2.10 CONCLUSION:

According to **Sentamu (1997)**, women being a key factor resource, responsible citizens and development partners. MFIs took an informed and rational decision to economically empower women through, small business loans, training, insurance services and savings mobilization.

However other factors like changes in political governance, modernization, science and technology, education advancement have also contributed to the empowerment. **Peter C (1996)**

CHAPTER THREE

3.0 METHODOLOGY

3.1 Introduction.

This chapter involved the methods used in getting data and it provides a description of the research design and methodology employed in the study. It presents various sources of data, sampling design and procedures, area of study, data collection technique data processing and analyzing and problems encountered during the course of the study.

3.2 Research Design

In order to collect much reliable and data, a descriptive, cross sectional and analytical research design based on results from questionnaire interviews guides and observation used. Both qualitative data concerned with borrowers views about importance of MFIs to women economic empowerments and qualitative data were about facts of the study in numerical terms.

3.3 STUDY PROCEDURE

The researcher was introduced by the school of business and management Kampala International University to the field (FAULU- Uganda Limited).

3.4 SURVEY POPULATIONAND SAMPLE SIZE.

All MFIs and women in Uganda. The study was seeking to find out the impact of the operation of MFIs using FAULU as a case study. Consequently the population survey involved.

- (i) 14 loans officers plus one manager
- (ii) 8467 FAULU Kira rd BRANCH clients in 85 groups the research chose a

In addition of 4 loan officers and one manager of the branch were selected to the study.

The researcher used stratified random sampling technique to select the study subject. The choice is made in order to enable the researcher to eliminate the male population since the study focused on women clients only.

3.5.0 DATA SOURCES AND INSTRUMENTS

3.5.1 Data sources.

Source of data was both primary and secondary the major primary data source was from response obtained from the study population. Secondary data was obtained from internal records of FAULU (U)

3.5.2 Data collection and research instrument:

3.5.2.1 Questionnaires

Self administered questionnaires was used to collect primary data from FAULU (U) Limited, Management, staff and client.

The questionnaires helped the researcher to obtain relevant information concerning the research questions and objectives of the study.

Both closed and open ended questions were used to avoid limiting respondents views regarding any particular issue.

3.5.2.2 Interview topic guide.

The interview guide will be used and the recording done thereafter on loan managers, staff and clients of city Branch.

The interaction process will be properly and specifically designed to capture the attention of the respondents, about; loan duration, amount disbursed, loan security, grace period, benefit and attitude towards MFIs.

3.5 DATA PROCESSING AND ANALYSIS

The raw data collected was edited, coded, and cleaned. Analysis of data was done using statistical techniques.

3.7 LIMITATIONS OF THE STUDY

Time factor: The most underlying constraint during the study was time limitation. More time was required especially to deal with 50 respondents, analyzing data, interpretation and conclusions.

High cost of conducting the study: it was expensive to meet fare, questionnaire administration, printing cost among others.

Language barrier and misinterpretation since most clients are low earners, illiterate or semi illiterate met some difficulties in answering questionnaires.

Rigidity, abstinence and malice among the respondents. Some may feel cheated to give away information while others have a bad taste in answering questions.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.0 INTRODUCTION

This chapter contains the presentation, interpretation and discussion of the findings to resolve the research problem.

Tables and percentages were used to make analysis of the data to get information needed to answer the questions which are being studied.

4.1 OVER VIEW OF THE STUDY.

This study was carried out from FAULU Uganda Ltd Kira Road Branch. FAULU Uganda is a MFI established in 1996 to assist to avail finances to small business proprietors. Its mission is “to enable people to succeed through small business loans”.

The study was basically focused on finding out whether the operations of the institution have helped in the economic empowerment of women given the fact that there were dropouts from the schemes.

Table 4.1 and 4.1.1 are under the overview.

Table 4.1

Showing the age of the Respondents.

