

**MICROFINANCE AND PEOPLE'S INCOME STATUS IN CENTRAL  
EQUATORIAL STATE: A CASE STUDY OF JUBA  
COUNTY, SOUTH SUDAN**

**BY**

**OLWENY SHALFA BUTRUS**

**BCO/10003/81/DU**

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF OPEN AND  
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## DECLARATION

I **Olweny Shalfa Butrus**, a student of Kampala International University, hereby declare that this is my original work and has never been presented to any university or higher institution for any academic award.

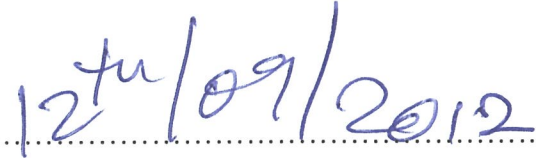
Signature.....

Date.....12<sup>th</sup> Sept 2012.....

### APPROVAL

This research report was compiled under my supervision, and is hereby submitted to the Faculty of Business Administration for examination with my approval as the designated University Supervisor.

Signature.....

Date.....

## **DEDICATION**

I dedicate this work to all my family members, and all the people that have been helpful throughout the course of my education.

## **ACKNOWLEDGEMENT**

I feel indebted to many people for the help, advice and support in as far as my education is concerned. Special thanks go to my family members for their continued moral and financial support.

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## **CHAPTER ONE**

### **1.0 Introduction**

This chapter gives a presentation of a brief overview or background to the study, statement of the problem, and purpose of the study, study objectives, research questions, scope and significance of this study.

### **1.1 Background to the study**

With growing levels of poverty and unemployment at their highest, many people in South Sudan; young and old, men and women, are venturing into business so as to make ends meet. The economy of south Sudan, which is almost entirely dependent on oil revenue (Shankleman, 2011), is highly vulnerable to external shocks that come as a result of fluctuations on the world market. In view of this, various lending institutions have come up with products to finance entrepreneurs. With all these developments, starting up a business has always been a mountain to climb for prospective entrepreneurs, many of whom have resorted to using their savings or borrowing from relatives and friends. Tony Killick (1981) notes that, "Often the informal sector is said to be discriminated against in the capital market and is unable to obtain funds, no matter what the interest rate. It is quite evident that lack of initial capital imposes a severe constraint in starting up their businesses.

Microfinance has huge development potential in Southern Sudan where the majority of the population lives below poverty threshold and have no access to the conventional banking system. Given the large unemployed population and the sparsely available jobs it can provide much needed initial finance to jump start small enterprises for enhanced livelihood opportunities and support to the growing private sector (Shahidur, 1999). Current programs have generated much enthusiasm and



excitement at all levels of government in the very charged political environment that precedes one year of independence. However, despite the support from a number of support organizations and the presence of a number of microfinance institutions in Southern Sudan since 2005, the development of the industry has been slow and constrained.

The entry of new international microfinance actors has been ideal, as these have rapidly increased microfinance provision to large segments of the population with their easily replicable models and acquired best practices. However, new institutions have refrained from establishing themselves due to the lack of sufficiently stable frameworks to entice entry. Though early entrants such as BRAC (which has been present since 2007) have benefited from easy access to an underdeveloped market and expanded its operations exponentially since, it (like the smaller MFI's) has suffered from the high costs of operation, the risks of a volatile post conflict environment (e.g. the destruction of informal marketplaces where microfinance clients operate, the financial difficulties of a local bank), and the low retention of local labour (which switch to higher paid jobs as soon as they have been provided with minimal training).

To counter these barriers to entry and help attract large microfinance actors, the development of a regulatory framework, a more integrated approach to the formalization of markets, and a comprehensive training of the labour force has been recommended. Given the risks and costs of the post conflict environment, a smoother and enhanced access to funds (particularly equity and grant funding) would also be necessary (Dichter & Harper, 2007). Whilst the large international microfinance institutions have the potential of significantly increasing service provision, the local microfinance institutions would have a particular niche in serving rural underserved areas. As these suffer greatly from low capacity and

controls, these have a great need for system enhancements and capacity building.

## **1.2 Statement of the Problem**

One year into South Sudan independence, the country's financial sector is still small and underdeveloped despite very strong demand for financial services. The government is the biggest employer with just under 10,000 employees, and poverty levels at over 80%. The young economy, which is 98% dependant on oil export earnings, according to the 2011 national budget, requires a steady and dependable financial sector in order to accelerate economic development. From the point of view of this assertion, microfinance services are very crucial as a source of finance for small and medium enterprise startups and growth.

