

**CONTRIBUTION OF MICRO FINANCE TOWARDS THE
SOCIO ECONOMIC EMPOWERMENT OF WOMEN:
(CASE STUDY: KAMWENGE SUB COUNTY, KAMWENGE
DISTRICT)**

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LIST OF ABBREVIATIONS

ACFODE	Action For Development
EASSI	The Eastern Africa Sub-Regional Support Initiative For Advancement Of Women
FGD	Focus Group Discussions
FINCA	Foundation For Community Assistance
IGA	Income Generating Activity
MFI	Micro Finance Institutions
MGLSD	Ministry Of Gender, Labour And Social Development
PRIDE AFRICA	Promotion Of Rural Initiative Development Enterprise
SPSS	Statistical Package For Social Scientists
UCBFS	Uganda Commercial Bank Rural Farmers Scheme
UHDI	Uganda's Human Development Index
UNDP	United Nations Development Programme
CCS	Centre For Community Solidarity
KRSCL	Kamwenge Rural Savings And Credit Limited
WID	Women In Development
MEs	Micro Entrepreneurs
ICRW	International Center For Research On Women
CEEWA	Council For Economic Empowerment Of Women Of Africa

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ABSTRACT

This study was set to empirically establish the contribution of micro finance towards the social economic empowerment of women micro – enterprises in Kamwenge district. It specially focused on the following objectives; establishing micro finance services accessed by women micro entrepreneurs, identifying problems encountered by women micro entrepreneurs in Kamwenge district during and after accessing and analyzing the socio-economic status of women entrepreneurs, before and after accessing micro finance and soliciting for suggestions on how to improve on the services by women entrepreneurs in Kamwenge district.

The study drew on primary source of data on 90 participants. The study used descriptive, survey design where both qualitative and quantitative methods were used, a structured interview guide, focused group guide and key informant guide were used to collect data from the respondents.

Quantitative data that was edited and recoded was analysed using percentages.

Qualitative data that was analysed using content analysis based on themes derived from research objectives.

The findings of the study indicated that women micro entrepreneurs in Kamwenge district access a wide variety of micro finance services which includes micro loans as the most accessed followed by micro savings facilities and training related to business management skills respectively.

The majority of the respondents were doing some IGAS prior to accessing micro finance. Micro finance enabled women entrepreneurs to contribute towards costs related to children education, family feeding, health care and other family demands.

This has gone a long way in improving the welfare of the family and the communities.

However, during the process of accessing and utilizing micro finance, women entrepreneurs experience a number of problems which include high transport costs incurred when frequenting micro finance institutions,

increasing household responsibilities, tight repayment schedules and victimization of other solidarity group members, failure to service her micro loan.

Basing on the above, the following recommendations were made;

Micro finance institutions should ensure that the business skills training component should be a prerequisite to women micro entrepreneurs before and after accessing micro loans such as cost benefit analysis.

The incentive of micro loan increment in subsequent cycle was to utilize the increased funds. Micro finance institutions should endeavor to establish outreach of women micro entrepreneurs.

The repayment schedule should be adjusted from weekly to monthly. Women micro entrepreneurs should undertake IGAS in which they have prior experience, interest, convenient and above all profitable. The ministry of finance, planning and economic development in conjunction with bank of Uganda should put incentives such as waving off taxes to micro finance institutions so as to encourage more women micro entrepreneurs and finally the ministry of gender, labour and social development should take an initiative to mobilization and guiding women micro entrepreneurs to form savings and credit societies of their own.

CHAPTER ONE

INTRODUCTION

1.1 Background

Women in Uganda constitute 51 percent of the adult population provide 80 percent of agricultural related labour force and 50 percent of social service providers in the fields of education, health and other community based related services(Syde, A.H. 1990). Much of this work is however unrecognized in official statistics and those who do it constitute the most socio-economically advantaged group in the country.

The UNDP report (1992) highlighted the fact that the poor and especially the rural women experience poverty in a gender-specific way as they have limited access to the factors of production. They lack adequate life necessities such as food, shelter, clothing, education health care and economic resources among others. In light of the above, efforts for poverty alleviation by government and non-governmental organizations focused on extending targeted credit facilities to the poor inform of farm inputs to increase agricultural productivity.

ACFODE (1999) noted that less than 10 percent women benefited from the Entandikwa credit scheme and the Uganda Commercial Bank Rural Farmers Scheme (UCBRFS). These programmers were focused on households and in most cases men are the household heads, hence eliminating most women in the process of accessing credit facilities through their own means.

On top of this, lending regulations of Commercial Banks have been primarily based on collateral security usually inform of land titles which women in most cases lack (cohen,M.1998),Musoke, M. and Amanjo M.(1989) In Bangladesh, Yunus, M. (1976) pioneered an innovative program with a pilot group lending scheme to land less people. Presently, it is the Gremmen (country side) bank micros financing more than 2.4 million clients of whom 94 percent are women, young, samara and Kusterer 1993). In the mid 1980s, the idea of microfinance scheme was expanded to other parts of the world including Uganda.

In Uganda and Kamwenge district in particular, a number of organizations such as KSRAC, CCS, FINCA come up with strategies to increase accessibility to financial services so as to meet the credit and saving needs of the poor micro- entrepreneurs especially women who in most cases lacked traditional collateral.

According to the population and housing census (1991), females in Kamwenge district constituted 51 percent of the total population of 572,887. Of these women, 28 percent were aged 18 and above, out of whom 5 percent (7,900) were micro- entrepreneurs who had accessed micro credit to start or expand business in bit to increase their own incomes.

On top of being micro entrepreneurs, women fulfil multiple duties as mothers, home makers, and heads of families as well as being community leaders particularly in the local council system of governance (WID 1989). It is generally believed that financial services extended to women micro entrepreneurs lead to their increased participation in gainful economic activities which in turn facilitate their empowerment (UNDP 1999, Boserup, E.1970/1989).

On the other hand, Afshar, H (1998) points out that in societies where women's subordination is so deeply rooted in socio-cultural norms, women will not take part in intra-household decision making process with the same bargaining economically active. This unclear state of affairs on women's control over acquired resources called for this study which has established that microfinance enables women to undertake IGAs from which they get incomes to be used in buying business facilitation equipment such as weighing scales, building houses, paying school fees for children, provide feeding for families and other items related to improvement of family welfare. All these contribute towards the socio-economic empowerment in Kamwenge district.

1.2. Problem statement.

Women micro entrepreneurs in Uganda are experiencing a problem of inefficient utilization of micro credit which leads to failure of repayment and servicing within the specific time frame indicated in the loan agreement form. What is not known is the extent to which microfinance has affected the socio-economic well being of women Micro entrepreneurs in Kamwenge district. In a report published by ACFODE (2000) it was pointed out that beneficiaries have become a laughing stock especially when they fail to repay their loans.

“The work load especially for women increases, so some see micro finance institutions to be over burning women”. This negative perception affects the would-be accruing benefits; hence the need to analyze the extent to which microfinance has facilitated the socio-economic empowerment of women in Kamwenge district. If research is not done there will be no informed interventions designed to improve the performance of these micro projects.

Yet microfinance is tailored towards the need of small scale businesses as it focuses on extension of financial services at a micro level to the informal sector businesses and households previously by passed by traditional financial services particularly women (UNDP 1998, Hege, G. 1998, ACFODE 2000).

1.3 Major Research Objective.

The major objective of this study was to Assess the Contribution of Microfinance towards the Socio-Economic Empowerment of Women in Kamwenge District.

1.4 Specific Research, Objectives.

- 1) To establish the nature of microfinance services accessed by women in Kamwenge district.
- 2) To identify problems encountered by women during and after accessing microfinance.
- 3) To establish the activities accomplished with microfinance service by women Micro entrepreneurs in Kamwenge district.

1.5 Research Questions.

- 1) Which microfinance service is accessed by women in Kamwenge district?
- 2) What problems are encountered by women in Kamwenge district during and after leasing microfinance?
- 3) Which activities are done by women micro entrepreneurs in Kamwenge district using

1.6 Scope of the study.

The study investigated the Contribution of Micro Finance towards the Socio-Economic Empowerment of Women in Kamwenge Sub County, Kamwenge district.

Kamwenge District is bordered by Kabarole District to the north, Kyenjojo District to the northeast, Kiruhura District to the southeast, Ibanda District to the south, Bushenyi District to the southwest and Kasese District to the west.

The district covers an area of approximately 2,304 square kilometres (890 sq mi). Of this, 64.1 square kilometres (24.7 sq mi) (2.6%) is covered by open water. The study will take a period of two (2) months that is May to June, 2010.

1.7 Significance of the study.

This study provides information on the role of microfinance in relation to socio-economic empowerment to various stakeholders in a number of ways.

The women micro entrepreneurs accessing and utilizing microfinance services have expressed some shortcomings which microfinance institutions will come to and rectify them. Such shortcomings included; rescheduling the repayment schedule from weekly to monthly.

The study further revealed the existing gaps such as negligence of the business as training component which needed emphasis and specific attention for non-environmental organizations involved in microfinance.

The study guided the ministry of Gender, Labour and Social Development on possible policies and pertinent issues related to microfinance such as MFIs regulatory framework which affect the nation in general and women in particular. Finally, academicians and researchers may find the report useful in this area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.

In this chapter an attempt has been made to review relevant literature on financial services availed to women in relation to the impact arising there in on their livelihood within the households and the communities they live. In doing so, focus has specifically been put on, micro finance evolution and its components, women's accessibility of credit facilities, effects of women's accessibility to credit as well as women's utilization of micro credit. This helped in integration of information gathered from the structured and unstructured interview with what is found in previous studies.

2.2 Evolution of microfinance and its components.

While microfinance as a sound and relevant technology is a global phenomenon, it is relatively new in Uganda and only picked momentum in the 1990s. In its original form, microfinance was considered as "charity" based on the belief that micro borrowers are too poor to repay a loan at a commercial rate and therefore any loan to them must be subsidized. Chen, A. and Dunn, F (1998) pointed out that, micro financing which constitutes micro enterprise saving, business skills trainings and micro credit services, is not only a powerful instrument which can be used to achieve national development, it can also form a very successful commercial operation. This study focuses on microfinance as a tool for national development in general, without particular focus on women micro entrepreneurs who have for long been left out in development programme due to historical gender specific barriers. Kikonyogo -N.C (1997) noted "that the informal financial institutions composed mainly of microfinance institutions (MFIs)/credit programme are increasingly seen as part of the solution to poverty alleviation in Uganda." Much as this study is relevant, it is focused on microfinance as a tool to poverty alleviation in general without focusing on women who experience poverty in gender specific ways.