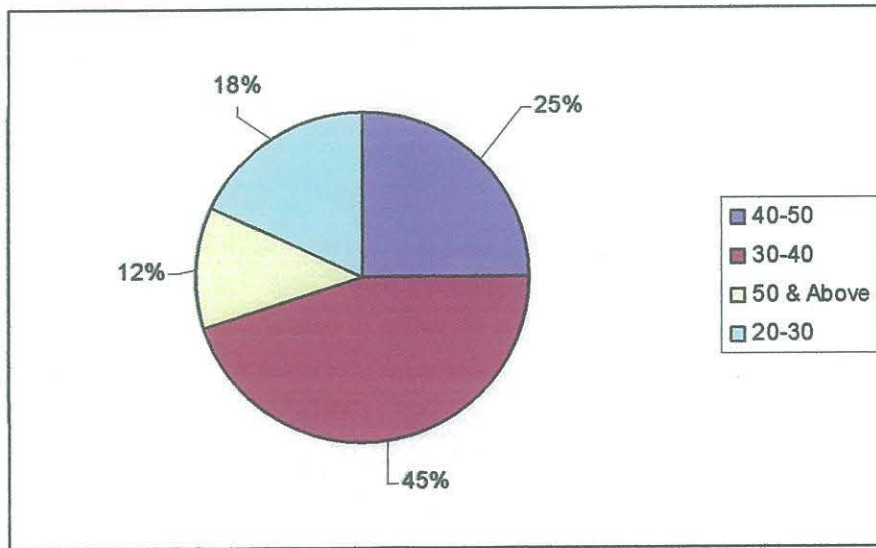
Age Bracket (years)	Frequency	Percentage
20-30	15	30%
30-40	24	48%
40-50	7	14%
50 and above	4	8%
Total	30	100%

Source: Primary data

Majority of the respondents were aged between 30-40 years, representing 48%, while those between 20-30 years representing 30%. These are followed by those between 40-50 years constituting 14% and 8% represented those above 50 years.

This shows that loans were disbursed most to the more economically active age group that is between 30-40 years of age and less are disbursed to the age that is those above 50 years.

Figure 1: showing various divisions in age groups



Source: Primary data (managers)

The figure establishes that most of the clients of FAULU Uganda are aged between 30-40 years representing a percentage of 45% of total clients, followed by those aged between 40-50 with percentage of 25%, then 20-30 years at 18% and lastly 50 years and above with only 12%. This analysis shows that clients between 30-40 years are those who are still youthful, vibrant and with business women.

It was also established that women constitute 67.5 % of the total clients of the firm of while males were only 32.5% by 2004/05 financial year.

Table 4.1.1

Shows the number of children or dependants supported by the respondents.

Number of Children/ Dependants supported	Frequency	Percentage
Between 0-5	36	72%
5-10	11	22%
10 and above	3	6%
Total	50	100%

Source: Primary data.

Majority of the respondents support between 0-5 children or dependants representing 72% while those supporting between 5-10 represent 22% and lastly those supporting above 10 children represented 6%.

This shows that most of the clients have small families but still find difficulty in maintaining them without the help of the loans from the institution to support them in their businesses.

All tables from 4.2 to 4.3 are answering research question one

Table 4.2

Showing how the respondents see the process of loan acquisition from the institution.

Response	Frequency	Percentage
Yes (easy)	47	94%
Not (not easy)	3	6%
Total	50	100%

Source: Primary data

Majority of the respondents said it was easy to get loans from the institution representing 94% while only 6% objected to this.

This direction stresses the way forward in empowerment of women on the part of improving their accessibility to the resources and this case it is capital, which for long had stopped women in participating in economic activities.

On the whole it is a step forward made by the MFIs and it is worth commenting about.

Table 4.2.1

Showing the businesses the respondents contacted are involved in.