One of the key factors of production in any entrepreneurial undertaking is capital. The inclusive and diversified access to finance is an important ingredient of the development process that can provide opportunities and spur broad-based growth. Given the fact that many intending entrepreneurs put their hopes of getting start-up capital on these micro credit enterprises to better their lives, it's necessary that a study be carried out to assess the impact of microfinance institutions on the income status of the people of South Sudan. That is what compelled the researcher to carry out this study.

### **1.3 Objectives**

#### **1.3.1 Main Objective**

To assess the impact of microfinance activities on the income status of the people of the Central Equatorial state, in South Sudan, with special consideration of Juba County.

#### **1.3.2 Specific objectives**

The study aimed at achieving the following specific objectives;

- i. To determine the impact of group lending on people's income status in Juba County, South Sudan.
- ii. To determine the impact of individual lending on people's income status in Juba County, South Sudan.
- iii. To examine the relationship between micro loans and people's incomes income status in Juba County, South Sudan.

### **1.4 Research Questions**

The study attempted to find answers to the following questions;

- i. What is the impact of group lending on people's income status in Juba County, South Sudan?
- ii. What is the impact of individual lending on people's income status in Juba County, South Sudan?
- iii. What is the relationship between micro loans and people's incomes income status in Juba County, South Sudan?

## **1.5 Scope of the Study**

The scope of the study addressed three aspects in the course of the research; these involved the following;

### **1.5.1 Content scope**

The study focused on the activities of the various microfinance institutions operating in Juba County, and the categories of people who are direct beneficiaries of these microfinance organizations. It specifically concentrated on examining the impact of microfinance schemes on people's income status in and around Juba County in Central Equatorial state, in south Sudan.

### **1.5.2 Geographical scope**

The study was carried out in selected microfinance organizations operating in Juba County, Central Equatorial state, in South Sudan. This location was chosen because it's the main operations center for most of the microfinance organizations in South Sudan, and also because it's where the researcher currently resides, and so he is familiar with the terrain and customs. It will also help reduce on the transport and accommodation costs.

### **1.5.3 Time scope**

The study focused on the activities of the various microfinance organizations in Juba County over the past five (5) years from 2007 when the first foreign microfinance organization (BRAC) first started operations in Juba to the end of 2011. The first two weeks of July 2012, the researcher compiled the proposal, and then used four weeks (July-

August) to gather the information in the field. Two weeks were used in arranging and coding the day (end of August) and the first two weeks of September were used for data analysis, preparation and submission of the report. The researcher made a study plan to ensure that this time is enough for him to gather the relevant primary and secondary data. Proper use of time was important as it helped the researcher to minimize the costs in the field.

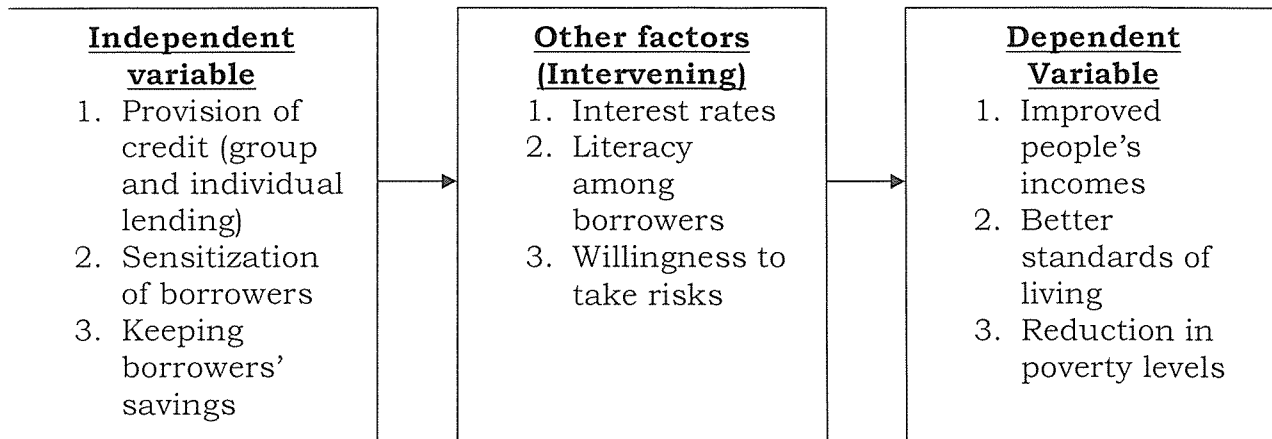
## **1.6 Significance of the Study**

After its successful completion, the findings of the study were recognized to be useful or important in many different ways and to many different persons or groups of people;