Presto (1997) established that microfinance institutions operate in Uganda after a wide range of financial and non-financial services which include, savings, credit, insurance, housing loans, consumer loans, and entrepreneurial skills training. A study conducted by ACFODE (2000) on the impact of MFIs in Kiboga and Pallisa districts, established that 82 percent of microfinance clients out of a total of 232 respondents, were women micro entrepreneurs.

This study is relevant in the sense that it established that with the coming in place of microfinance, a number of women micro entrepreneurs have been exposed to financial services.

A number of organizations like KSRAC, CCS, Microfinance Union, FINCA, PRIDE AFRICA to mention but a few, are providing micro loans, micro savings and entrepreneurial skills training services to a large number of low income earners in rural and urban areas of Ibanda district.

However, the extent to which the microfinance services are being accessed by the women micro entrepreneurs in Kamwenge district was not indicated. Hence the need to undertake a study to establish the contribution of micro finance towards the socio-economic empowerment of women in Kamwenge district.

2.3 Women's accessibility to credit

Lack of access to credit by women has been recognized as a major constraint world wide. Study conducted by Lycette, A.M. (1984) noted that women's participation in formal financial markets has been limited by transaction costs and application procedures that are cumbersome for poor women who are often illiterate and whose opportunity cost of time are high.

Hilhorst T, and Oppenoorth H. (1992), Musoke M, and Amanjo M, (1980s) and Wavamuno (1991) identified major causes of low credit access by women to include; poor publicity of the credit schemes, lengthy procedures and formalities at the banks which made women to go to the banks many times hence proving expensive in terms of transport costs, efforts, time, and other opportunity costs.

Musoke M, and Amanjo M, (1980) identified lack of collateral security by women as a major constraint in accessing credit from financial institutions. The studies concur with Young G, (1991), who observed that women micro entrepreneurs especially in the developing world experience gender specific barriers in accessing credit facilities from traditional financial institution. Much as these studies were relevant, the authors were concerned with women's inaccessibility to credit from the traditional financial institutions without looking at alternative sources. However, Cohen M,(1998), explains that with the introduction of microfinance, women micro entrepreneurs are in position to access credit facilities. This is further concretized by the finding of ACFODE study (Feb 2000), on the impact of MFIs

which established that 82 percent out of 232 microfinance beneficiaries are women micro entrepreneurs. This corresponds to Ledgerwood J. (1998) who also established that 94 percent out of the 2.4 million beneficiaries of Greemen Bank in Bangladesh, a pioneer microfinance institution in the world are women.

These 3 studies establish the fact that microfinance has availed an opportunity for women to access credit facilities.

Much as these works are relevant to the study they didn't point out whether the increase in women's accessibility to credit facilities corresponds to their empowerment within the household and the communities they live in.

2.4 Challenges encountered by women in acquisition of credit

Women micro entrepreneurs especially in developing countries face gender specific barriers in accessing credit facilities (Young G.1993). Mosses J. (1993) further points out that women's accessibility to credit facilities is sometimes hindered by the "male bias" in projects. This is due to the fact that females are presumed to be part of the projects due to the fact that women are members of the male dominated households, their interests are linked to be to those of the husbands or male relatives. This state of affairs makes women suffer harsher extremes of poverty especially those who head their families.

Tamale, S. (1997) further states that "most women group up in situations where decisions are made by men." In such situations, women's decision making, power and authority are determined by the society norms within which they operate. This is in agreement with Boserup, (1970-1989) and Markham. (1990) who also state that women's subordinate position to their husbands and sometimes to their brothers has put them in a situation where all their efforts are either underestimated or undermined. All these call for a study to establish the extent to which women can be empowered through acquisition of micro credit facilities

Lycette, AM. (1984), Holt, S. and Ribe, H. (1991) all agreed that poor people's access to formal credit has been constrained by collateral requirement, high borrowers transaction costs, sophisticated procedures, social cultural barriers and nature of their work. These constraints are certainly worse for women than even for low income men of their communities (Mosses, J, 1993). Eacle, D. and Williams, S. (1998) further noted that women are particularly disadvantaged in access to credit because of their low earnings, lower levels

of resources for security and discrimination by money lenders in their assessment of women's capabilities.

This is in agreement with Markham, U. (1990) who noted that, collateral requirements is the major stumbling block for most business women. According to the women's world banking estimates, less than 2 percent of women micro entrepreneurs have access to credit facilities from commercial banks worldwide (Blackden, M. and Bhanu, 1999). These studies are relevant in the sense that they point out challenges encountered by women micro entrepreneurs in acquisition of credit facilities. There is need to establish the extent to which women micro entrepreneurs have been empowered.

Through microfinance programme despite the prevailing challenges; Opondo and, Okumu, I. J. and Mpuga, P. (1997) noted that possession of traditional collateral by the poor was not a major requirement for obtaining credit facilities from financial institutions especially these extending microfinance as. Their common security is group solidarity guarantee and block savings.

In connection to the above, ACFODE (2000) established that the formation of women's solidarity groups on top of enabling women to access credit, gives them an opportunity to interact with each other, learn from each others experience, gain different skills which increase their self confidence. However, in contrast, Syed, A.H. (1990) noted that at times women's solidarity groups could be centres of conflict, disagreement and jealousy amongst women which result into low self esteem.

These studies are relevant as they clearly point out that mere formation of solidarity groups for the sake of accessing credit facilities won't empower women, but constant guidance and follow-up of activities of the group are also necessary. It is imperative to note that, despite the enumerated challenges under microfinance programme, women micro entrepreneurs have been in position to acquire credit facilities. Hence, the need to establish the extent to which they have been empowered through micro-credit.

2.5 Women's utilization of micro credit.

Women's traditional activities have been confined to reproductive and domestic

Abena, F. Dolphyne (1991) noted that in a changing world, women are playing multiple roles as mothers, family providers, heads of families and community leaders. This has forced

women to devise survival strategies this is augmented by Moses, J.(1993) who noted that, “the pressure of women to earn incomes coupled with their long time disadvantaged educational and economic position has made them join the informal sector as micro-entrepreneurs. Whereas this work is relevant in as far as women’s participation in economic activities is concerned.

It is not certain whether they are making strides given the long-time gender specific barriers women experience in utilization and control of financial resources. However, Chigundu. Bayendera (1991) established that women micro’ entrepreneurs have been in position to acquire loans under micro-finance enterprises.

Much as this study is pertinent in as far as increased opportunities for women’s acquisition and utilization of micro credit is concerned, there is need to analyze further the extent to which women micro entrepreneurs in Kamwenge district have been empowered through financial services to fulfil increased workload in the house hold and communities they live in.

Studies conducted have demonstrated that men and women spend their incomes in a different way. Makie Liz and Ximena, C. (1997) noted that even women in male headed families need an independent income as it is predominantly spent on the family food and basic needs while men’s income goes for assets, relatives luxuries and liquor.

Mosse, J. (1993), noted that increasing responsibilities to cater for their children and to provide basic necessities for families forces millions of women into any kind of work for cash. This includes petty trading, road sweeping, prostitution, and many other lowly paid jobs. These studies are relevant in the sense that they point out that incomes earned by women micro entrepreneurs enables most families to survive, but the extent to which women gain control over the generated resources within the household and the community is not certain. On top of this, it is not certain whether micro credit is not spent on family and community welfare at the expense of intended income generating activities. This in the end is likely to affect the would be socio-economic empowerment of women micro entrepreneurs through micro credit facilities.

Abena, F. Dolphyne (1991) further noted that “respect and recognition for women micro entrepreneurs comes mainly from their ability to contribute financially towards the well being of the community in which they live. This study is pertinent in as far as establishing women’s

- position in relation to financial status is concerned, but still there is need to analyze the extent to which the utilization of micro Joan has contributed towards the socio-economic empowerment of women micro entrepreneurs.

Boserup, E.(1970/1989), observed that much as women play great roles in the, development process, their contribution seem to be unrecognized in the country's

Gross Domestic Product; The United Nations Development Programme (UNDP, 1999) established that "Uganda's Human Development Index improved from 0.45 percent in 1995 to 0.65 percent in 1996. But looking specifically for women it reduced to 0.39 percent." Among the inter-related factors for this decline is the unequal access to income which itself is a function of women's comparative lack of control over productive assets.

This scenario is explicitly expressed in the words of Brazilian woman as follows. "We are more than half of the world's population, and we are mothers of the other half. As mothers and career, as producers and farmers, the work of women support their Families and communities yet throughout the world, the poorest people in the communities are predominantly women and their dependant children. Women on the whole, often work for no pay at all and if paid, they usually earn less than men. Two thirds of illiterate people in the world are women. Women face increasing levels of violence, because their sex and half a million die year as a direct or indirect result of pregnancy." (Mosse, J. 1993)

These studies are relevant in as far as establishing the fact women's welfare is not matching with their increasing workload. In this case, there is need to assess the extent to which utilization of micro credit has contributed towards the socioeconomic empowerment of women micro entrepreneurs.

Syed, A.H. (1990) and Mensik, M. (1995), observed that women especially in Africa often have no control over their own productive work and reproductive roles.

This is mainly due to inferior economic position and financial dependency on male partners which makes them lack control over financial resources in homes. This state of affairs creates a doubtable situation whether financial support to women through micro finance programme can enhance their socio-economic empowerment within the household given their traditional dependency on male partners for survival. Bhatt, Eta (1984) argues that most of the times women are unable to repay micro loans due to domestic circumstances, with the basic reason being increasing household responsibilities with increased cost of living. This work basically

focused on women's failure to effect micro loan servicing due to increased household responsibilities without looking at women's empowerment through utilization of micro credit. Hence, this study intended to establish the extent to which women micro entrepreneurs In Kamwenge district have been empowered through microfinance accessed and utilized.

2.6. Socio-economic effect on woman's utilization of micro credit.

Ledger wood, J. (1998) noted that, in Bangladesh, "credit to women is more likely to have an impact on girls schooling, food expenditure, and child welfare than credit to men." This corresponds to the findings of ACFODE (2000), which established that the major impact of micro credit on women is the improvement of their standards of living through having access to the basic needs of life such as food, clothing, shelter and health care. The above 2 studies were concerned with key indicators in analyzing poverty levels. The extent to which women's self- esteem and self actualization within the households and the community was not given attention. On top of this, the findings could not be generalized to apply to other parts due to variations in the living conditions of people in different areas where the studies were not conducted. Hence the need to undertake a study to establish the contribution of microfinance towards the socio-economic empowerment of women in Kamwenge district.

"The creation of solidarity groups for guaranteeing purposes in accessing credit, has given women an opportunity to interact freely with each other. This interaction enables them to become confident with communication skills required to deal with day to day socio-economic challenges, accountability, conflict management and Leadership."(PRESTO, 1997).

This has gone along way in indicating women's uplifting, which is a clear sign of socio-economic empowerment of women micro entrepreneurs.