Type of Business	Frequency	Percentage
Retail shop owners	15	30%
Market vendors	10	20%
Farmers	7	14%
Employed people	8	16%
Used clothes dealers	10	20%
Total	50	100%

Source: Primary data

It was found out that 30% of the respondents operated retail shops, 20% were market vendors, another 20% were dealers in used clothes, while 14% and 16% were farmers and employed people respectively.

The above facts agree with the mission of the institution is consideration that enabling people succeed through small business loans since all the businesses of the respondents are small and it is through these that the institution is trying to make the well being of the proprietors better.

Table 4.2.2

Showing the views of respondents on the appropriateness of interest rates charged.

Responses	Frequency	Percentage
Yes (appropriate)	27	54%
No (not appropriate)	23	46%
Total	50	100%

Source: Primary data

54% of the respondents said the rates charged are appropriate while 46% objected to this saying that the rates are exorbitant given the business situation where the profit margins are so small hence reducing on the gain they would have realized from the use of the loans.

Table 4.2.3

Showing whether respondents use the loans for the purpose stated on application.

Response	Frequency	Percentage
Yes	45	90%
No	5	10%
Total	50	100%

Source: Primary data

90% of the respondents use the loan for the purpose stated while only 10% change due to abrupt family problems like sickness, poor loan management, death of relatives and

children being sent home for school fees when they have just got the money.

Table 4.2.4

Showing the views the respondents on the sufficiency of loan amounts given for business.

Response	Frequency	Percentage
Yes (sufficient)	25	50%
No (insufficient)	25	50%
Total	50	100%

Source: Primary data

50% of the respondents said amounts were sufficient while 50% objected to this saying that since you have to progress from one cycle to another the amounts especially in the first and the second cycle may not be sufficient for business.

Table 4.2.5

Showing whether the loan procedure and supervision are convenient.

Response	Frequency	Percentage
Yes	40	80%
No	10	20
Total	50	100%

Source: Primary data

Majority of the respondents commended the procedures representing 80% while only 20% of the respondents said the procedures were inconvenient to them.

Table 4.2.6

Showing the response as regards relevancy of training in running business.

Response	Frequency	Percentage
Yes	48	96%
No	2	4%
Total	50	100%

Source: Primary data

Majority of respondents said the training given prior to getting the loans is very helpful in the running of businesses represented by 96% while only 4% said that training is irrelevant.

Given the above picture shows a good step in empowerment of women in terms of improving their decision making in business and in homes due to the training given since lack of knowledge was a major constraint for women.

Table 4.2.7

Showing the views of the respondents on whether the loans have helped them succeed in business.

Response	Frequency	Percentage
Yes	46	92%
No	4	8%
Total	50	100%

Source: Primary data

92% of the respondents said the loans have helped them in business while only 8% said that the loans instead made them fail in business due to high interest rates and short repayment period of the loans.

The facts represented in the table above show the excellent work done by the institution in making small business people succeed by availing loans and other services like training and advice.

This shows that the institution has to a great extent succeeded in empowering women since when they succeed in business it improves their well being.

Table 4.2.8

Showing the respondents views on whether the loans have helped improve the standard of living of clients and their families.

Response	Frequency	Percentage
Yes	45	90%
No	5	10%
Total	50	100%

Source: Primary data

90% of the respondents said the loans have helped them improve their standards of living and those of their families, citing the school fees loan given helping them to send their children to school which could have been otherwise difficult.

While only 10% said that the loans had made their standard of living worse off since the payment of high interest rates and the principal lead to failure of business and hence the family suffered consequently.

Given the fact that majority of the respondents had their standard of living improved it shows that the institution has done a commendable work in empowering women and the community at large.

Table 4.3

Showing the reasons why clients fail to payback loans and dropout.