1. The findings of the study would help in providing answers on whether micro finance institutions are doing enough to help people to improve their lives.
2. The study would help policy makers in identifying the causes of prevalent poverty and what they can do to improve the ability of local people to access affordable micro credit for their businesses.
3. The findings of the study would help in drawing remedies to the challenges of providing micro credit to small business entrepreneurs.
4. The study would contribute to the available knowledge on the role of micro credit institutions in providing funding for micro enterprises as well as act as a basis for further research on the same subject.
5. The study would benefit the researcher by helping him acquire practical research skills and would also serve as a partial fulfillment of the requirements for the award of a Bachelor of Commerce of Kampala International University.

## 1.7 Conceptual framework

The study was carried out basing on the interrelations between the variables in the research problem. It explored the connection between the independent, dependent and the intervening variables.



In this study, the independent variable (which was the role of micro finance institutions) works hand in hand with other factors or the intervening variables (such as interest rates, literacy among borrowers, willingness to take risks) to predict, control, determine and influence the dependent variable (which in this case is the impact on people's income status).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presented the existing literature about the impact of microfinance on people's lives in Juba County, Central Equatorial state, in South Sudan. It was based on the assessment of various scholars and researchers who have studied this problem before and analyze the accuracy and appropriateness of their findings as well as assessing the applicability of their conclusions and recommendations.

#### **2.1 The concept of Micro-financing**

Microfinance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories (Dichter & Harper, 2007). The two main mechanisms for the delivery of financial services to such clients are relationship-based banking for individual entrepreneurs and small businesses; and group-based models, where several entrepreneurs come together to apply for loans and other services as a group. In some regions, microfinance is used to describe the supply of financial services to low-income employees, which however is closer to the retail finance model prevalent in mainstream banking.

For some, microfinance is a movement whose objective 'is a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers.' Many of those who promote microfinance generally believe that such access will help poor people out of poverty (Dowla, Asif & Barua, 2006). For others, microfinance is a way to promote economic

development, employment and growth through the support of micro-entrepreneurs and small businesses.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients (Helms & Brigit, 2006). Although microcredit is one of the aspects of microfinance, conflation of the two terms is endemic in public discourse. Critics often attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and very few studies have tried to assess its full impact.

Over the past centuries practical visionaries have tested practices and built institutions designed to bring the kinds of opportunities and risk-management tools that financial services can provide to the doorsteps of poor people (Hirschland, 2005). In nations with lower population densities, meeting the operating costs of a retail branch by serving nearby customers has proven considerably more challenging. Hans Dieter Seibel, board member of the European Microfinance Platform, is in favour of the group model. This particular model (used by many Microfinance institutions) makes financial sense, he says, because it reduces transaction costs.

Although much progress has been made, the problem has not been solved yet, and the overwhelming majority of people who earn less than \$1 a day, especially in the rural areas, continue to have no practical access to formal sector finance. Microfinance has been growing rapidly with \$25 billion currently at work in microfinance loans (Shahidur, 1999). It is estimated that the industry needs \$250 billion to get capital to all the poor people who need it. The industry has been growing



many donations to slip through the cracks or get eaten up by administration fees.

Microfinance Charity; One of the most active sectors of microfinance is charity. Microfinance has caught on with many charities that allow people to donate directly to a project needing financing without using a bank as a middleman. An individual requesting a microfinance loan can tell his story, what he wants the money for, and how much is needed to get going (Raiffeisen, 1970). A person can look through the individual requests and use PayPal to donate however much she wants toward these loans. The charity takes a small percentage, and then gives these loans out with low interest rates to help people fund microfinance projects across the world.

