IMPACT OF MICROCREDIT PROGRAMS ON WOMEN’S
EMPOWERMENT IN EAST AFRICA (UGANDA, KENYA AND TANZANIA)

By

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DECLARATION

I declare that this paper is my own production. It contains information that has never been previously submitted to any academic institution for any degree.

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Crispus Mukhooli
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<tr>
<td>UNDP</td>
<td>United Nation Development Fund</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental-Organization</td>
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<td>MFI</td>
<td>Micro-Finance Institution</td>
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<td>MDGs</td>
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ABSTRACT

According to UNDP, 70% of the women in the world live under $1 per day, have high unemployment rates, have lower pay rates compared to men and are mostly employed in informal sector. Government agencies, NGOs, international development organizations and community-based organizations have resorted to using microcredit loans as a means of empowering women across the globe. Thus, this paper seeks to establish the effect of microcredit interventions on women’s empowerment in East Africa (Uganda, Kenya and Tanzania). The study utilizes the available literature on microcredit and empowerment of women in East Africa as its source of data. This research was guided by the following objectives: To define microcredit programs and how they operate; to define the empowerment of women; to review the international literature on microcredit and women’s empowerment; to highlight cases where women have been empowered through microcredit in East Africa; to highlight cases where women have not been empowered by microcredit in East Africa; to highlight cases where women have not been empowered by microcredit in East Africa; and make recommendations on what can be done better in cases where microcredit programs are not empowering women.

The study established that there were significant positive results of microcredit on women’s empowerment in Uganda, Kenya and Tanzania. Through a number of published reports and articles, the study established that women are able to get capital, save and create employment for themselves and other people within their communities. The study also established that there were significant positive results in relation to education, health, access to food and property, decision-making, self-
confidence and respect in family/community. However, it is important to note that in the East African literature there was no or little information on household relations and domestic violence, control over loans and property, and increased in workload and stress.

The study also established that there were some negative effects of microcredit on women in East Africa. However, it is important to note that these are not wide spread and relate to processes of administering the microcredit programs as opposed to being negative results of microcredit loans. These include; little capital, high interest rates and too much paper work involved. This study recommends that; microfinance institutions should conduct more meetings and training about the proper use of microfinance loans; microfinance institutions should redesign their packages to suit individual needs, for example in relation to the loan size, increases in the period of grace given to clients before they start repaying back the loans, and try to make the loan application process easier. Also, governments should put in place working policies that could help women to sustain their business, for example fair taxation systems and regulating interest rates, and microfinance institutions should partner with governments to conduct civic education to educate women on microfinance services.
1 CHAPTER ONE

1.1 INTRODUCTION

This chapter starts by discussing the background information, the research problem, justification, objectives of the study, the research questions, the theoretical framework of the research and the limitations of the study.

1.2 BACKGROUND

There are ongoing debates about the relationship between microfinance and the empowerment of women in the development arena. Microfinance has been regarded as a development tool, which is effective and sustainable in reducing poverty and gender inequalities in developing countries. This was highlighted at the microcredit summit that was conducted in 1997 in Washington. Another factor that accelerated the concept of microcredit as a development tool was the winning of the 2006 Noble Peace Prize by Professor Muhammad Yunus and the Grameen Bank in Bangladesh for their efforts in promoting social and economic development (Reed 2011, Sharma 2014, 272). This caused a wave of microfinance programs to be pushed to all developing countries across the globe to fight poverty among the poor, especially women so that they can be empowered.

Microcredit rose in Sub-Saharan Africa (Uganda, Kenya and Tanzania inclusive) after 2000. By 2009, 34 out of 48 countries in Sub-Saharan African countries had adopted microcredit programs, with Uganda and Kenya having the biggest share, with 22 microfinance institutions each out of the 297 operating in Sub-Saharan Africa. This is a big share given that over 32 countries share the remaindering 253 (Mondal 2011).
Carlton et al. (2001, 51) note that, of the three countries of East Africa, Uganda is endowed with one of the strongest and most dynamic microcredit industries in Africa as it has reached a stage of development in relation to sustainability, outreach and coherence that is unmatched in other African countries.