The bank of Uganda Report (1997) on the structure performance and role of MFIs in poverty reduction, pointed out that the major contribution of MFIs is the empowerment of the poor by giving them increased confidence and financial means to play a leading role in controlling their own destines. Opondo and Okumu J.L (2000) further pointed out that micro credit is a major tool in poverty reduction to entrepreneurs in the informal sector. Related to this, Yunus, M. (1997) observed that "if we are looking for one single action which will enable the poor to overcome their poverty I would go for micro credit."

This corresponds to Lycette, A.M (1984), who explains that, credit, is assumed to invigorate an individual's capacity of carrying out an economic activity or acquiring a product in a shorter period than he would have managed to do with his own savings.

There is no doubt that those four studies are relevant to this study, but they only considered poverty eradication and empowerment through micro credit in general without specific focus on women who experience poverty with a gender related face compared to other members of society.

On a contradicting view Adams, Dele. W. and Pischke Von J.D(1994), noted that, "credit being a debt which makes no return, merely making money available to women will automatically ensure that they can use and control this money or that their productivity will increase."

In this case, credit per se, is seen not 'to be the only solution to women's socioeconomic empowerment. Mensink, M.(1995), argued that, economic, political as well as cultural factors including gender roles have an impact on the way women can use resources. This implies that, in situations where other factors were not put into consideration, women's empowerment through credit facilities has always been at stake. This is further justified by one client's expressions; micro loans make women micro entrepreneurs poorer than before."(The New Vision, Feb.20-20C0, Emasu). In this case micro credit in management skills training can not alleviate poverty among women micro entrepreneurs. Hence the need to establish the extent to which MF has contributed towards the socio- economic empowerment of women in Kamwenge district.

A study conducted by Hulme, David, and Mosley, Paul (1996) established that micro entrepreneurs below the poverty line experience lower percentages of income increase at all after borrowing than those above the official poverty line.

In this case, the poorest of the poor do not benefit from micro credit hence making it a difficult task to empower women through micro credit. In a further analysis, it was established that women micro entrepreneurs can fail to control the use of their loans.

In a study from Bangladesh, Goetz and Gupta (1996), demonstrate that a significant number of micro finance beneficiaries do not control the use of their loans. In such a situation, women's empowerment through credit facilities is at stake. A related study in India, Mayoux,

L. (1997) established that, the negative impacts which micro finance programme have had on women are costs connected to heavier workloads as well as misuse of loans by husbands. This study is relevant as it demonstrates that much as women may benefit from credit, they could have little control over the acquired resources, which makes women's socio-economic empowerment through credit facilities not to be certain.

Although negative impacts of mismanagement of projects in which micro credit has been invested has been observed, it would be wrong to conclude that these impacts are due to micro credit per se. As noted in the study conducted by Gilli, H.(1998), "negative impacts of borrowing can result from unequal power relationships between the borrower and spouse, bad investments, un foreseen external shocks and lack of argument culture." Hence, evidence of negative impact does not necessarily serve as an argument against credit, but in favour of improved screening and proper use of acquired resources for maximum benefits. This is further supported by a study carried out by the ministry of Women in Development (WID 1994) focusing on "women's informal credit," in which the findings established that women micro entrepreneurs who acquire micro credit scored important achievements such as buying plots of land, starting up income generating activities as well as recapitalizing their businesses. This study is relevant as it indicated that through acquiring micro credit women micro entrepreneurs improve on their incomes which in the end facilitates improvement in their living standards. A relate study by Abena F.Dolphyne (1991), noted that respect and recognition to women comes mainly from their ability to contribute financially towards the well being of the family and community in which they live. In all these studies; it has been pointed out that credit facilities enable women micro entrepreneurs to improve on their living standard.

However, there is need to explore further women's control over their incomes, investment and expenditure patterns, hence establishing the extent to which they have been empowered through micro finance.

CHAPTER THREE

METHODOLOGY

3.1 Introduction;

This chapter presents the methodology used in the study. It looks at the elements of research design in the study specifically focusing on, type and purpose of study, study area, population and sample selection, instruments, techniques and procedures used in collecting, processing, analyzing and interpreting data. Limitations of study are also handled in this chapter.

3.2 Research Design

The study employed a descriptive survey design. This helped to ascertain and describe characteristics of variables for a diverse sample covered. It helped field-correlation study which examined facilitating as well as hindering factors towards the socio-economic empowerment of women through micro finance.

In particular, the study aimed at ascertaining the extent to which micro-finance has contributed towards the socio-economic empowerment of women in Kamwenge district within the last five years (i.e., 1997-2001).

3.3 Study area.

The study was conducted in Kamwenge district, which is located in Western Uganda.

Kamwenge, among the newly created districts, was split from Kabarole district. The justification for this choice was because the district's pen - urban nature enabled the researcher to assess both rural and urban MFI clients.

It has a population of 572,887 people of whom 51 percent are females. The administration units in Kamwenge district comprise of 2 counties of Kamwenge and Kibale 6 sub-counties and 131 parishes. Out of the 16 sub-counties, 3 sub-counties of Bigondi and Bisozi of Kamwenge County and Rwinzi of Kibale are purposely selected because of the following reasons;

- i. The two MFIs of Kamwenge Rural Savings and Credit LTD and Centre for Community Solidarity (i.e., KSRAC and CCS) which were enlisted for this study have operated in the 3 sub-counties long enough to have effects which could be studied. KSRAC has been operating in kibale and Kamwenge sub-counties since

January 1997 while CCS has been extending the micro finance component Kamwenge since July 1997.

- ii. The 3 sub-counties have a representative range of respondents from both the rural and urban areas of Kamwenge district with varying socio-economic background. This gave the researchers an opportunity to assess both rural and urban respondents.
- iii. The sub-counties of Kibale and Kamwenge are within the workplace of the researcher. This enabled the researcher to reach the respondents easily.

3.4 Population and sample selection.

KSRAC has about 750 micro finance clients from Kamwenge and Kibale sub-counties who are organized in fifty solidarity groups each comprising of an average of 15 members. The ratio of women to men micro finance clients stood at 12:3 in each solidarity group.

Twenty solidarity groups were purposely selected to include both rural and urban based clients from the 2 sub-county are Kibale, Kamwenge. Using systematic random sampling, 80 women clients were selected from the 20 solidarity groups amongst those who are using MF for the five (i.e. 1997-2000) years by picking every 31 respondent amongst a group. CCS had 210 clients all of whom were in Kibale sub-county who were organized in 15 solidarity groups each comprising of an average of 14 members. The ratio of women and men micro finance clients stood at 10:4. Five solidarity groups were randomly selected from the parishes of Kamwenge, and Kibale.

Using systematic random sampling, 10 women clients were selected by picking every 5th respondents from the 5 solidarity groups amongst those who were using ME within the last five years. In selecting respondents from solidarity groups systematic random sampling was used purposely to accord each group member equal chances of being a respondent.

This reduced the element of biasness in selecting respondents.

Ten field staff officials from KSRAC and CCS in charge of monitoring and supervision of various solidarity groups and the executive director of KSRAC and CCS were purposely selected and formed the key informants. Ten focus groups each comprising of a chair person,

treasurer and secretary of a solidarity group were purposely selected and held discussions using the interview guide with specific themes.

3.4 Research Instruments. -

- a) The main instrument of the study was **structured interview guide** designed in English by the researcher and supervisors (Appendix A). Besides it was appropriate to use when analyzing frequency counts and opinions

- b) **Key Informants Guide**

This was developed by the researcher under the guidance of the supervisors. It was administered to the key informants who were very resource full and informative about the project. (See appendix C)

- c) **Focus group interview guide**

The main instrument used for the focus group guide was the interview guide designed by the researcher in English (see appendix G). It would mainly be administered discussed with the chair person, secretary and treasurer of the solidarity group. As the researcher was discussing with the focus group members, his research assistant noted down the proceeding of the discussion.

3.4.1 Validity and Reliability of the Research Instrument.

The questionnaires for survey respondents and the thematic guide for focus group participants and for key informants were designed with the help of the supervisors and later administered to pilot samples. The questionnaire for survey respondents were pilot tested on 10 respondents drawn from KSRAC clients in Kakiga parish- Kamwenge sub-county. The thematic guide for focused participants was pilot tested on 6 respondents from CCS clients in Kamwenge market, Kibale sub-county.

The key informant interview guide were pilot tested on 3 field staff in charge of monitoring and disbursement of Micro finance component in CCS. The comments from those pilot surveys were discussed with the supervisors and incorporated into the final draft of the instruments. In this case, these procedures improved the validity and reliability of the instruments.

3.5 Variables assessed.

The variables assessed were under the six themes formulated to guide the study which include,

- a) Personal characteristics of the general sample respondents
- b) ME services accessed by women micro entrepreneurs.
- c) Problems encountered by women micro entrepreneurs in accessing and utilization of micro finance.
- d) Utilization of micro finance by women micro entrepreneurs.
- e) Socio-economic situation of women micro entrepreneurs before and after accessing micro finance
- f) Suggestions for efficient utilization of micro finance.

Under personal characteristics of the respondents special focus was put on, age, level of education and occupation of the respondents.

The second theme looked at micro finance services accessed. Here the attention was put on, MFI, period spent as clients, components of MF accessed, loan size received, duration of loan processing.

The third theme looked at problems encountered by women micro entrepreneurs in accessing and utilizing of micro finance. Specific repayment rates, servicing visa a visa failure of women's control over accumulated resources, reasons for inefficient utilization of MF, and causes for non-prompt repayment.

The fourth theme looked at utilization of micro finance services by the respondents. Specific focus was put on, income generating activities carried out, business roles of women MES, savings accumulation and utilization as well as application of acquired business management skills.

The fifth theme looked at variables under socio-economic status of respondents prior and after accessing and utilizing MF services.

Focus was put on;

- i. Savings, income, investment and expenditure patterns of women micro entrepreneurs.
- ii. Levels of participation, association and decision making in household and communities as a result of accessing and utilizing MF by women MES.
- iii. Affordability of basic needs of life such as improved or better shelter, nutrition, clothing, education, health care to family members as a result of women MES access and utilization of MF.

The sixth theme looked at suggestion for efficient utilization of micro finance. Special focus was put on suggestion for efficient micro finance disbursement and utilization for mutual benefit of all the stakeholders in the micro finance sector.

3.6 Procedure of the study.

After the questionnaires were approved for use, the researcher wrote personal letters to the executive directors of KSRAC and CCS requesting for collaboration with the institutions.

The executive director of CCS and KSRAC referred the researcher to the programme coordinators in charge of micro finance who later introduced the researcher to the in charges of micro finance components in the Kamwenge centre for KSRAC and Kabale centre for CCS.