Poor people borrow from informal moneylenders and save with informal collectors. They receive loans and grants from charities. They buy insurance from state-owned companies. They receive funds transfers through formal or informal remittance networks. It is not easy to distinguish microfinance from similar activities (Vrajlal , 2006). It could be claimed that a government that orders state banks to open deposit accounts for poor consumers, or a moneylender that engages in usury, or a charity that runs a heifer pool are engaged in microfinance. Ensuring financial services to poor people is best done by expanding the number of financial institutions available to them, as well as by strengthening the capacity of those institutions. In recent years there has also been increasing emphasis on expanding the diversity of institutions, since different institutions serve different needs.

Microfinance is considered as a tool for socio-economic development, and can be clearly distinguished from charity. Families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to

repay a loan, should be recipients of charity. Others are best served by financial institutions (Killick, 1981). Modern microfinance emerged in the 1970s with a strong orientation towards private-sector solutions. This resulted from evidence that state-owned agricultural development banks in developing countries had been a monumental failure, actually undermining the development goals they were intended to serve (see the compilation edited by Adams, Graham & Von Pischke). Nevertheless public officials in many countries hold a different view, and continue to intervene in microfinance markets.

There has been a long-standing debate over the sharpness of the trade-off between 'outreach' (the ability of a microfinance institution to reach poorer and more remote people) and its 'sustainability' (its ability to cover its operating costs, and possibly also its costs of serving new clients—from its operating revenues) (Graham, 2000). Although it is generally agreed that microfinance practitioners should seek to balance these goals to some extent, there are a wide variety of strategies, ranging from the minimalist profit-orientation of BancoSol in Bolivia to the highly integrated not-for-profit orientation of BRAC in Bangladesh. This is true not only for individual institutions, but also for governments engaged in developing national microfinance systems.

Micro financial services may be needed everywhere, including the developed world (Adams, Graham & Von Pischke, 1984). However, in developed economies intense competition within the financial sector, combined with a diverse mix of different types of financial institutions with different missions, ensures that most people have access to some financial services. Efforts to transfer microfinance innovations such as solidarity lending from developing countries to developed ones have met with little success.

month (Dichter & Harper, 2007). Moneylenders usually charge higher rates to poorer borrowers than to less poor ones. While moneylenders are often demonized and accused of usury, their services are convenient and fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter dealt with the research methodology to the study; the research design, the study population, sampling techniques, the sample size, the study instruments, sources of data, data analysis methods, data process methods respectively.

#### **3.1 Research Designs**

The study took a form of a descriptive survey design; this was because microfinance, though not very widely circulated, was already on ground in many areas in and around Juba County, and South Sudan in general. Therefore this study will describe the current situation on ground as a way of assessing the impact of microfinance organizations on people's lives. Since it would be very hard, costly, and time consuming to study the whole country, the study of Juba County in Central Equatorial state is intended to provide information that can be treated as representative in the entire country.

#### **3.2 Research Population**

The target population in this study comprised of microfinance operators, local leaders (Political, religious and opinion leaders), civil society members as well as the borrowers themselves. It was from these that a study sample was drawn.

### **3.3 Sample size**

Due to the time and financial limitations, the researcher was not able to get information from all the relevant people in the field of study. Therefore a sample will be drawn to represent the entire population. This sample consisted of 60 respondents from the selected microfinance organizations in Juba County, in Central Equatorial state, South Sudan.

### **3.4 Sampling Procedure**

A total of 60 respondents were used as a sample for the study. They included officials from the selected microfinance organizations, local leaders (Political, religious and opinion leaders), civil society members as well as the borrowers. Purposive and Simple random sampling methods were used in choosing the study sample. Simple random sampling was used to select officials of microfinance organizations. In this method, respondents were selected randomly, in a way that gave everyone an equal chance of being chosen. This is important in preventing bias when choosing the sample. Purposive sampling (where the researcher selects respondents who are most capable of providing the relevant information), was used in selecting local leaders, civil society members and borrowers.

### **3.5 Methods/Tools of Data Collection**

The main methods of data collection were questionnaires and interviews. Structured questionnaires for qualitative research and interview guide of key informants were also employed.

**Questionnaire;** This is a printed form with questions, given to a group of people to fill, with the aim of collecting data. The questions relate to the problem being studied. Printed forms of questions were distributed to

specified respondents. Primary data were collected from the field by use of these self administered questionnaires.

**Interviews;** This is a one to one method of data collection where the researcher asks questions directly to participants. In open interviews, the researcher starts with a single broad question which invited the participants to be as elaborative as possible.

### **3.6 Data control and Measurement**

The data obtained was tested for authenticity by the researcher. This was done by carrying out additional search and applying other methods like observation and literature check. The information got from all these sources will be put together and measured to determine its correctness and accuracy to ensure consistency of the data obtained.