Microcredit operations in Sub-Saharan Africa (Uganda, Kenya and Tanzania included) are conducted through microfinance institutions (MFIs). This financial institution is similar to commercial banks except that lending and borrowing is done with the main objective of helping the poor access credit who may not be in position to access credit from conventional financial institutions due to their lack of collateral security (Mondal 2011). Women have gained access to financial services in the form of credit and saving schemes through microcredit institutions, NGOs and other non-bank institutions. According to Reed (2011), 104.7 million women accessed microcredit services out of 128.2 million people around the globe. The number of the poorest women with access to microcredit services increased from 10.3 million in 1999 to 104.7 in 2009, leading to a 919 percentage increase which is a significant margin within a space of 10 years.

1.3 RESEARCH PROBLEM

East Africa has a male dominated society due to the patriarchal cultural setting where women have been constrained by socio-cultural factors. Cheston and Kuhn (2002, 12) in this case, note that women have been excluded from access to both material and social resources, for example credit and education respectively. In developing countries like Uganda, Kenya and Tanzania, which still face socio-economic challenges, women’s empowerment is at the forefront of development where gender
issues are highly valued by donors, NGOs and governments. For instance, gender equality and empowerment of women is item number 3 among the MDGs. In this context, studies have backed microcredit as a potential catalyst for attaining gender equality and as a tool for the empowerment of women (Lakwo 2006, Nabayinda 2014, Wakoko 2003, Cheston and Kuhn 2002, Noreen 2011). For instance, it is argued that by providing financial services to poor women through credit, the women are able to invest, acquire assets, increase their skills and open up new businesses (Hossain and Knight 2008, Khandker 2001, Odell 2010, Wright 2000, Noreen 2011). Noreen (2011) argues that financial services received by women through microcredit platforms have the potential to increase the empowerment of women as it increases their decision making power as well as their social economic status.

However, this practice of giving access to credit as a tool to empower women has been questioned by many studies. Aegisson et al. 2002 have argued that in Africa microcredit has little or no impact on the empowerment of women as it leaves more women indebted with little or no wealth gained from the credit loans. This is because most women tend to use loans for consumption purposes rather than commercial purposes. Focusing on women has been regarded as exploitative, particularly because there has been increased commercialization of microcredit leading to women being indebted (Jeruhiddine 2011, 1116, Mahmoud 2003). Some scholars also argue that microcredit programs lead to the subordination of women and increases in domestic violence (Jahiruddin et al. 2011, Copestake, Bhalotra and Jonson 2001, Hulme and Mosley 1996, Morduch 1998). Finally, Goetz and Gupta (1996) found in their study that men controlled most of the women’s loans and yet repayment is still on the women. With such contradicting conclusions, the objective of this paper is to
establish whether microcredit empowers women and, if it does, in what ways in East Africa (Uganda, Kenya and Tanzania). The paper will also make recommendations on what can be done better in cases where microcredit programs are not empowering women in East Africa.

1.4 **JUSTIFICATION**

UNDP indicates that among the 1.3 billion people living under the $1 per day, 70% are women. According to the World Bank, women have higher unemployment rates compared to men in every country and that women are the majority of the people earning lower pay. Most women are employed in the informal sector, which is characterized by uncertainties with little or no meaningful income. This has led to women’s empowerment becoming a crucial and topical issue in developing countries. There is an international outcry to reduce gender inequalities that are manifested in both social and economic situations within developing countries. Gender equality and empowerment of women is item number 5 on the proposed Sustainable Development Goals (SDGs) and also a cross cutting among goal in relation to item numbers 1, 2, 3, 4, 8 and 9. Therefore, empowerment of women has become a target goal for international development (Mahmud 2003). Such a background gives the justification for microcredit to offer financial services to women on the grounds that women are more disadvantaged than men.