Reason	Frequency	Percentage
Much responsibility, large family	1	2%
Misuse of loan for luxury	2	4%
High interest rates charged	6	12%
Short repayment period	2	4%
Poor yields	1	2%
Macro economic instabilities	1	2%
Seasonal changes	6	12%
Investment is unprofitable business (diversion)	6	12%
Lack of customers	8	16%
Poor loan amount	1	2%
Business failure	4	8%
Poverty	1	2%
Small loan amount	1	2%
Inefficiency of loan officers	1	2%
Non response	19	38%
Total	50	100%

Source: Primary data

The most frequent reason for non-repayment was lack of customers representing 16% followed by high interest rates, diversion of loan, seasonal charges at 12% and there was 38% non-response.

This shows that the failure to pay is caused by non-personal factors as shown above.

For example business failure may be brought about by catastrophes like drought, fire which can't be stopped by the clients hence failure to pay back.

Table 4.4

Showing the recommendation by respondents on how the institution should improve the services provided which is in line with research question two.

Suggestions	Frequency	Percentage
(i) Increase the loan amount to 500,000 for beginners to make it sufficient	3	6%
(ii) Reduce on the interest rates charged	18	36%
(iii) Intensify supervision	1	2%
(iv) Increase on repayment period	13	26%
(v) Advice borrowers on when to take loans depending on their business	1	2%
(vi) More intense business training prior to loan disbursement	8	16%
(vii) Check of corrupt officers	1	2%
(viii) Reduce the number of meetings from every week to once a month	2	4%
(ix) Expand to rural areas since their services are very much needed there.	1	2%
(x) Try to help look for market for the produce of clients such that they can pay back the loans.	1	2%
Non response	11	22%
Total	50	100%

Source: Primary data

36% of the respondents suggested that interest rates be reduced while 26% said the repayment period should be increased to reduce on the non-repayment and difficulty in paying back.

16% of the respondents stressed the need for training and suggested it should be intensified to make proper use of loans and improve payment.

The above were the most frequent thus more important with a host of others as shown in the table 4.4

22% of the respondents did not suggest anything, which may imply satisfaction from the services offered from the institution.

Units 4.5 to 4.6 answer the first research question.

4.5 Management/ staff's views clients fail to pay back loans.

- 1 Poor business performance
- 2 Misallocation of the purpose of the loan and the period i.e. short term loans borrowed for long term projects.
- 3 Catastrophes like fire leading business destruction.
- 4 Personal family problems like sickness of the business proprietor or relative.
- 5 Diversion of funds to other business not stated on application which eventually fail.

4.6 The ways in which the institution has empowered women as according to Management and staff of FAULU.

- i. The training given to clients prior to receiving loans has helped improve the way they run their business. Clients are trained in book keeping, business management and project planning. This has changed the way women take decisions both at home and at work hence empowerment.
- ii. The institution has helped avail finance to women without asking for collateral which once acted as a barrier to their engagement in business.
- iii. The institution has also improved the entrepreneurial capacity of women since they encourage them to be creative and self-sustaining.
- iv. The institution has imparted a culture of saving in women, has led to improved standards of living of their families and led to business success.

4.7 Advice to clients by management of benefit more from the services and it's in line with Research question two

- i. The clients should form partnerships such that they can spread the risk of loss.
- ii. The clients should apply the skills acquired in the training in their day to day running of the businesses.
- iii. The clients should stick to the business stated on application for the loans and use the advice given by the loan officers.

4.7.1 Objectives of FAULU Ltd.

- 1 To foster improvement in business ethics and value.
- 2 To encourage women to be involved in use of credit
- 3 To influence public and economic policy towards business
- 4 To increase employment through small loans to businesses
- 5 To provide increased access to loan services.
- 6 To increase business incomes.

4.7.2 Types of loans given to clients and their respective interest rates.

1. Capital loans at an interest rate of 3% per month or 36% per annum.

The 1st loan ranges from 50,000/= to 300,000/= repayment period of 4 months.

These are given to people with already existing businesses to boost operations.

There is a catastrophic Insurance Fund (CIF) and application fee of 2% the loan amount.

2. School fees loan.

This is a social loan aimed at assisting clients pay school fees for their children easily and not to use the loans given for businesses to pay school fees.