### **3.7 Data Processing and Analysis**

In analyzing the data, the quantitative data was edited, coded and tabulated manually by the researcher, while the qualitative data included key informative interviews and literature search.

### **3.8 Ethical procedures of Data analysis**

The use of questionnaire and interview guides was applied by the researcher to the various respondents. The same questions were informally given to different people and the answers from these people were useful in minimizing chances of biasness.

The researcher also physically participated in literature search on the impact of microfinance on people's lives in South Sudan. With the use of

guiding check lists the researcher recorded the correct impression that will be provided by the first hand information.

For purposes of confidence building among the respondents, the researcher explained the reasons for carrying out the study. The researcher will also offer to guarantee anonymity for respondents who wish to be protected from exposure.

### **3.9 Study Limitations**

The study was limited by financial constraints and the time scale. It was not be possible for the researcher to cover all the relevant people in the field, thus the need to formulate a sample which will be used to represent the entire area of study.

Scheduling challenges affected the researcher since all respondents have other engagements. The researcher found it challenging to make appropriate schedules which are convenient for both himself and his respondents. Here, the researcher had to hire research assistants in order to attend to multiple schedules at the same time.

Despite all the above anticipated challenges, the researcher made efforts to adequately address them so as not to compromise the findings of the study in any way, so that the outcome reflects the majority view of the entire population.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter presented data processing of the data was gathered from the research study. The study used a sample of 60 respondents from Central Equatorial state, Juba County, South Sudan and was carried out based on four specific objectives; i.e. to determine the impact of group lending on people's income status in Juba County, to determine the impact of individual lending on people's income status in Juba County and to examine the relationship between micro loans and people's incomes income status in Juba County, South Sudan. The chapter first dealt with the demographic profiles of the respondents as shown below.

#### Demographic Profiles of the Respondents

*Table 1 shows demographic profiles of the respondents*

Items	Variable	Frequency	Percentage (%)
<b>Gender</b>	Male	34	56.7
	Female	26	43.3
<b>Age</b>	20-24	9	15.0
	24-29	22	36.7
	30-34	16	26.7
	35-39	7	11.7
	40-above	6	10.0
<b>Academic Level</b>	Masters degree	5	8.3
	Post graduate diploma	8	13.3
	Bachelors degree	29	48.3
	Diploma	10	16.7
	Certificate	6	10.0
	Others	2	3.3
<b>Position of responsibility</b>	Microfinance organization official	7	11.7
	Local leader(political, religious, opinion)	20	33.3



	Civil society member	8	13.3
	Borrower	25	41.7

**Source:** *Primary Data, 2012*

The table shows that 34 respondents were male representing 56.7% and 26 were female representing 43.3%. This implies that gender gap is being slowly but steadily addressed in the county where the two genders are significantly represented in the public affairs. The table also shows that 9 respondents were between 20-24 representing 15%, 22 respondents were between 25-29 representing 36.7%, 16 were between 30-34 representing 26.7%, 7 were between 35-39 representing 11.7% and 6 were above 40 years representing 10%. This reflects the population structure of the county that is highly youth dominated with most people being in the active age range.

The table shows that 5 respondents held masters degree representing 8.3%, 8 held post graduate diploma representing 13.3%, 29 respondents held bachelors degree representing 48.3%, 10 held diploma representing 16.7%, 6 held certificate representing 10% and 2 held others representing 3.3%. This implies that the respondents were eligible to providing the required information for the study. The table also shows positions of responsibility held by the respondents; 13 were microfinance organization officials representing 21.7%. 21 were local leaders (political, religious, opinion) representing 35%, 10 were civil society members representing 16.7% while 17 were borrowers representing 26.6%. These grantees that the information was attained from reliable source as shown the respondents' positions of responsibility.

#### **4.1 The Impact of Group Lending on People's Income Status in Juba County, South Sudan**

The independent variable in this study was the role of micro finance institutions. And the first specific objective was to determine the impact

of group lending on people's income status in Juba County, South Sudan. In meeting this objective, the respondents were asked to tick their ratings in the space provided besides the items.