The research examined the empowerment of women through microcredit, which is considered by some to play a role in empowering women. However, studies on women’s empowerment and microcredit in developing countries are unevenly distributed geographically. The empirical work done has been focused mainly on
Asian countries like Bangladesh and India, with Sub-Saharan Africa being of little to no interest to researchers. Accordingly, there is a need to carry out studies into the specific circumstances in Uganda, Kenya and Tanzania, especially as Uganda and Kenya are leading countries in the microfinance business in Sub-Saharan Africa. The knowledge generated may be useful not only to the three East African countries but to other developing countries, policy makers, development agencies, donor communities and NGOs

1.5 OBJECTIVE OF THE STUDY

The major objective of this study was to investigate whether microcredit institutions empower women in East Africa (Uganda, Kenya and Tanzania) and, if so, how? The research also wanted to make recommendations on what can be done better in cases where microcredit programs were not empowering women.

1.5.1 SPECIFIC OBJECTIVES

- To define microcredit programs and how they operate.
- To define the empowerment of women.
- To review the international literature on microcredit and women’s empowerment.
- To highlight cases where women have been empowered through microcredit in East Africa.
- To highlight cases where women have not been empowered by microcredit in East Africa.
- Make recommendations on what can be done better in cases where microcredit programs are not empowering women.
1.6 RESEARCH QUESTION

Do microcredit institutions empower women in East Africa (Uganda, Kenya and Tanzania) and if so, in what ways? If not why?

1.6.1 SPECIFIC QUESTIONS

- What are microcredit institutions? And how do they operate?
- What is empowerment for women?
- In what cases have women been empowered by microcredit, internationally and in East Africa?
- In what cases have women not been empowered by microcredit, internationally and in East Africa?
- What can be done better if microcredit is not working?

1.7 RESEARCH STRATEGY

The study conducted a broad search covering all relevant academic databases, Internet search engines, websites and conduct manual searches for journals and books. The research used back referencing from recent and current studies and also conducted citation tracking to be in position to identify more relevant information for the research. A list of combination of keywords were developed which are in relation to the independent variable (microcredit and its variations) and the depend variable (women empowerment). Databases such as EBSCO Business Source Premier, Econlit (EBSCO), EconPapers, JSTOR, Source OECD, Google Scholar, CGAP: www.cpap.org, Micro-banking bulletin: www.themix.org, Microfinance gateway: www.microfinancegateway.org, Microfinance Network: www.mfnetwork.org.
Bilateral and non-governmental organizations were searched such as African Development Bank, DFID, USAID and World Bank.

1.7.1 LIMITATIONS OF THE STUDY

The study faced some challenges but this did not hinder the achievement of the objectives of this study. Approaches were put in place to counter these challenges.

The timeframe for this paper was too short and this could not now allow the researcher to conduct a field study. This forced the researcher to rely on only secondary data from journals and theses minus conducting a field research.

Little information was covered on the impact of microcredit on gender relations. The information on East Africa tends to center more on the economic empowerment of women.

1.8 THEORETICAL FRAMEWORK

1.8.1 The Feminist Empowerment Paradigm
This paradigm will be used to shape the discussion of the key points in relation to microcredit and empowerment of women. The main focus of this paradigm is whether microfinance is an entry to women’s economic, social and political empowerment. This theory defines empowerment as transformation of power relations within society. The underlying assumption is that women’s empowerment requires change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at micro-level (Mayoux 2006).

Microfinance is seen as an entry point in the context of the wider strategy for women’s social, economic and political empowerment (Mayoux 2006). Microfinance
must be part and parcel of the spectral strategy for change, which identifies opportunities, challenges, and constraints within industries that, if addressed, can raise returns and improve the lives of a large number of women. The theory suggests that microfinance should be based on participatory principles to gain incremental knowledge of industries and enable women to develop their own change strategies (Chen 1996).