The interest rate charged is 2.44% per month or 29% annum. There is an application fee of 10% the amount taken out and a maximum of 200,000/= can be acquired as a school fees loan.

No catastrophic Insurance Fund is needed in this type of loan.

4.8 Conditions for one to get a loan from the institution.

- a) First of all you must have a running business since they normally given loans to existing businesses.
- b) You must be in a group of 5 members whom you are close with and you can guarantee their loans as they do for you. Later that small group is consolidated with others to make a bigger group.
- c) You must have been training in the institution for one month.
- d) You must have some savings with the institution for example for one to get a loan

of 300,000/= you must have save 20% of the amount.

4.8.1 Other services provided to clients apart from loans.

- 1 Business training
- 2 Project planning and feasibility studies
- 3 Business advice i.e consultancy.

4.9 Methods of lending used by the institution

(i) Solidarity group methodology.

In this clients have to team up in groups of 5 with people who they are close to and later the sub groups are combined to make larger groups of between 20-50 people.

The groups act as a guarantee for repayment of loans.

In this form a client can get a maximum of 5 million shillings.

(ii) Individual loans

These are given to individuals with collateral and go to a maximum of 2 million.

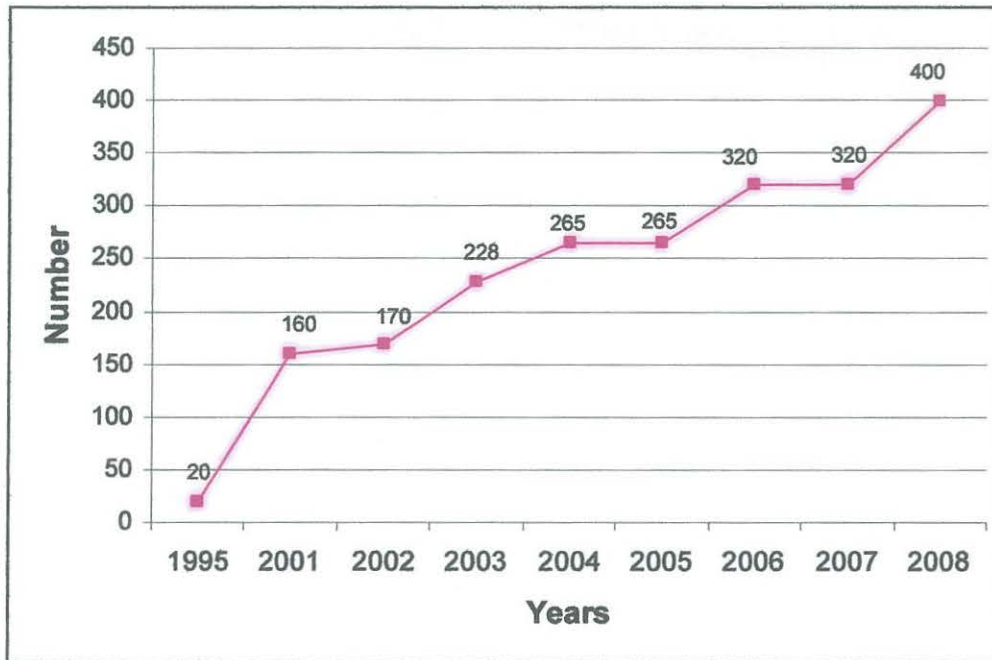
In summary MFIs have done commendable work in empowerment of women through provision of finances, encouraging them to save and training them in running business professionally.

The firm in the year of 2004/05 disbursed loan size of 11.3 billion shillings with client average loan size of 386.035 shs

According to the firm's balance sheet for financial year 2004/05, it established the following details:

The firm's total assets amounted to 6,022, 493, 600 shillings, it has a share capital of 2 million shillings. Then total reserves and liabilities of 6 billion shillings and proposed dividends of 13 m shillings.