The researcher worked with the in charges and the various credit officers to draw sampling frame of solidarity groups. After selection of the solidarity groups, the credit officers provided a weekly time table pertaining time and venues of the weekly meetings for the selected solidarity groups.

During the weekly solidarity group meetings, the credit officer in charge of a group introduced the researcher to the solidarity groups and was given 5-10 minutes to brief participants about the research. After the brief, women clients in a group who had utilized MF within the (1997-2001) the last 5 years were randomly selected and interviewed while those who knew how to read and write took the questionnaires with them during the next weeks meeting. The chair person, secretary and treasurer of a solidarity group formed the focus group discussions. The researcher was the moderator while a research assistant recorded the proceedings of the discussion. Key informants were also selected purposely and interviewed by filling in the interview guide for the key informants.

3.7 Data Processing.

Data processing was done by editing, coding, classification and tabulation to be amendable to analysis.

3.7.1 Data Editing.

Data editing was done by carefully scrutinizing the completed questionnaires which assured that the data was accurate and consistent with other facts gathered. This involved mainly reviewing of the reporting forms by the investigator before completing that is translating or re-writing what the respondents had written in abbreviation and or in illegible form at the time of recording the responses. This was done on a daily basis which enabled the researcher to fill in any identified gaps in his responses while still fresh from the field.

3.7.2 Data Coding.

Data coding was done by assigning numerals to responses. This enabled the researcher to put responses into a limited number of categories or classes which were appropriate to the research problems under consideration.

Coding categories were developed after reading through complied questioners basing on the most frequent responses.

3.7.3. Data classification.

Both qualitative and quantitative data was classified into related categories of information.

3.7.4. Tabulation of data.

Tabulation of data was done by summarizing and displaying raw data in an orderly arrangement of data using rows and columns.

3.7.5. Qualitative data.

Qualitative, data was analyzed basing on themes derived from research objectives.

Content analysis using themes based on the research questions were used in scoring and analyzing qualitative data. Broad categories were developed to differentiate and describe ideas expressed by the respondents. Quotations were used to supplement over all results and related literature was used to back up the findings.

3.7.6. Quantitative data.

After the data was edited and coded, it was entered into the computer and analyzed using the statistical package for social scientists (SPSS). This programme was used because of its ease in handling a diverse number of variables and ability to test them simultaneously, the frequencies were used to calculate percentages while further analysis and presentation of the findings were done using descriptive statistical methods in form of charts, tables, percentages and averages.

3.8 Problems encountered and their solutions.

- i. Credit and finance being a sensitive subject, some respondents were not convinced that information will not be disclosed in its original form to a third party. This could have affected the response to some questions which they believed were sensitive. However, all respondents had been re-assured by discouraging them not to write their names for confidentiality.
- ii. Transport was also a hindrance in that some respondents live from the main roads. And it necessitated the researcher walking 'between to 3 to 6 Kilometres deep inside. At times the researcher would bounce and had to go back the next day. This in the end delayed the research process.
- iii. The women were busy involved in various IGAs and some employed and others mobile due to the nature of their activities. In this case getting some free time for the researcher was not easy. Several appointments had to be made as some identified respondents were not got which made the researcher use more interview guides for the general respondents than the planned 90.
- iv. During weekly meetings, time constraint was a problem as the researcher could not interview many respondents as they had to accomplish their activities. This delayed the research process as the researcher had to make return visits in order to attain the required number of respondents.
- v. The researcher being self sponsored for the course had to accumulate payments for the course. This delayed the researcher to complete the research process on schedule.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESULTS

4.1 Introductions

The findings discussed in this chapter are based on study set out to empirically establish the extent for which micro finance has contributed towards the socio-economic empowerment of women micro - entrepreneurs in Kamwenge district.

After presentation of the general information of the respondents, the findings are represented and analyzed according to five objectives of study set to establish the nature of micro finance services accessed by women micro entrepreneurs in Kamwenge district, identify problems encountered by women micro entrepreneurs of Kamwenge district during and after accessing micro finance

Establish activities accomplished with micro finances services

Analyze socio-economic situations of women micro entrepreneurs before and after accessing micro finance in Kamwenge district

Solicit suggestions on how to improve the utilization of micro finance services

Analysis is presented simple and bivariate frequency distribution in tables, to give more clarity to statistical findings, qualitative analysis and verbatim quotations and discussions are also used in presentation of the findings

The first section despite the characteristics of respondents including on age, levels of education and occupation of the respondents

4.2 General information about the respondents

Data was collected from 90 women respondents on age, level of education and occupation of the respondents. Results regarding are represented first

4.2.1 Age of respondents

The respondents were classified into the major age groups as indicated in table 1

Table 1: age distribution of respondents in study

Age – Years	Number	Percentage (%)
18 – 24	3	3
25 – 29	17	19
30 – 35	22	24
36 – 49	33	37
50 and above	15	17
Total	90	100

Table 1: indicated that 37 percent of the participants were of age 36 – 49 and 19 percent of the participants recorded were of age 25 – 29, 17% recorded age of 50 and above while 3 percent of the respondents 16 – 24. It is clear from findings that the majority of the women micro entrepreneurs who are more involved were middle aged 61% followed by the youth in the late 20's with 19% and the old age with 17% youths in their early youthful years where the least actively involved with 3 percent.

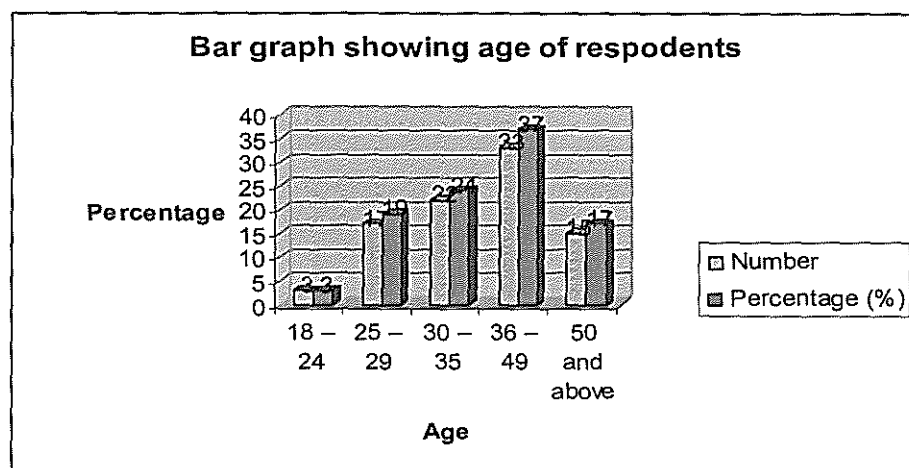
This state of affairs is due to the fact that the middle aged youths in heir late years and older women had more family related responsibilities ad were more exposed to opportunities for investment in different income generating activities

Those in early youthful years have fewer family responsibilities and limited financial demands as they could be dependent on their relatives of husbands and lack capital resources and initiatives to invest in income generation activities

Further more, reports from focused group discussions revealed the youths especially those who are still single do not want to interact with older women who argued them as inexperienced and not always respecting their ideas

Furthermore analysis of the findings reveal that the elderly people were not able to engage in productive occupation to service the loans

Graph 1



4.4.2 Education levels of respondent

Table 2: Shows the percentage distribution of respondents level of education

Table 2: Participant's education back ground

Level of education	Number	Percentage (%)
Primary	29	32
Secondary O' level	24	27
Secondary A' level	16	17
Tertiary	6	7
Formal education	12	13
Total	90	100

Table 2 above indicated that 32 of the participants were of primary education, 27 percent of the participants were of secondary 'O' level education, 18% of the participants were of secondary 'A' level education, 13 percent of the respondents had never received formal education at all and 7% of the participants had attained tertiary education.

The findings therefore show that accessibility and utilization of micro finance services is more common amongst women with some levels of

education than those out. Also shows that those with least education (primary) were perhaps more in need of micro loans to be able to engage in income generating activities

Reports and observation from focused group discussions reveal that those who could not read easily and those with no formal education depended on their long time experience in their business

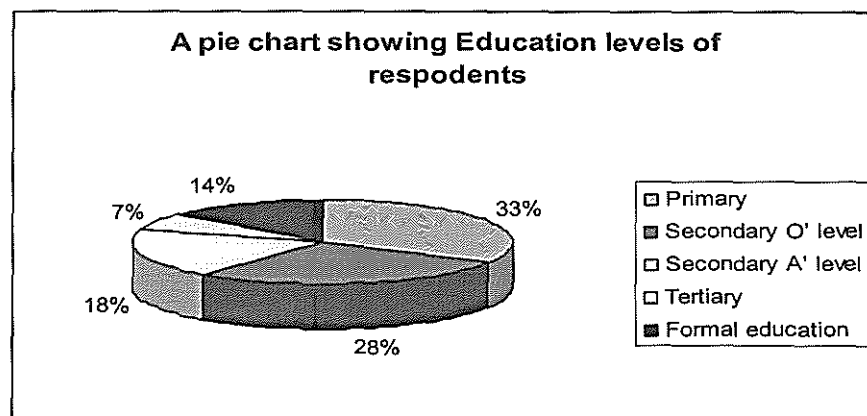
In this case the 13% of the respondents who had never attended any formal education at all clearly justifies that women had for a long time remained behind in access with access to education. The findings concur with WID/MGLSD (1998) on the education level of girl child "women in Uganda constitute the highest percentage of illiterate population 1998, the illiteracy level of women in the rural areas as higher than that of men by 29% while in urban areas it is 9.4%. Preference for boy's education early girl marriages, teenage pregnancies and women's domestic work loads are some of the factors for women's low education

Respondents who had attained tertiary education 7% were salaried employees mainly teachers, copy typists and nurses who had accessed micro finance services in supplementation of their monthly earnings. The education and literacy level of respondents influence on individual way of life and could have an influence on efficient utilization of micro finance services for the betterment of women micro entrepreneurs

The findings therefore reveal that access and utilization of micro finance services is more common amongst women with some level of education than those without

This occurs with the ministry of women in development (WID, 1989) findings which establish that education is a contributing factor in the success of women micro entrepreneurs in the informal sector. It's apparent from the findings that respondents' education and literacy levels influence her way of life and could have an influence on her level of perception and utilization of micro finance

Pie chart 1



4.2.3 Occupation of respondents

With regard to occupation respondents were requested to reveal their major occupation which they were involved in before accessing micro finance

Table 3: Occupation of the respondents before accessing micro finance

Occupation	Number	Percentage (%)
Peasant farming i.e. dairy farming, poultry, piggery and crop husbandry	36	40
Business/micro trade i.e. market vendors	36	40
Civil service i.e. teachers, nurses, secretaries in government	14	16
Employed in private sector i.e. salaried employment	4	4
Total	90	100