1.8.2 Poverty Alleviation Paradigm
This is another paradigm that will shape the discussion in the research proposal due to the concepts that it underpins in relation to microcredit and empowerment of women. The main focus of this paradigm is that microfinance is part of an integrated program for poverty reduction for the poorest households. This theory explains that microcredit targets women because they are the poorest of the poor. The main policy instruments include; the importance of small savings and loans provision, group formation for community development and methodologies for poverty alleviation targeting women in remote or rural areas. The main focus for gender policy is increasing women’s participation in self-help groups. It defines empowerment as increased wellbeing, community development and self-sufficiency. The underlying assumption is that increased wellbeing and group formation will automatically enable women to empower themselves (Mayox 2006).

1.8.3 The Financial Self-Sustainability Paradigm
The Financial Self-Sustainability Paradigm does help to understand some key concepts of microfinance and empowerment of women. The main policy focus of this paradigm is financially self-sustainable microfinance programs that will increase access to microfinance services for large numbers of the poor people especially the women.
The target group is the entrepreneurial female poor and the reason for targeting this group is efficiency because of high female repayment rates. The main policy instruments include; setting interest rates to cover costs, separation of microfinance from other interventions. This theory defines empowerment as economic empowerment, expansion of individual choice and capacities for self-reliance. The underlying assumption is that increasing women’s access to microfinance will automatically lead to increase to economic empowerment of women without other complementary interventions or change in the macro-economic growth agenda (Mayoux 2006).

1.9 CONCLUSION

This study will focus on microcredit and women’s empowerment in Uganda, Kenya and Tanzania (East Africa). The second chapter will cover the definition of key terms, description of how microcredit institutions operate and review of the international literature on microcredit and women’s empowerment. The third chapter will cover the analysis and interpretation of East African literature on microcredit and women’s empowerment in Uganda, Kenya and Tanzania, and summery of the findings. The fourth chapter will cover the conclusions and policy recommendations.
2 CHAPTER TWO

2.1 INTERNATIONAL RESEARCH ON IMPACT OF MICROCREDIT ON WOMEN

2.2 INTRODUCTION

There exists an extensive international literature that investigates the relationship between microcredit and the empowerment of women. This literature review covers the definitions of key terms, discusses how microcredit operates and looks at the cases where microcredit have empowered women and cases where microcredit have not empowered women.

2.3 DEFINATION OF KEY TERMS

2.3.1 Microfinance

According to Noreen (2011, 318), microfinance is a type of banking, which provides access to financial and non-financial services to low income or unemployed people. Preetha (2014, 142) in another case defines microfinance as “the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve their living standard”. These two definitions take into account both the financial and non-financial services offered by microcredit. However, they do no mention the dimension of group guarantee.

Ledgerwood (1999: 268) looks at microfinance as: “The provision of financial services to low-income clients, including the self- employed. In addition to financial intermediation, some MFI s also provide social intermediation services, including help in group formation and the development of self-confidence, financial literacy, and other services.” This definition mentions the group dimension and other non-financial
services. All these definitions tend to agree that microcredit targets poor people.

### 2.3.2 Definition Of Empowerment

There are many definitions that have been developed by different scholars to establish what the concept of empowerment is. This paper has grouped them according to the three theoretical frameworks that shape this research proposal in discussing the notion of microcredit and empowerment of women. These frameworks were outlined in the previous chapter.

The Financial Self-Sustainability Paradigm defines empowerment as an expansion of individual choice and capacities for self-reliance (Mayoux 2006). In the same way Ashraf et al (2006), defines women empowerment as access to decision-making and access utilities. All these definitions under the Financial Self-Sustainability Paradigm rotate around having choice, being self-reliant, having decision-making power and having access to utilities. Therefore, decision-making is the main component of this group.

The Feminist Empowerment Paradigm defines empowerment as the transformation of power relations within society. In the same regard, Batliwala 1994 (cited in Parpart et al 2002, 10) defines empowerment as the process of challenging existing power relations, and of gaining greater control over the resources. Zafar (2002, 63) shares the same notion where he defines empowerment as an improvement in the bargaining position of women, both within and outside the family, as a foundation for economic and social gain and a process that mainstreams the participation of women at institutional and policy levels. These definitions relate to power relations within household and community levels. Power relations are the key factor in these two definitions.
Meanwhile according to the Poverty Alleviation Paradigm, empowerment is defined as increased wellbeing, community development and self-sufficient. This concept is also shared by Chambers (1993, 11) who defines empowerment as when people, especially poor people, are enabled to take more control over their lives, and secure a better livelihood with ownership and control of productive assets as a key element. The key element in these definitions is welfare. They look at wellbeing at household and community levels as well as access to and ownership of property.