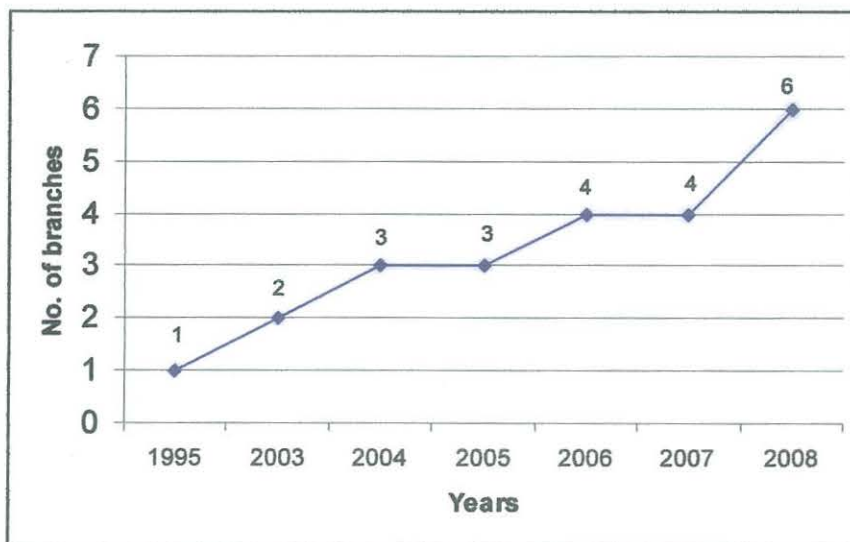
Figure 2: showing employee growth rate.



Source: Primary data

According to the strategic plans and projections of the firms managers is to have a total of 400 employees in all their branches by 2008. Where by currently they employee 320 employees.

Figure 3: showing branch growth rate:



Source: Primary data

The firm's medium term plans are to expand to a six branch system that will serve over 20,000 low income clients. This implies a target of opening another 2 branches. They hope to accomplish this objective in the next 2 years, especially up country.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.0 INTRODUCTION.

This chapter gives a summary of the main findings of the study, conclusions and recommendations.

5.1 SUMMARY

The study was conducted to establish the impact of MFIs operations on the economic empowerment of women in Kampala using FAULU Uganda Ltd. Kira road branch as a case study.

The study found out that the MFIs has done a commendable job in empowering women through provision of loans, training, business advice and other services as was stated by 90% of the respondents that the services had led to improved standards of living and only 10% said that their standard has worsened.

While 92% of the respondents further said that the loans had helped them succeed in business either only 8% failing in business due to reasons like high interest rates, lack of customers and so on.

Lastly 96% of the respondents commended the training given to them by the institutions except for the 4% who did not see relevancy of the training.

5.2 Conclusion

According to the objectives of the study it was discovered that several objectives of FAULU Uganda Ltd as highlighted in unit 4.5 intended to empower the clients and most of them were being achieved by the institution among them are encouragement of women to use credit, provision of increased access to loan services of women, fostering improvement in business ethics and values and lastly to increase employment through small business loans.

However the study found out that there is a good repayment of loans but still there were

failures and dropouts from the schemes due to some of the following reasons.

Much family responsibility, short repayments periods given high interest rates charged as according to the respondents, insufficient loan amounts, inefficiency of the officers and most of other reasons as shown in table 4.3.

5.3 Recommendations.

From the conclusions although MFIs are achieving most of their objectives and have done a great job in empowering women and improving the well being of society at large. To do this better the following should be done.