*Table 2; impact of Group Lending on People's Income Status*

Item	Variable	Frequency	Percentage (%)
<b>Duration in operation</b>	Over 5 years ago	11	18.3
	3 – 5 years ago	21	35.0
	1 – 3 years ago	19	31.7
	Less than a year ago	9	15.0
<b>Activities engage in around respondents' area of operations</b>	Giving out loans (lending)	7	11.7
	keeping customer savings	23	38.3
	Sensitizing customers on entrepreneurship skills	21	35.0
	Engaging in community work	9	15.0
	Others	6	10.0
<b>Kinds of loans given out</b>	Short term loans	20	33.3
	Medium term loans	12	20.0
	Long term loans	16	26.7
	All of the above	6	10.0
	Any other	0	0.0
<b>Categories of people lend to</b>	Poor households	6	10.0
	Women groups	16	26.7
	Youth groups	19	31.7
	Individuals	11	18.3
	Rich business people	6	10.0
	Others	2	3.3
<b>Activities/operations impact on people's lives in the communities of their jurisdiction</b>	Ensuring reliable capital availability for business startup	7	11.7
	Enlightening of potential entrepreneurs on how to do business	11	18.3
	Reduction in unemployment and poverty levels	13	21.7
	Improved household incomes	18	30.0
	Encouraging people to save	6	10.0
	Others	5	8.3
<b>Challenges faced in the course of their operations</b>	Insecurity	5	8.3
	High default rates	6	10.0
	Poor transport access to rural areas	15	25.0
	Poor financial infrastructures in the country	10	16.7
	Poor entrepreneurial skills	14	23.3
	High operating costs	7	11.7
	Any other	3	5.0

**Source:** *Primary Data, 2012*

The study findings in the table show that 11 respondents joined over 5 years ago of operation representing 18.3%, 21 joined between 3-5 years ago representing 35%, 19 joined between 1-3 years ago representing 31.7% while 9 joined in less than a year ago representing 15%. This implies that majority of the respondents are experienced in the field of study thus providing significant information for the study.

The table shows that the activities engaged in around respondents' area of operations indicate that 7 respondents mentioned giving out loan (lending) representing 11.7%, 23 mentioned keeping customer savings representing 38.3%, 21 mentioned sensitizing customers on entrepreneurship skills representing 35%, 9 mentioned engaging in community work representing 15% and 6 mentioned others representing 10%. This indicates that the respondents acknowledge and appreciate the services provided by the microfinance institutions in Juba County.

The research findings indicate that 20 respondents short term loans were the kind of loans given out representing 33.3%, 12 mentioned medium term loans representing 20%, 16 mentioned long term loans representing 26.7%, 6 mentioned all of the above 10%. This implies that these microfinance institutions provide the internationally recognized services of financial institutions.

The table also shows the categories of people lend to; 6 respondents were poor households representing 10%, 16 were women groups representing 26.7%, 19 were youth groups representing 31.7%, 11 were individuals representing 18.3% while 2 were others representing 3.3%. This indicates the most target groups of the people for these institutions; they aim at improving the income status of low income earners.

	business		
	Reduction in unemployment and poverty levels	13	21.7
	Improved household incomes	18	30.0
	Encouraging people to save	6	10.0
	Others	5	8.3
<b>The activities of microfinance organizations impacting respondents' income status</b>	Availability of capital to start business	8	13.3
	Increased savings	16	26.7
	Improved household incomes	18	30.0
	Improved general standards of living	14	23.3
	Any other	4	6.7

**Source:** Primary Data, 2012

The table shows a relationship between the parties; capital for business startup shows a close figure as indicated above. Viewing the saving item, less effort is give yet more savings are made by the customers, improving household incomes have equated each other. This shows a significant relationship between the variables in the study.

*Table 6 shows the challenges faced by parties involved in microfinance business.*

Items	Challenges faced by either partners in microfinance business	Frequency	Percentage (%)
<b>Challenges faced in the course of their operations</b>	Insecurity	5	8.3
	High default rates	6	10.0
	Poor transport access to rural areas	15	25.0
	Poor financial infrastructures in the country	10	16.7
	Poor entrepreneurial skills	14	23.3
	High operating costs	7	11.7
	Any other	3	5.0
<b>Challenges faced in activities with the microfinance sector</b>	Short payback periods	8	13.3
	High interest rates on loans	18	30.0
	Harsh penalties on loan default/delay of payment	17	28.3
	High initial deposit requirement	14	23.3
	Any other	3	5.0

**Source:** Primary Data, 2012

The table shows that among the challenges mention on each variable, high default rates/ harsh penalties rates on loan are mentioned along other issues like insecurity and high interest rates on loans. This implies that there are a variety of challenges that remaining in the microfinance business that have not received concern by the authoritative institutions.