However, the United Nations Population Information Network (POPIN) (cited in Rahman et al 2009, 290), summarizes all the above definitions and comes up with the following components of women’s empowerment:

- Women’s sense of self-worth.
- The right to have access to opportunities and resources.
- Their right to have power to control their own lives, both within and outside home.
- Their right to have and to determine choices

These components are also expressed in rights-based terms. They will be adopted to shape the research proposal as they accommodate all the definitions that fall under the three theories that are used to guide this research paper.
2.4 HOW MICROCREDIT/MICROFINANCE OPERATES

The rationale behind microfinance is to offer microcredit services to the poorest people, especially women. Microfinance institutions offer small loans to individual members of a group and trust the group for repayment of loans. Administrative costs are subsidized rather than the interest rates. Typically, these small loans are paid back on a weekly basis (Kabeer 2009, 63). For instance, in Bangladesh, microcredit loans are required to be repaid in small and frequent installments. BRAC and Grameen Bank borrowers repay their loans in 46 and 48 installments annually respectively. The first installment is paid a week or less than a week after the loan has been issued (Jahiruddin 2011, 1115).

In another case, Alam (2012, 1165) explains that microfinance programs provide small and low cost loans to the poor women who have little or no collateral. The loans are used to start up businesses or as a supplement for already existing business. In Bangladesh, microfinance institutions identify the poor on the basis of land ownership. Only those owning less than 0.5 acre of cultivable land are eligible to borrow from the programs though the land restriction is not so much enforced.

Microcredit programs disburse loans under a group-based scheme with each group consisting about 5 to 7 members. The idea is for the members to act as security or guarantees for each other to acquire the loan. Members will lose access to loans in future as a result of one member defaulting. 18 percent is the average interest rate for the microfinance institutions but it may go up to 30 percent. Microfinance programs have mandatory provision for saving from each group member. However, this is quite a small amount of money and may depend on the financial status of each member.
Some microfinance institutions offer services such as paralegal, vocational and business training to its members.

Afroze (2012, 122), explains that microfinance institutions offer financial services to a particular kind of people among the poor and these services allow them to translate ‘pay-ins’ into large ‘take-outs’ if the need arises. The ‘pay-ins’ are regular contributions to savings and loan repayments in the amounts that the borrower can manage and ‘take-outs’ are lump-sums of money in the form of loans or accumulated savings that a family or household can borrow. The initial amount of the loan to be acquired is relatively small and the women borrowing have to pay within six months on a weekly basis. If a borrower has good creditability, then she can become eligible for larger loans. Most of these loans do not require collateral security as borrowers form groups whose members act as guarantees for each other. The idea is for borrowers to use these loans to start up business or expand business and whose profits are used to repay back the loans. Interest and repayments of the loans allows the microcredit to increase its capital and in turn continue issuing loans to other poor people to break the vicious circle of poverty.