- 1 Increase out reach and enriching of products currently offered for instance introduction of insurance schemes.
- 2 They should expand to rural areas since their services are very much needed by people there.
- 3 Increase the loan amount to 500,000/= for beginners to make it sufficient for business.
- 4 Reduce on the number of the meeting from twice to once a month since it becomes costly for the clients in terms in time and money both for transport and opportunity cost of not being at the workplaces.
- 5 Check on corrupt officers who tarnish the name of the MFIs by delaying clients and handling them with little care not realizing that “the customer is the king”.
- 6 Reduce on interest rates charged given the business situation with low profit margins due to competition and high overhead costs to increase repayment to 100% and do away with cases of dropouts.
- 7 There should be intensive training, which is relevant to particular client’s situations to make them operate business skillfully.
- 8 Increase repayment period from 4 months for the first loan to at least 6 months to increase repayment due to reduced pressure on the clients.
- 9 Intensify on site visits to see the progress of business by the clients.

5.4 Suggested areas for further research.

- 1 The role of MFLs in poverty eradication
- 2 The relationship of micro finance institutions and the mainstream banking system.

BIBLIOGRAPHY

- McCord M (1998) THE ROLE OF MFIS IN REDUCING POVERTY
THE UGANDA BANKER volume,3
- GRAHAM ET AL (1999) DROP OUT UGANDA MFIS
THE UGANDAN BANKER volume,7
- PETER C
BRINKKENHOFF (1996) FINANCIAL EMPOWERMENT MORE MONEY FOR
FINANCIAL SUCCESS
2nd edition, John Wiley, sons inc.
- ROBERT PECK CHRISTEN (1997) BANKING SERVICES FOR THE POOR.MANAGING FOR
FINANCIAL SUCCESS 2ND Edition ACCION
INTERNATIONAL PUBLICATIONAL PUBLICATION
DEPARTMENT WASHINGTON D.C
- OTERO AND RHYNE MARIO.(2001) MICRO ENTERPRISE FINANCE BUILDING
HEALTHY FINANCE INSTITUTION FOR THE POOR
I.T publication, London
- MARTHA ATLETCHER (1996) BEYOND CREDIT A SECTION APPROVED TO
PROMOTING WOMEN'S ENTERPRISES (3RD EDITION
Agolakman Foundation Toronto
- MARGARET SNYDER (2000) WOMEN IN AFRICA ECONOMICS 1ST Edition Fountain
Publishers. Kampala
- MALCOLM HARPER (1996) EMPOWERMENT THROUGH ENTERPRISE 3RD EDITION
Intermediate technology publication North Yorkshire.
- SAM DALEY HARRIS (2005) THE STATE OF MICRO CREDIT CAMPAIGN
Reports volume 13 New York
- FAULU (U) LTD THE 10TH ANNIVERSARY PULL OUT THE NEW VISION
TUESDAY 30TH MAY 2006 VOLUME 30,PAGE 30-42

FAULU (U) LTD	STATUS REPORT JUNE 30 TH ,2005 VOLUME 7.KAMPALA
SENTAMU J.F (1997)	<u>FINANCIAL EMPOWERMENT THROUGH MFIs</u> 1 ST EDITION. Fountain publishers Kampala.
OTERO & RHYNE MARIA	<u>The New World Of Micro Enterprise Finance Building Healthy</u> <u>FINANCIAL INSTUTIONS FOR THE POOR</u>
ELIZABETH	I.T Publication, London.

4.0 KAMPALA INTERNATIONAL UNIVERSITY BUSINESS SCHOOL
QUESTIONNAIRE FOR BBA RESEARCH PROJECT,
4.1 (FOR CLIENTS).

This study is focusing on finding out the impact of operations of MFIs on the economic empowerment of women.

Please spare a few minutes to answer the following questions. They mostly involve ticking a response in the space provided and some few requiring filling in.

Thank you for your time.

ALL THE INFORMATION WILL BE TREATED WITH MAXIMUM
CONFIDENTIALITY

A. PARTICULARS

- (i) Area of residence
- (ii) Age of respondent
- (iii) Number of children or dependants supported
- (iv) Marital status: (a) Single (b) Married (c) others
- (v) Level of education attained

B. QUESTIONS

- 1. Is it easy for you to get a loan from the institution? Yes No.....
- 2. What business are you involved in?