The findings indicate that 80% of the respondents were mainly engaged in the informal sector where they derived their employment opportunities and source of livelihood

The respondents who were in salaried employment 20% included nurses, primary school teachers, copy typists and messengers. Their meager salaries

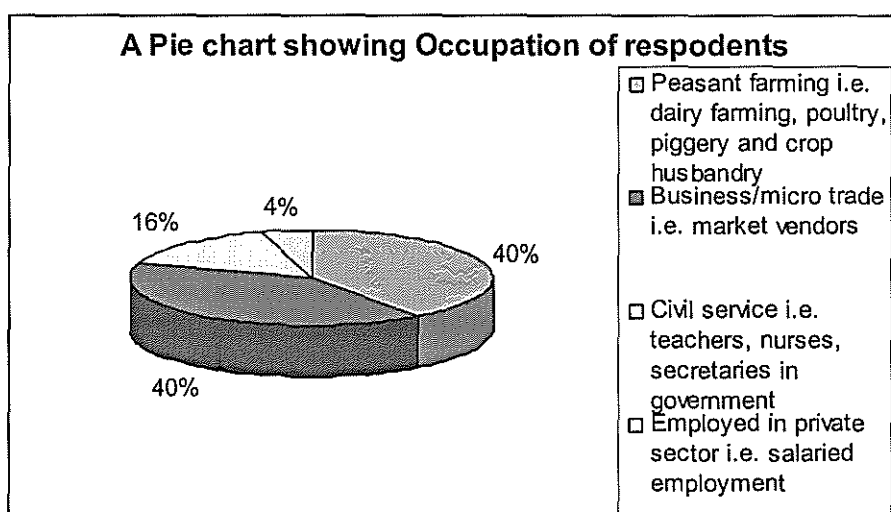
forced them to devise ways and means of supplementing their earnings in order to meet most of their personal and family needs

This indicates that women have been excluded from formal employment and have resorted to the informal sector. The findings are in line with Lycette A. M (1984) who established that;

Credit facilities from the non traditional financial institutions are one of the keys to an improved;

Standards of living for a large proportion of women in developing countries who operates as traders and small scale entrepreneurs with several studies like Mensink M. (1995), Devereaux S and Pares H (1990), who established that the majority of women were in the informal sector, where they derived their employment opportunities and source of livelihood.

Pie chart 2



4.3 Micro finance services accessed by respondents

This section looks at objectives number of the study set to establish micro finance services accessed by the respondents. It specifically focuses on sources of information leading to joining micro finance institutions, period spent as micro finance clients, components of micro finance accessed by respondents, loan size received and period spent in processing micro loan

Table 4: Information leading to joining micro finance

Responses	Number	Percentage (%)
Through local council authorities	19	21
Through relatives	4	5
Through friend	27	30
Through micro finance seminar	40	4
Total	90	100

The findings indicate that 65 percent of the respondents got information pertaining joining of Micro-Finance through informal channels

The findings concur with Opodo and Okumu (1999), who noted that micro finance institutions have an innovative way of reaching the poor people at the grass roots. On top of this the 35 percent of the clients got the information of joining Micro-Finance through colleagues who and already been exposed to Micro-Finance

Graph 2

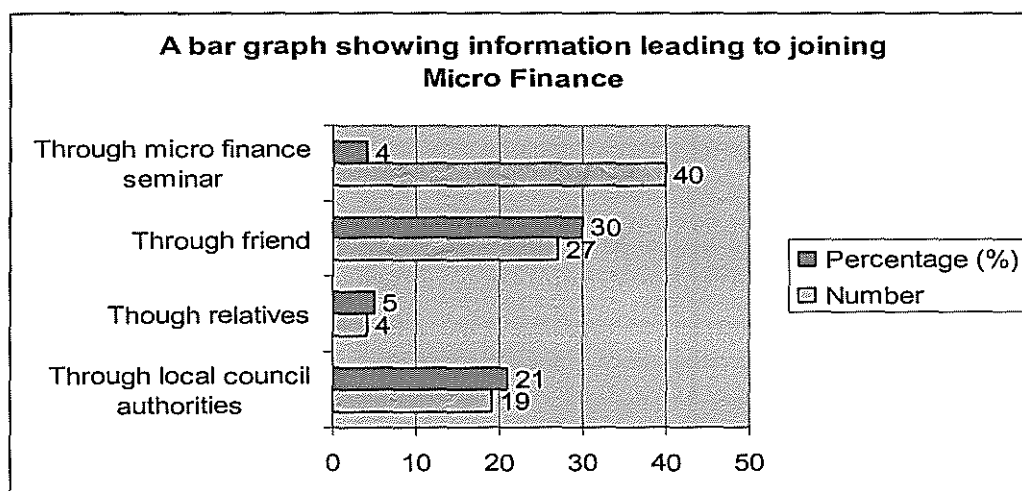


Table 5: Period Spent as Micro-Finance clients

Responses	Number	Percentage (%)
6 months – 2 years	83	92
3 years – 5 years	7	8
6 years – 9 years	-	-
10 years – and above	-	-
Total	90	100

Findings from table 5 indicate that 92% of the respondents had accessed Micro-Finance services for the duration between 6 months to 2 years, 8% had accessed Micro-Finance services for the duration between 3 years to 6 years. This implies that the concept of Micro-Finance services has been more popular/availed to the respondents in the past years giving chance to 92 percent of the sample respondents to access financial services

Graph 3

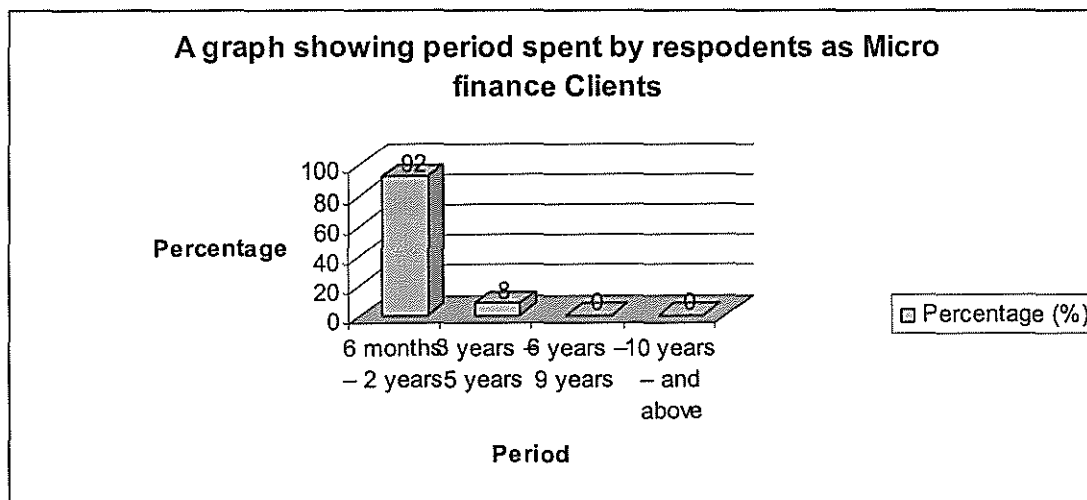


Table 6: Components of Micro-Finance accessed by respondents

Service	Responses	Number	Percentage (%)
Micro Credit	True	90	100
	False	00	000
	Non response	00	000
	Total	90	100
Savings	True	90	100
	False	00	000
	Total	90	100
Business Skills Training	True	62	69
	False	28	31
	Total	90	100

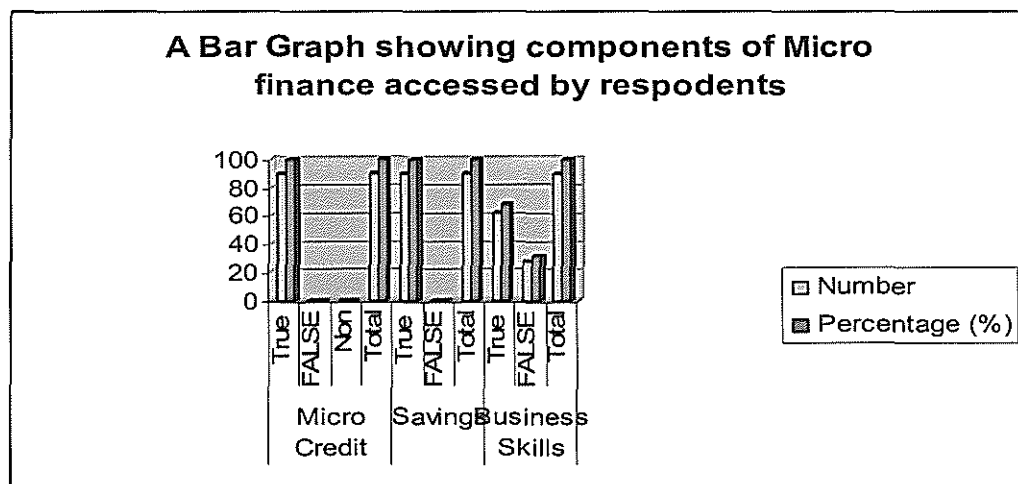
Table 6 above indicates that all the sample respondents access micro credit and micro savings facilities. Similarly 69 percent of the participants had been exposed to business skills training 31% had never acquired business training

It's clear from the findings that the most accessed Micro-Finance components by respondents are micro credit and micro savings facilities with 100%, followed by business skills training 69%. the findings concur with that of ACFODE (2000) in a study conducted to establish the impact of Micro-Finance institutions in Kabarole and Mbarara districts in which participants ranked loans, savings and training as most preferred services by the respondents respectively.

Reports from focused group discussions indicted that much as business skill training is a pre requisite to accessing micro credit and micro savings under the guideline of the Micro-Finance institutions at times, it is waived off due to time constraint especially to long time clients. a 36 year old client from Kabuga reported that " we are exposed to business training for two weeks at the beginning of 1999 up to now we have never received any other training. New members who joined our group depend on individual member's advice on business skills without formal training."