2.5 CASES WHERE WOMEN HAVE BEEN EMPOWERED BY MICROCREDIT

2.5.1 Decision-making
Studies have argued that if women make active use of their loans, then it is likely that they will have greater decision-making roles in the household, either on their own or with their husbands. This is because their consumption standards will be higher and this will give them more decision-making power in the household (Kabeer 2009: 65, Von et al. 20012: 2257, Muhmud 2003, Hunt 2002, 73). But, an intra-household analysis conducted by Alam (2016, 116) indicates that microfinance programs
increase women’s bargaining power or status at household level. For instance, in Nepal, 68 percent of women group members of microcredit programs were found to be making decisions on buying and selling property, educating their daughters by sending them to school, deciding on family planning and negotiating their children’s marriage (Littlefield et al. 2003, Cheston 2002, 18). In a similar case, Mayoux (2002) argues that if women contribute economically to the household, then there is an increase on their economic decision making power in the family. Lakwo (2006, 172), in his research about microfinance, rural livelihoods, and women’s empowerment in Uganda, stresses that microfinance helped women to gain greater voice as they secured assets that turned them from being property-less to people with property. The new property status upgrades their status within the community to enable them to sit with men to discuss issues as well as decision-making. Similarly, Sharma (2014, 278) notes that a woman in Self–Help-Groups, which is a microfinance program, increases her decision-making power at the household level.

2.5.2 Impact On Access To Property And Savings
Rahman et al. (2002, 294), in their research where they compared women microfinance borrowers with non-borrowing groups, found that the borrowers were better off compared to non-borrowers. The borrowers had more access to property and savings compared to the non-borrowers. The research found out that the borrowers had stated owning land or houses in their names and had more productive assets compared to the non-borrowers. In terms of savings, the borrowers were found to have more savings than the non-borrowers. In terms of owning property, it was observed that 2 out of 125 borrowers had business in their own names, yet among the non-borrowers no one was found to own a business in their name. In a similar case, Mayoux (2002) argues that women can use the credit acquired from microfinance to
increase their assets and savings. Other studies also have shown that microfinance helps women to increase incomes, expenditure and assets and also helps women to gain access to property that was owned by only men (Van 2012: 2258, Littlefied 2003, Kabeer 1998).

2.5.3 Impact On Self-Confidence And Mobility
Women who participate in microfinance programs have been found to increase their self-confidence (Hunt 2002, 19, Ravichadra 2014). For instance, Cheston (2002, 19) notes that the Women’s Empowerment Project in Nepal revealed that there is an increase in the self-confidence of women who are engaged in microcredit programs. Another project done by URWEGO Bank in Rwanda found out that 69% of the clients reported to have increased their self-confidence and knowledge. Ravichandra (2014, 95) concludes that microfinance schemes help women to become more creative, innovative, proactive, intelligent, and better organized. This makes them gain self-confidence. In terms of mobility, Rahman et al. (2009, 295) and Littlefield (2003) argue that women in microcredit programs become more independent and can visit different places of their choice.

2.5.4 Impact On Women’s Involvement And Status In The Community
Cheston (2002, 22) argues that microcredit programs elevate women’s status at the community level. The fact that women contribute financial resources to family and community gives them more entitlements within the communities. Often the women themselves perceive that they receive more respect from their communities, especially the male members, after joining the microcredit programs. In another case, The Freedom from Hunger studies in Bolivia and Ghana indicate that those who participated in microcredit programs gained self-confidence and improved on their status within the community (Littlefield 2003). On marriage issues for example, in
Bangladesh in the area of Proshika, divorce and polygamy are reducing among microcredit members (Hunt 2002, 72). Lakwo (2006, 172), in his research conducted in Uganda notes that women have gained access to property and this has earned them honor to sit with men at community levels to discuss community issues. They are not mere contributors but are involved in community issues equally as men.

2.5.5 Impact On Political Participation Human Rights
Women become accepted into community politics when they engage in microcredit activities (Lakwo 2006:176, Littlefield 2003). Microcredit programs increase women’s knowledge of their political parties, processes and channels of influence. For instance, women clients of Opportunity Bank in Philippines have gained leadership experience, which has helped them get elected to leadership positions within their communities. In another case, the women clients of FORA in Russia campaigned for democracy in the recent Russian elections. In Nepal, 96 women members of the CSD microcredit program were elected to village and district development committees (Cheston 2002, 24-25). In the local elections held in Pakistan in 2001, members of Kashf microcredit program stood for elections. Out of the 15 clients of the Kashf who stood for elections, 9 clients won their contest and the contestants attributed their victory to Kashf (Zafer 2002, 66).