## **CHAPTER FIVE**

### **SUMMARY OF THE MAJOR FINDINGS, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.0 Introduction**

In this chapter, the conclusions from the study and the recommendations made are presented. The study used both qualitative and quantitative methods of analysis.

#### **5.1 Summary of findings**

##### **Summary on the demographic profiles of the Respondents**

From the study, most respondents were males. Most respondents were between 25-29years followed by respondents between 30-34years, 20-24years, 35-39years in their respective order and those above 40 years were the least. Majority respondents were Bachelors degree holders, diploma holders, post graduate diploma, certificate, Masters Degree in descending order and other education qualification were the least in the study sample. Most respondents held the following position in their descending order according to the study findings; local leaders (political, religious, opinion), borrowers, microfinance organization officials and civil society members respectively.

##### **Summary of the Impact of Group Lending on People's Income Status in Juba County, South Sudan**

The study findings show that most respondents joined between 3-5 years ago, joined between 1-3 years ago, joined in less than a year ago while the least were those over 5 years ago of operation. They also show that the keeping customer savings, sensitizing customers on entrepreneurship skills, engaging in community work, giving out loan

(lending), and others were activities engaged in around respondents' area of operations. The research findings indicated that short term loans were the kind of loans given out, medium term loans, long term loans while least were those who mentioned all of the above. The findings also show that youth groups, women groups, individuals, poor households while others were the least popular categories of people lend to by the microfinance institutions in Juba County.

The findings show that improved household incomes was the most popular, reduction in unemployment and poverty levels follows, then enlightening potential entrepreneurs on how to do business, ensuring reliable capital availability for business startup, encouraging people to save then others rated least on the activities/ operations impact on the people's lives in the communities of their jurisdiction. They also show that some of the challenges faced in the course of their operations tallies descending order as follows; poor transport access to rural areas, poor entrepreneurial skills, and poor financial infrastructures in the country, high operating costs, high default rates, and insecurity while any other rated the least.

### **Summary of Impact of Individual Lending on People's Income Status in Juba County, South Sudan**

The findings show saving skills training, protecting our savings, entrepreneurial skills training, and loans (borrowing) were the kind of services required/ received from microfinance operators as arranged in the order of their demand. The findings also indicate that the long term loans, medium term loans, all of the above, short term loans, any other as the kinds of loans needed/ received from microfinance organizations as arranged in their order of need by the respondents.

The activities of microfinance organizations are impacting respondents' income status were as follows in their descending order; improved household incomes, increased savings, improved general standards of living, availability of capital to start business and any other rated least. Among the challenges faced by the institutions, high interest rates on loans rated highest followed by harsh penalties on loan default/ delay of payment, the high initial deposit requirement, and short payback periods and any other was the least mentioned.

### **Summary of the Relationship between Micro Loans and People's Incomes Income Status in Juba County, South Sudan**

The study showed a significant difference in the rating on the independent and the dependent variables on the kind of loans offered by microfinance institutions in Juba County. The study findings also show a relationship between the parties; capital for business startup shows a close figure as indicated above. Viewing the saving item, less effort is give yet more savings are made by the customers, improving household incomes have equated each other. As well as mentioning the challenges mention on each variable, high default rates/ harsh penalties rates on loan are mentioned along other issues like insecurity and high interest rates on loans. This implies that there are a variety of challenges that remaining in the microfinance business that has not received concern by the authoritative institutions.

## **5.2 Conclusion**

In conclusion, the microfinance institutions in Juba County, Central Equatorial state South Sudan seems to have been performing well according to the study findings, inadequate financial skills are noted to be of more interest to the respondents amidst the challenges



encountered in their operations like the high interest rates on loans and harsh penalties on loan default/ delay of payment. Therefore, there is need to organize more entrepreneurial and loan management skills to the people (borrowers) of Juba County who are interested in the services offer by the microfinance institutions.

### **5.3 Recommendations**

The terms and conditions of the loan servicing should be more clarified for the borrowers in the microfinance institutions of Juba County and the country at large. This will ensure appropriate loan management where the two parties shall know the penalties of the agreement if abused as a way to address the mistrust that might grow among the people of Juba County as it may be perceived as an inequity deal.