The findings reveal that much as Micro-Finance constitutes a number of components apart from micro credit and micro saving such an insurance scheme and business skills training are at least availed to women micro entrepreneurs in Kamwenge district

Graph 4



Report from FCIDS indicated that the mandatory pre-micro loans savings is a good strategy for saving mobilization

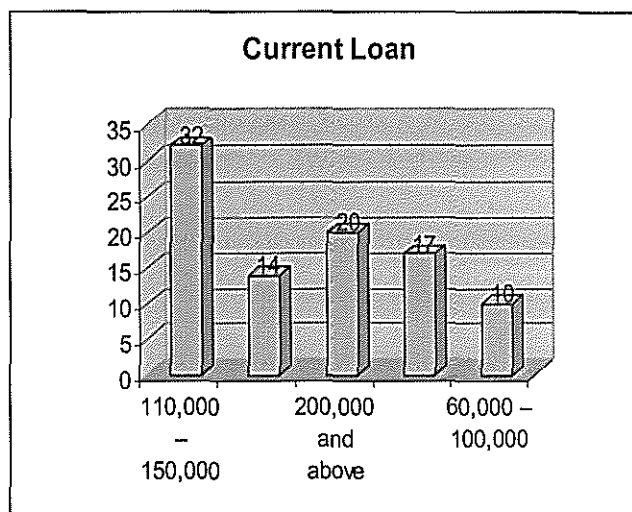
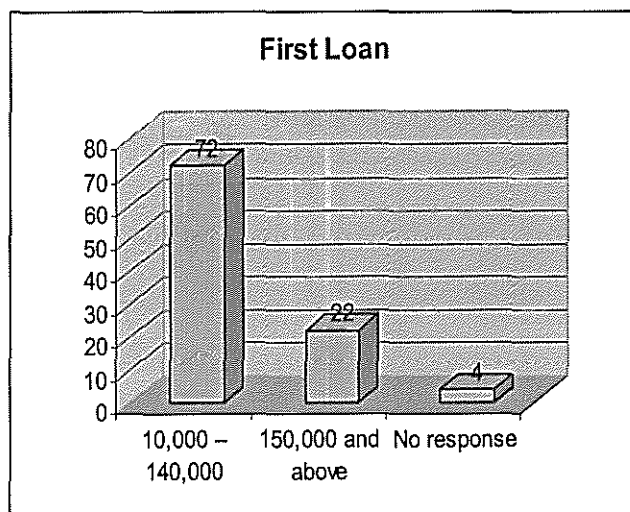


Figure 1: Loanable size given to respondents

Figure 2 above indicates that 72% of the respondents received between 10,000= to 140,000= their first loan and 22 percent received 150,000= and above, 2 percent of the participants never indicated the size of their first loan.

This implies that majority of the respondents operate income generating activities on a small scale level

The finding indicate that micro finance clients are low income earners who had for long been left out in the traditional financial institutions mainly commercial banks

The finding concur with Lycette A. M (1984) who noted that, "higher unit cost of small loans and often lower repayment rates have led financial institutions to equate small loans to be risky and costly". The findings further contract with Holt and Ribe (1991) who pointed out that the high borrower's transaction costs hinders financial institutions to extend credit facilities to low income clients. In this case micro finance institutions have bridged the gap of inaccessibility to credit facilities by the low economic empowerment of women micro entrepreneurs

As far as current loan is concerned; Majority of the respondents 32% had acquired between loan between 110,000= to 150,000= followed by 20% who had acquired 200,000= and above followed by 17% of the respondents who had acquired between 160,000= to 200,000 14% and 10% of the respondents had acquired between 10,000 to 50,000 and 60,000= to 100,000- as their current loans respectively. This implies that loan size accessed by the loans. The findings reveal that women micro entrepreneurs utilize micro credit hence prompt loan savings

The findings contract with Hulme D and Mosley (1996) who pointed out that low income client particularly women cannot service non-subsidized loan

Reports from focused group discussion pointed out that as one pays promptly the previous loan she is rewarded with an increment in the subsequent loan applied for

A 30 year old client from Kabuga reported that, "I started with loan of 100,000= in 1999 but at the moment my loan size is 500,000= as I am paying promptly and I hope it ill increase gradually."

The fact that loan size of women micro entrepreneurs are progressively 9ncraesing with subsequent loan cycle is clear testimony of eampson of IGAS, in which micro loan is used as working capital which is a sign of socio-economic empowerment

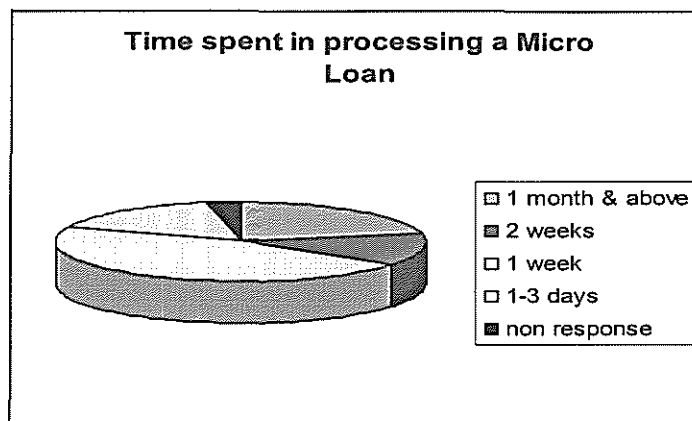


Figure 2: Spent in processing a micro loan

It is clear that figure 3 above that majority of the respondents 46% indicated that processing of a loan takes one week to process loan, 16% and 13 percent of the participants indicated that it takes 1-3 days and 2 weeks respectively to process a loan 3% of the respondents didn't indicate period taken in processing micro loan

This implies that the long period spent in accessing a loan affects its utilization as at times loans are caused by some group members from acquiring a subsequent loan a 45 year old respondent from Kakinga parish reported that, "I had spent six months without accessing a micro loan because one of the group members got misfortunate when her child which he had invested in micro loan died instantly." Reports from FLIDS indicated that MFIs which is used as collateral security. This makes each member a solidarity group to be a supervisor of each other hence ensuring prompt loan repayment by all group members

This is in agreement with Opondo H, Okumu J. Luke and Mpuga P (1997) who noted that possession of traditional collateral was not a major requirement accessing credit facilities from Micro Finance institution

The finding demonstrates that Micro Finance scheme has not only shortened the process of acquisition of loans especially to low income earners but has also ended the long time barrier of lack of collateral security in access to credit facilities. The findings are in line with the Bank of Uganda Report (1999), on the role of MFIs, which established that MFIs have innovative delivery of outreach service which are sensitive to the need of the clients

The services accessed by women Micro Entrepreneurs in Kamwenge district.

4.4 Problems experienced by respondents in accessing micro credit

This section deals with objective number two of the sex to identify problems encountered by women Micro Entrepreneurs during and after accessing MF strategies to overcome accessing problems encountered after accessing micro finance

Table 7: Problems encountered by women during accessing micro finance

Response	Number	Percentage (%)
Long period of accessing micro	26	29
High transport costs	35	39
Victimization of other members' failure to repay	22	24
Non response	7	8
Total	90	100

Table 7: indicates that majority of the respondents 39% are inconvenienced with high transport costs as they are required to move to and from the micro finance centers on a weekly basis 29% of the respondents marked long period taken in accessing micro loans their problem hindering micro finance accessibility, 8% of the respondents did not indicate their accessibility problem

Reports from focused group discussions indicated that the high weekly transport costs to and at times the principal amount borrowed. A respondent from Kakinga trading centre and Kamwenge Sub County noted that, "I ended up selling off my assets to meet transportation costs and servicing of the loans

Pie Chart 3

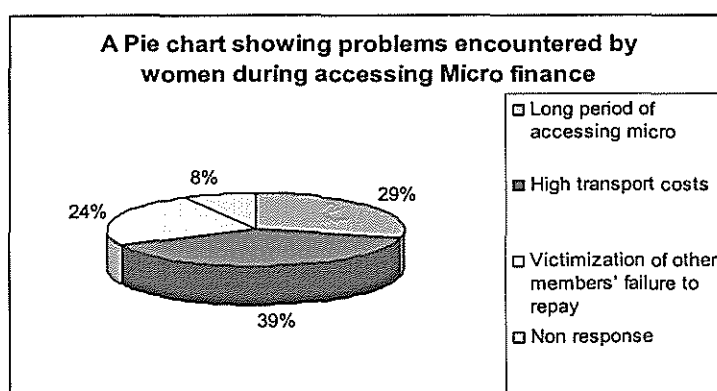
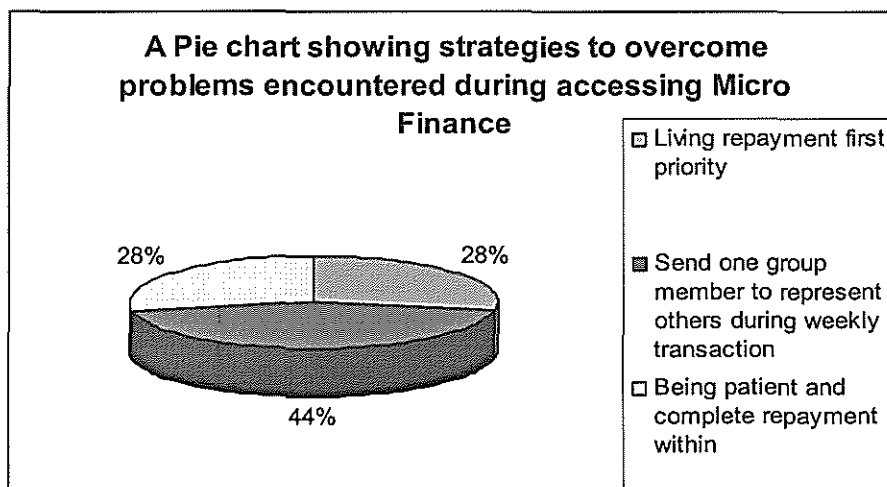


Table 8: strategies to overcome problems encountered during accessing micro finance

Response	Number	Percentage (%)
Living repayment first priority	25	28
Send one group member to represent others during weekly transaction	40	44
Being patient and complete repayment within	25	29
Total	90	100

It is apparent from table 8 that a coping strategy 28% of the respondents give loan repayment first priority to overcome un accessibility due to on prompt repayment while 44% of the respondents reported that they reduced on transportation costs by sending a group mate to respondents other during weekly transaction and 28% of the respondents reported that they remain patient an complete repayment after accessing specified scheduled

Pie chart 4



4.4.1 Problems encountered after accessing micro finance

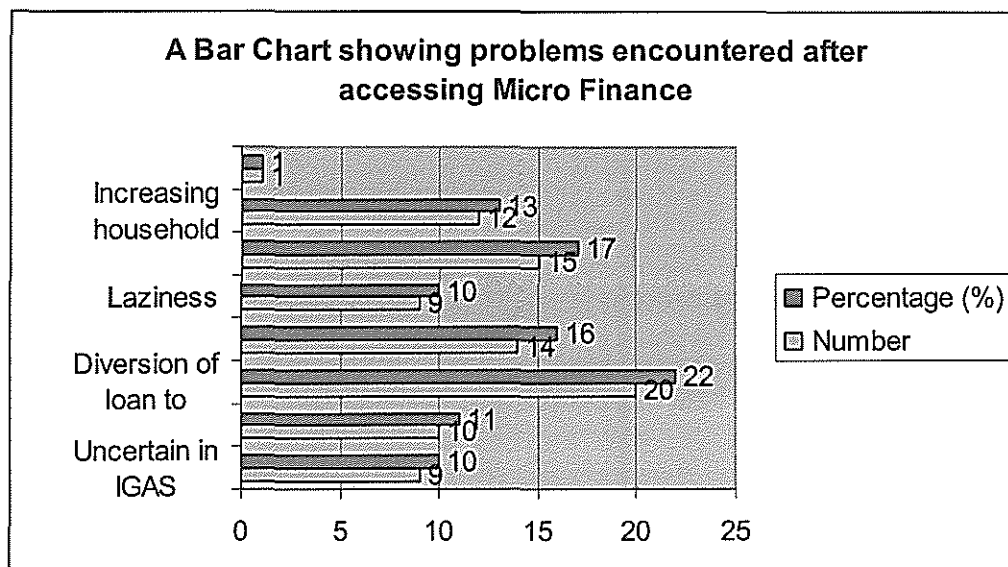
Participants were requested to reveal reasons which hinders adequate utilization of micro finance services provided