2.5.6 Impact On Household Consumption, Health And Education
There is an argument that microcredit programs empower women in relation to household consumption, health and education. For instance Alam (2012, 1164) argues that there is increase in house consumption by women in microcredit programs when the returns on their borrowing increases. The expenditure on children increases in relation to health and education. Similarly, Akisimire (2015) states that if women’s income increases, the overall household income will also increase and this will allow
women to consume items and purchase services they could not afford before. It has also been argued that microcredit reduces the burden of AIDS in Africa as women have money and security, which makes them less economically dependent on men, thereby enabling them not to engage in dangerous sexual practices. Women are also said to get necessary access to capital, which helps them to get access to clean water and thereby reducing the burden of diseases (Brownstein 2007, 9).

### 2.6 CASES WHERE MICROCREDIT PROGRAMS HAVE NOT EMPOWERED WOMEN

#### 2.6.1 Household Relations And Domestic Violence

Studies have shown that participation in microcredit programs increases tensions at the household level and increase domestic violence in families (Cheston 2002, 20, Rahman 1999, Kabeer 1999, Goetz and Sen Gupta 1996, Mayoux 2000, Mayoux 2002, Mayoux 2006). In the first place, men encourage their women to take loans after which they take control of the loans that the women acquire and yet the men are not willing to repay back the loans and this leads to tensions within the household leading to domestic violence. In another instance, men get frustrated if women take a long time to get a loan and this can also lead to domestic violence (Kabeer 2009, 65). Goetz and Sen Gupta (1996) found out that participation in microfinance increases domestic violence, which in turn reduces economic prosperity at the household level.

#### Little Capital And Debt Trap

Studies have shown that microcredit is a social burden as women acquire little capital, which has no impact on the long-term outcomes. The microfinance programs have limited growth potential with no sustainable impacts on the women and yet the interest rates are as high as 30 percent (Ruth and Elham 2011, 602). In a similar manner, Mayoux (2000 and 2002) stresses that women remain in low-income
activities and there is no chance of rising from poverty with such low incomes. Also, Muhmud (2003, 602) states there is no material resource base that is created by microcredit programs to empower women. Secondly, borrowers are forced to start paying back the loans within a week of the loan being issued, yet the women do not have enough savings at hand, or have not generated enough income within a week, to start repaying the loan. That means that women have to directly draw money from the loan they have acquired to pay back the first, second or third installments. If not the borrowers will resort to selling their own household items or property yet they are not sure if they will ever manage to replace those items in case the businesses take off. In another case, borrowers were forced to get loans from other loan providers so that half of the new loan acquired is used to repay the first loan, which leads to more extreme poverty than when they first acquired a loan. For instance research has showed that the borrowers of Grameen Bank in Bangladesh have fallen into ‘debt traps’ (Jeruhiddine 2011, 1116).

2.6.2 Control Over Loans And Property
Goetz and Sen Gupta (1996) in their research found that the majority of married women exercised less or no control over the loans they acquired from the microcredit institutions. The role of the women was to get the loans and the role of the men was to administer the loans, leaving the women with no powers over the loans. Some of the women leave family members to use the loan and also take responsibility of payments. The men sometimes cannot repay back the loans and this forces the women to sell their personal property, cut down on the household consumption or sell home utensils to clear the loans misappropriated by the men (Kabeer 2001, 64). Similarly, Mayoux (2000 and 2002) states that women have little or no control over the loans acquired and the men retain more or all the returns from the businesses. Al-Amin et
al. (2008, 19) back up this point where they state the women have little or no control over the property acquired from the loans and give the loans to their male members. In some cultures, it is regarded as a shame for a woman to own properties, such as tractors and irrigation pumps, in their names as these are regarded as ‘male’ properties. Therefore, if women acquire such properties, they will be registered in the names of the men.