3. Are the interest rates charged appropriate Yes No.....
4. Do you use the loans for the purpose stated on application? Yes
No.....
If no, give reasons.....
5. Are the loans given sufficient to run your business?
Yes No.....
6. Are the loan procedures and supervision convenient?
YesNo.....
7. Does the training given to you before you get the loan help you in running
your business? Yes.....No
8. Have the loans and other services provided helped succeed in your
business?
Yes No
9. Have the loans helped you to improve the standard of living of your
family?
Yes No
10. What do you think makes members fail to pay back loans eventually drop
Out of the schemes?.....
.....

C. SUGGESTIONS.

What do you recommend the Institution should do to improve the service
provided?.....
.....

**KAMPALA INTERNATIONAL UNIVERSITY BUSINESS
SCHOOL**

**QUESTIONNAIRE FOR BBA RESEARCH PROJECT,
(FOR MANAGEMENT AND STAFF).**

4.2

This study is focusing on finding out the impact of operations of MFIs on the economic empowerment of women in Kampala District.

Please spare a few minutes to answer the following questions. They mostly involve ticking response in the space provided and some requiring filling in.

Thank you for your time.

ALL ANSWERS WILL BE TREATED WITH CONFIDENTIALITY

PARTICULARS

Position of the respondent.....

Department.....

B. QUESTIONS

1. What are the objectives of the Institutions?.....

.....
.....
.....

2. What type of loans do you give to clients?

.....
3. What interest rates do you charge?.....

.....
4. What are conditions of getting a loan?.....

.....
5. What do you think causes the drop out of clients?.....

.....
6. What other services do provide to clients apart from loans?

.....
7. What methods of lending do you use (please explain the procedure)?

.....
8. Has the institution helped to economically empower women?

If yes, how?

.....
If No how do you solve the problem?.....

.....
9. What problems do you encounter in the course of your
work?.....

.....
10. What advice would you give to your clients for them to benefit more
from the services provided?.....

.....

Office of the Dean
School of Business and Management

Date: 27th June, 2006

THE HUMAN RESOURCE MANAGER,
FAULU – UGANDA.

Dear Sir/Madam,

RE: RUTARO F. ANDREW REG.NO.BBA/3658/22/DU

This is to confirm and inform you that the above referenced gentleman is a bonafide student of Kampala International University pursuing a Bachelor of Business Administration Degree programme in the school of Business and Management of the University.

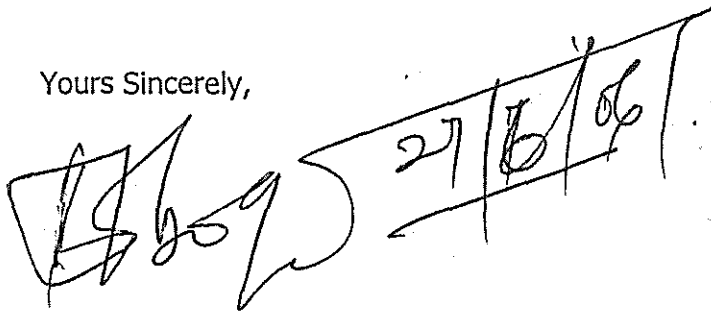
His title of the Research Project is "IMPACT OF MICRO-FINANCE INSTITUTIONS OPERATIONS TO THE ECONOMIC EMPOWERMENT OF WOMEN". A CASE STUDY OF FAULU- UGANDA

As part of his studies (research work) he has to collect relevant information through questionnaires, interviews and reading materials from your place.

In this regard, I request that you kindly assist him by supplying/furnishing him with the required information and data he might need for his research project and also by filling up the questionnaire.

Any assistance rendered to him in this regard will be highly appreciated.

Yours Sincerely,



DR. Y. B. NYABOGA
ASSOCIATE DEAN – SCHOOL OF BUSINESS AND MANAGEMENT

TEL.NO. 0752 843 919