Clear interest rates on the loans obtained should be structured for every business partner to be aware of; this will check dissatisfactions that may be observed by the customers in the process of business operations.

This study finding indicate that the government of Central Equatorial state can improve the incomes of their people by providing simple loans to them with less interest and a longer period of servicing the loans. Therefore, the government should use the microfinance institutions to boost the economic wellbeing of the people as well as the economy of the state.

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## **APPENDICES**

### **APPENDIX I**

#### **Questionnaires for Microfinance officials and local people (borrowers)**

Dear Respondent

This questionnaire is designed to seek information from you on the impact of microfinance on the people of Central equatorial state, South Sudan. It is carried as a partial fulfillment of the requirements for the award of a Bachelor of Commerce of Kampala International University. Your contribution, opinions and experience will be highly appreciated.

Thanks for your cooperation.

#### **A – Background information**

1. Gender

( ) Male

( ) Female

2. Age in years

( ) 20 – 24

( ) 25 – 29

( ) 30 – 34

( ) 35 – 39

( ) 40 - above

3. The highest academic level

( ) Masters Degree

( ) Post graduate diploma

- ☐ Bachelor's degree
- ☐ Diploma
- ☐ Certificate
- ☐ Others-----

4. Position of responsibility

- ☐ Microfinance organization Official
- ☐ Local leader (political, religious, opinion)
- ☐ Civil society member
- ☐ Borrower

**B – Microfinance organizations**

5. When did you start operations in this area?

- ☐ Over 5 years ago
- ☐ 3 – 5 years ago
- ☐ 1 – 3 years ago
- ☐ Less than a year ago

6. What activities do you engage in around your area of operations?

- ☐ Giving out loans (lending)
- ☐ keeping customer savings
- ☐ Sensitizing customers on entrepreneurship skills
- ☐ Engaging in community work
- ☐ Others, please specify .....

7. What kinds of loans do you give out?

- ☐ Short term loans
- ☐ Medium term loans
- ☐ Long term loans
- ☐ All of the above
- ☐ Any other, please specify .....

8. What kinds of loans do you give out?

- ☐ Poor households
- ☐ Women groups
- ☐ Youth groups
- ☐ Individuals
- ☐ Rich business people
- ☐ Others, (please specify).....

9. How do you activities/operations impact on people's lives in the communities of your jurisdiction?

- ☐ Ensuring reliable capital availability for business startup
- ☐ Enlightening of potential entrepreneurs on how to do business
- ☐ Reduction in unemployment and poverty levels
- ☐ Improved household incomes
- ☐ Encouraging people to save
- ☐ Others, please specify .....

10. What challenges do you face in the course of your operations?

- ☐ Insecurity
- ☐ High default rates
- ☐ Poor transport access to rural areas
- ☐ Poor financial infrastructures in the country
- ☐ Poor entrepreneurial skills
- ☐ High operating costs
- ☐ Any other, please specify .....

### **C – People's income status**

11. What kind of services do you require/receive from microfinance operators?

- ☐ Loans (borrowing)

- ☐ Entrepreneurial skills training
- ☐ Saving skills training
- ☐ Protecting our savings
- ☐ Others, please specify .....

12. What kinds of loans do you need/receive from microfinance organizations?

- ☐ Short term loans
- ☐ Medium term loans
- ☐ Long term loans
- ☐ All of the above
- ☐ Any other, please specify .....

13. How do the activities of microfinance organizations impact your income status?

- ☐ Availability of capital to start business
- ☐ Increased savings
- ☐ Improved household incomes
- ☐ Improved general standards of living
- ☐ Any other, please specify .....

14. What challenges do you face in your activities with the microfinance sector?

- ☐ Short payback periods
- ☐ High interest rates on loans
- ☐ Harsh penalties on loan default/delay of payment
- ☐ High initial deposit requirement
- ☐ Any other, please specify .....



## **APPENDIX II**

### **Interview Guide for Local leaders and Civil society members**

1. What are your names, age and sex?
2. What position of responsibility do you hold in your community?
3. How long have you been engaged in this responsibility?
4. How many microfinance organizations are operating in your community?
5. What activities do they (microfinance organizations) deal in?
6. What has been the response of local people towards the microfinance schemes?
7. How do these microfinance schemes impact on the income levels of the local people in your community?
8. What challenges do you face in your working relationship with the various microfinance organizations?
9. How do you address these challenges?