Table 9: Problems encountered after accessing micro finance

Responses	Number	Percentage (%)
Uncertain in IGAS	9	10
Low sales due to low market	10	11
Diversion of loan to luxurious issues	20	22
Tight repayment schedule without grace period	14	16
Laziness	9	10
Not adhering to proper business planning skills	15	17
Increasing household responsibilities which hinder savings	12	13
Non response	1	1
Total	90	100

Table 9 above clearly demonstrates factor for adequate utilization of micro credit by the respondents. It is apparent from table above that most respondents (22%) indicated loan diversion as the main factor affecting utilization of micro credit, followed by lack of business planning skills with 16% of the respondents followed by tight repayment schedule without grace period with 16% of the respondents 13% of the respondents indicated that it was due to increasing expenditure on family responsibilities which prevents them to save and eventually to service the loan, 11 percent of the respondents indicated that it was due to uncertainties in IGAS and laziness of clients which hinders adequate utilization of micro credit which in the end result into non prompt repayments

Graph 5



4.5 Activities accomplished with micro finance service

This section deals with objective 3 set finance service. Specific focus is put on IGAS carried out and business roles by women Micro Entrepreneurs, savings accumulation and utilization as well as application of acquired business management skills

4.5.1 Income generating activities carried out by the respondents

As indicated table 10 below; respondents were asked to reveal IGAS in which micro loan has been invested as working capital and reasons behind choosing that particular IGA

Table 10: Income generating activities carried out with micro credit

Income generating activities			Reasons behind choosing IGAS		
Responses	Number	%	Responses	Number	%
Micro trading	45	50	Had prior knowledge/ experience	28	31
Agriculture related activities	39	43	To earn an income		
Health services	6	7	Have interest	15	17
			Convenient	34	38
total	90	100		90	100

It is apparent from table 10 above that 50% of the respondents had invested micro credit in retail trading, 43 percent of the respondents had invested micro loan in agriculture related activities and 7 percent of the respondents had invested micro credit in provision of health related services. As regards to the reasons behind choosing particular IGAS, 31% of the respondents indicated that they had prior knowledge or experience in that particular activity. This implies that these participants were already in business before accessing micro credit in a particular activity to earn an income, 17 percent of the respondents indicated that they had interest in a particular IGA while 38% of the respondents have a choice in choosing IGAs in which micro credit could invest in the micro credit

This concurs with Chigundu H. Bygyenda (1991) who established that finance enterprises have enabled women micro entrepreneurs to access loans and invest in projects of their choice. Further still and micro credit trade activities was a sign of economic empowerment as they were moving from the substance way of life

Table 11: Business Related Roles by Women

Response	Number	Percentage (%)
Purchasing		
Self	83	92
Family labour	6	7
Hired labour	1	1
Total	90	100
Transport		
Self	55	61
Family labour	3	3
Hired labour	32	36
Total	90	100
Receiving money made cash sales		
Self	90	100
Total	90	100
Record keeping		
Self	72	80
recruiting labour force	5	5
Self	87	97
Family	2	2
Hired labor	1	1
Total	90	100
Incurring expenditure		
Self	89	99
Family	1	1
Total	90	100
Payment of rent		
Self	88	98
Family labour	1	1
Hired labour	1	1
Total	90	100
Selling		
Self	77	85
Family labour	6	7
Hired labour	7	8
Total	90	100

It is apparent from table 11 above that 92% of the respondents do the purchasing themselves, 7% of the respondents rely on family labour to do purchasing and one percent of the respondents use hired labour in purchasing

As far as transportation of business related goods is concerned, 61% of respondents do it themselves, 3 percent rely on family labour while 36 of them relied on transportation of the goods

As far receiving from cash sales 100% of the respondents indicated that they were receiving it themselves. This clearly shows that the participants are highly committed to their work. Regarding record keeping, 80% of respondents indicated that they were regarding their business related transaction themselves. 5% of re respondents relied on hired labour for keeping books. This clearly shows that majority of respondents (80%) had control over their IGAS

As far as incurring expenditures is concerned 99% of the respondents indicated that they were incurring expenditure themselves in order to know how the project progresses on daily basis

A 38 year old woman respondent from Karokarungi village, Kamwenge sub county who operated a zero grazing project way reported to have said, " I ma the one who does everything on this project right from looking for food feed of the cow, milking to marketing of the milk. I only involve a veterinary doctor when the cow gets sick or when it is ready for insemination." The findings concur with ACFODE (2000) which note d that micro finance has enabled women to break the long time stereo belief of conflicting women on top of their traditional domestic work hood can under take IGAS within outside the household is a clear sign of socio-economic empowerment o women micro entrepreneurs through micro finance

4.5.2 Micro savings and its utilization

Table 12: ability to make savings and is utilization

Response	Number	Percentage (%)
Able to save		
Yes	78	87
No	12	13
Total	90	100
Savings utilization		
Brought property		
True	67	75
False	23	25
Total	90	100
Investment in other business		
True	43	48
False	47	52
Total	90	100
Family needs		
True	64	71
False	26	29
Total	90	100
Supporting community Service		
True	23	25
False	50	56
Non response	17	19
Total	90	100

As regards micro savings, participants were requested to indicate whether they had been able to make savings or not and how they utilized their savings, 87% of the respondents indicated that they have not been in position to make savings. This clearly demonstrates that the majority of the respondents i.e. 87% earn an income which enables them to make savings. The findings concur with CAFODE (2000) which established that women micro entrepreneurs consciousness on savings had made them prove their worthiness as reliable financial clients.

Further analysis of the findings indicate that MFs had given women micro entrepreneurs an opportunity to prove the long time myth held by traditional financial institutions that micro borrowers are unworthy and risk clients

As far as savings utilization is concerned, 75% of the respondents indicated that they were in position to buy property, 24 percent of the respondents indicated that they were not in position to buy property out of their savings. This implies that the majority of the respondents, 75% were facilitated to acquire properties which are in line with socio-economic empowerment. The findings are in agreement with Lycette A M (1984) who established that, "Credit is assumed to investigate and individuals capacity of carrying out an economic activity or acquiring a product.

Further more, 83% of the respondents indicated that they were able to expand their income generating activities using the accumulated savings. This clearly shows that micro finance is increasing their income earnings. Connected to the above findings, 48% of the respondents indicated that they were in position to invest in other IGAs hence avoiding diversion of resources to other activities.

Further more, 71% of the respondents indicated that they were using their savings to meet family needs, 29% percent of the respondents were not using their savings to meet family needs.

This clearly shows that the increase in women's income improves the welfare of the family as the majority respondents, 71% indicated that their savings are used to meet family needs.

The findings concur with Mackie L X and Xiemena C (1997), who established that women's income is spent on family basic needs while men's income goes for relative assets and liquor.

Further analysis of the findings reveal that MF has enabled women micro entrepreneurs to break the long time dependency syndrome on men for all the household requirements as now women can use part of their savings to meet household

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

As mentioned in the earlier chapters, the study set out to establish the contribution of micro finance towards the socio-economic empowerment of women micro entrepreneurs in Kamwenge district. After a brief presentation of the general information of the respondent, the conclusions are presented basing on the five objectives of the study set to: establish the nature of micro finance services accessed by women micro entrepreneurs in Kamwenge district before and after accessing micro finance and soliciting for suggestions on how to improve on the utilisation micro finance services. Specific recommendations emanating from the findings follow at the end of the chapter.

5.2. Conclusion

Basing on the findings of the study, the following conclusions were drawn;

- a) Regarding the general characteristics of the respondents;
 - i. The majority of micro finance clients are youths in their late youthful years (i.e. 24 %) and middle aged women (61%), The education level of most micro finance clients is primary education and O' level secondary education.
 - ii. The majority of micro finance clients are self employed in the informal sector dealing mainly in micro trading and farming on small scale.
- b) Regarding the nature of micro finance services accessed by women micro entrepreneurs;
 - i. Micro finance and micro savings are the most accessed micro finance components followed by business skills training
 - ii. Majority of women micro entrepreneurs were receiving loan amounts ranging from 10,000/= to 200,000/=. Thus running IGAs on small scale basis

- iii. Micro finance institutions have taken an initiative of publicizing financial services offered to women micro entrepreneurs in the last five years.
 - iv. Size of loan received by women micro entrepreneur increases progressively with successive loan cycles.
 - v. The advent of micro finance has shortened the period taken in processing a loan as women micro entrepreneurs take a period between 3 days to one month to process a loan.
- c) Concerning problems encountered by women micro entrepreneurs during and after accessing micro finance;
- i. Before accessing make several journeys to and from the micro finance institution centers for a number of transactions hence ending up incurring high transport costs.
 - ii. The weekly repayment schedules dictates to women micro entrepreneurs to commence on loan servicing before any profit is realized.
 - iii. Running of IGAs along side with increasing household responsibilities make women micro entrepreneurs over work themselves.
 - iv. The solidarity groups lending scheme at times hinders women micro entrepreneurs of servicing a previous loan by group mate(s).
- d) Regarding activities accomplished with micro finance services.
- i. Micro trading and agricultural related activities are the most IGAs being carried out by women micro entrepreneurs mainly because they had prior experience, interest, convenience and above all profitable.
 - ii. Women micro entrepreneurs have been in position to utilize their savings particularly in expansion of their IGAs and on the general welfare of the family.
 - iii. The business skills provided by micro finance institutions to women micro entrepreneurs are relevant as they have improved their skills in record keeping, budgeting, time management, business planning and sales due to application of customer care techniques.

- e) Regarding the socio-economic situation of women micro entrepreneurs before and after accessing micro finance,
 - i. Before the advent of micro finance, women micro entrepreneurs could hardly access financial services from the traditional financial institutions.
 - ii. With the access and utilization of micro finance, women micro entrepreneurs have tremendously increased their contribution towards costs related to children education, healthcare, clothing, shelter and feeding of the family.
 - iii. The access and utilization of micro finance has empowered women micro entrepreneurs within and outside the household as they are able to decide on their expenditure, make independent decisions and freely talk in the community.

All in all micro finance has greatly contributed towards the socio-economic empowerment of women micro entrepreneurs in Kamwenge district. However, women micro entrepreneurs made a number of suggestions for the improvement on the delivery end utilization of micro finance services which have been incorporated in the recommendation that follows.

5.3 Recommendations.

Arising from the results and conclusions of the study, the following recommendations are put forward basing on the objective which guided the study

- a) Recommendations emanating from objective number one pf—the study set establish the nature of microfinance services accessed by women micro entrepreneurs in Kamwenge district.
 - i. Micro finance institutions should ensure that; the business skills training component be a prerequisite to women micro entrepreneurs before and after accessing other components of micro finance. The training skills related to cost benefit analysis, making simple cash

flow statements, market identification, project costing, marketing skills leadership and project managerial skills. This training should be made continuous on a quarterly basis even after accessing micro finance to give women micro entrepreneurs an opportunity to relate the training skill to real experience in managing the affairs of their IGAs.

- ii. Micro finance institutions should work hand in hand with various stakeholders such as local governments, religious leaders, opinion leaders and community based organizations in the respective areas of operation to enable the most deserving people in the community particularly women micro entrepreneurs be exposed to financial services being extended.
 - iii. The incentive of increasing the size of loan in subsequent loan cycles to women micro entrepreneurs who service the previous loan promptly should be maintained. However, proper analysis of the need and ability of women micro entrepreneurs to utilize and service the increased loan need to be considered by the respective loan officers.
- b) Recommendations flowing from objective number two of the study set to identify problems encountered by women micro entrepreneurs before and after accessing micro finance.
- i. Micro finance institutions should intensify on establishing outreach centers located within the easy reach of women micro entrepreneurs. This will help in reducing on the high transport costs incurred weekly by women micro entrepreneurs to and from distant microfinance institution centers.
 - ii. Micro finance institutions should endeavour to adjust the repayment schedule from weekly to monthly. This will provide women micro entrepreneurs with a grace period to realize profits and service their loans promptly without eroding directly on the working capital.
 - iii. Women micro entrepreneurs need to be more time conscious in running the affairs of their IGAs without neglecting the household and community duties and responsibilities.

- iv. Loan officers of micro finance institutions should strictly scrutinize the character and ability to utilize the loans by the applicants of a particular solidarity group before any loan is processed. The scrutinizing should involve examining the applicant's recommendations from respective local council authorities, comments of group mates on one's character, previous loan history, as well as physical inspection of applicants IGAs or localities to verify on the particulars. This will go a long way in eliminating the would be defaulters right from the loan application stage hence overcoming a problem of victimization of the entire solidarity group not to access a micro loan due to failure of a group mate(s) to promptly service her micro loan.
- c) Recommendation emanating from objective number three of the study set establish activities accomplished with micro finance services
 - i. Women micro entrepreneurs should continue to undertake IGAs in which they have prior knowledge, interest, convenient and above all profitable.
 - ii. The savings culture should be more encouraged among women micro entrepreneurs so as to continue expanding on their IGAs and making other investments.
- d) Recommendations emanating from objective number four of the study set assess the socio-economic status of women micro entrepreneurs before and after accessing micro finance.
 - i. The Ministry of Finance, Planning and Economic Development in Conjunction with Bank of Uganda should put incentives such as waiving reduction of the taxes levied from micro finance institutions as they are providing financial services to women micro entrepreneurs who for a long time have been by-passed by the traditional financial institutions particularly commercial banks.

- ii. With the campaign to revive the co-operative societies, the ministry of Gender, Labour and social Development should take on initiative of mobilizing and guiding women micro entrepreneurs to form savings and credit societies of their own using the accumulated savings. This will enable women micro entrepreneurs to set favourable conditions governing their credit societies.

5.4 Suggested areas for further research.

1. There is need to carry out a comparative study to find out the contribution micro finance towards the socio-economic empowerment of men micro entrepreneurs
2. There is need to carry out a similar study in other districts that the results n be generalized to the whole of Uganda.

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QUESTIONNAIRE

Dear respondents, this questionnaire are administered to you to collect data for establishing the extent to which micro finance has economically empowered women micro entrepreneurs in Kamwenge district. The information derived from the respondents will be used only for academic purposes and will not be disclosed to a third party in their original form.

I am kindly requesting you to spare a few minutes and respond to the following questions in a free and accurate manner as possible.

Thank you for your cooperation.

Yours,

HATEGEKA RHINO

PRINCIPAL RESEARCHER

RESEARCH TOPIC “CONTRIBUTION OF MICRO FINANCE TOWARDS THE SOCIO-ECONOMIC EMPOWERMENT OF WOMEN IN KAMWENGE DISTRICT”

GUIDELINES TO FILLING THE QUESTIONNAIRE

Kindly indicate your response by ticking the number representing your choice whenever the question involves choosing from the given alternative answers and give brief answers when the question requires such a reply.

1.0 General information on the respondents.

1.0 What is your age bracket?

- 1) 18-25. (2) 25-30. (3) 31-35 (4) 36-40 (5) 41 and above.

1.1 What is your highest level of education attained?

- | | |
|----------------------------------|-----------------------------------|
| 1) Primary Education. | (2) Secondary Education O' level. |
| 3) Secondary Education A 'level. | (4) Tertiary Education |

1.2. What is your main occupation?

- 1) Peasant farming (2) Business (3) Civil service
(4) Employed private sector.

2.0 Questions to gather information on micro finance services accessed by respondents.

2.1 Which micro finance services are availed to you? Indicate your responses by ticking True or False.

- | | | |
|-------------------------------|-----------|------------|
| 1. Micro credit. | (1) True. | (2) False. |
| 2. Micro savings facilities. | (1) True. | (2) False. |
| 3. Business skills training. | (1) True. | (2) False. |
| 4. Any other (please specify) | | |

2.2 How did you join the current micro finance institution?

.....

2.3 For how long have you accessed micro finance?

- | | |
|-------------------------|--------------------------|
| (1). 6 months- 2 years. | (2). 3 years- 5 years. |
| 3) 6 years- 9 years. | (4). 10 years and above. |

2.4 How much was your first loan?

- | | |
|---------------------------|-----------------------------|
| 1). 10,000/= - 30,000/=. | (2). 43,000/= - 60,000/=. |
| 3). 70,000/= - 100,000/=. | (4). 110,000/= - 140,000/=. |
| (5). 150,000/= and above. | (6). Any other... |

2.5. How much is your current loan?

- | | |
|-------------------------------|----------------------------|
| 1) 10,000/= - 50,000/=. | (2). 60,000/= - 100,000/= |
| 2) 110,000/= - 150,000/= | (4). 160,000/= - 200,000/= |
| 5) Any other (please specify) | |

2.6. How long does it take you to process a loan?

- | | | |
|-----------------|----------------|---------------|
| 1) day- 3 days. | (2). One week. | (3). 2 weeks. |
| (4) One months. | (5). Any other | |

2.7 Have you ever accessed any financial services outside the micro finance sector before?

(1). Yes. (2). No.

2.8. If your answer to question 2.7 is yes, which service was it?

.....

2.0 Questions to gather information on respondents' utilization of micro finance services.

.....

3.1 What income generating activity/business are you carrying out with micro finance loan?

.....

3.2 Why did you choose to engage in the activity mentioned in 3.1 above?

.....

3.3 What are the reasons which in some cases are responsible for not having loans for intended purposes? Indicate your response by ticking True or False.

i) Family member's disapproval. (1). True. (2). False.

ii) In search for better opportunities. (1) True. (2). False.

iii) Loans have to be used for.....

iv) Other related decisions concerning business specify.....

4.0. Questions to gather information on respondents socio-economic status.

4.1 How do you rate your income over the last 2 years.

1) Increased. (2). Same.

3)Decreased. (4). Others (specify).....

4.2. How have you been able to make any savings in the last 2 years?

1). Yes. (2). No.

4.3. What properties do you yourself own a result of having acquired and utilized the micro finance loan?

.....

4.4 Do you hold any leadership position in your community?

1) Yes. (2). No.

4.5 If your response for question 4.6 is yes. What position(s) do you hold?

.....

4.6. How has your being a client of micro finance helped you in fulfilling your leadership roles?

.....

4.7 In what ways has micro finance helped to improve on your status within the household and community?

Household

.....

Community

.....

5.0 Questions to gather information on respondents' challenges with micro finance accessibility and utilization.

5.1 What problems do you experience when accessing micro finance service?

.....

5.2 How do you overcome the above problems/hindrances given in 5.1 above?

.....

5.3 What problems do you experience after acquiring micro finance loan?

.....

5.4 What is done in case you fail to repay on schedule?

.....

5.5 In your opinion, what do you think can prevent you or any other micro finance entrepreneurs from making prompt repayment of loans?

.....

APPENDIX B:

INTERVIEW

RESEARCH TOPIC “CONTRIBUTION OF MICRO FINANCE TOWARDS THE SOCIO-ECONOMIC EMPOWERMENT OF WOMEN IN KAMWENG DISTRICT”

GENERAL QUESTIONS FOR KEY INFORMANTS

Kindly give brief responses to the following questions.

1. What is your responsibility in the micro finance institution?

.....

2. Apart from micro credit, what other advice do you give to women micro entrepreneurs?

.....

3. What are the most frequent causes of non- repayment of micro credit?

.....

4. What are the causes of inefficient utilization of micro finance among women micro entrepreneurs?

.....

5. What is your rate of micro loan recovery?

.....

6. What reasons are responsible for the above loan recovery rate?

.....

7. In what ways does micro finance contribute to the upliftment of the social status of women micro entrepreneurs?

.....

8. What ways does micro finance services contribute to the upliftment of the economic status of women micro entrepreneurs?

.....

9. What should be done to improve women’s participation and benefits in the existing micro finance services?

.....

Thank you very much

APPENDIX C

BUDGET

Item	Cost (Ug sh)
Stationary	80,000/=
Transport	70,000/=
Communication phone/ Fax/ internet	50,000/=
Photocopy	60,000/=
Binding	90,000/=
Accommodation	250,000/=
TOTAL	600,000/=

APPENDIX D

WORK PLAN

PLAN OF ACTIVITIES	May	June 23 rd	June 30 th	July 20 th	July 24 th – August
Project Proposal And Presentation					
Pilot Study and Data Collection					
Data Coding, Editing And Analysis					
Report Writing					

**A MAP OF UGANDA SHOWING THE LOCATION OF KAMWENGE
SUB COUNTY, KAMWENGE DISTRICT**