2.6.3 Increase In Workload, Time Wastage And Stress

Studies have shown that participation in microfinance programs can increase women’s workloads, stress and sometimes they are deemed to be time-wasting ventures (Mayoux 2000, Mayoux 2002, Mayoux 2006, Cheston 2002, 26-29). Mayoux (2006) argues that a slight increase in a woman’s income may lead to heavier workloads, stress and have negative effects on women’s health. For instance, Cheston (2002) states that microfinance programs increase women’s work burden by involving them in time consuming meetings and income generating roles but with no action to reduce their traditional roles and responsibilities. The microfinance institutions use a system of peer monitoring as security where individual members have to see that all members pay back their loan. However, if one member defaults all other members lose access to future loans. This makes group members put pressure on each other, which can lead to stress and even suicide (Ruth and Elham 2011, 24-25).

2.7 CONCLUSION

In conclusion of this chapter, the review shows that microcredit loans help women gain decision-making power at home, increase self-confidence, improve on women’s status in the community, increase on their participation in politics and increase on
household consumption. However, the review has also shown that microcredit loans cause tension within household relations, may increase chances of women falling into a debt trap, may also increase stress, and men tend to control the loans and property acquired by women.

The next chapter will cover the review of microcredit on women’s empowerment in Uganda, Kenya and Tanzania (East Africa).
3 CHAPTER THREE

3.1 IMPACT OF MICROCREDIT ON WOMEN IN EAST AFRICA

3.1.1 Introduction

This chapter discusses the findings from various studies on microcredit and women’s empowerment in East Africa. Though there are serious contrasting debates around the world as to whether microcredit programs empower women or not, the findings from East Africa support the argument of this thesis that microcredit does empower women. This is based on the definition of empowerment where I have highlighted women’s sense of self-worth, their right to have access to opportunities and resources, their right to have access to power to control their own lives, both within and outside home, and their right to make choices (United Nations Population Information Network cited Rahman et al. 2009, 290). Ninety eight percent of the 32 studies reviewed for this thesis conclude that microcredit has positive impacts on women in East Africa compared to the 2% which show negative effects. However, it is also important to note that, when negatives are highlighted, these are challenges relating to the design of microfinance programs that need to be addressed for better results. For example, problems with the group process (wherein when some members default on their loans and this creates a burden on the non-defaulting members) and also the excessive paper work involved in the loan application process which makes the whole process difficult (Luyirika 2010, 70).

This chapter starts by discussing the East African context on microcredit. Then, the chapter reviews the impact of microcredit on women’s empowerment in the region in terms of: the contribution to capital, stock, savings and employment creation; education; health; access to food; access to property; decision-making, and participation; mobility and self-confidence; and respect in the family/community.
Microcredit institutions around the world target poor people and it is the same in East Africa. There are various microfinance institutions that are engaging women across East Africa, both international and local ones. It is not easy to get a clear, overall picture of the type of microcredit programs in place as this study relied on only secondary data. However, based on the research conducted, there are microcredit programs that conducted by the local governments, NGOs and some commercial banks. BRAC, FINCA, Care International, Opportunity Kenya and Uganda, and Pride are some of the leading examples of the major microfinance institutions in East Africa. In 2009 BRAC had 111,051 women clients in Kenya and Tanzania, FINCA had 47,550 in Uganda, Opportunity Kenya Ltd had 3, 379 women clients, Care International had 80,667 in Uganda, Kenya and Tanzania combined and Pamoja Women Development Program Kenya had 24,862 women clients. All the women clients from these examples were 99% categorized as being poor of the poorest or living under absolute poverty (Reed 2011). This means that they belong to families that have little or nothing at their disposal for them to access food, clothing, shelter, proper health services and water.

By 2011 the percentage of people in East Africa living in absolute poverty (below US$ 1.25) was standing at 46.8% but was projected to decrease to 40.9 by 2015 (Kabuya 2010, 80). Such high levels of poverty may help to explain why there are positive results of microcredit on the empowerment of women in East Africa. In this situation, any increase in income or earning for such a woman living under absolute poverty means a change in her life. People living under absolute poverty will think about food, shelter clothing and health for them and their families before thinking about anything else. An impoverished woman cannot think of becoming a member of parliament, minister, political activists or a pressure group leader before thinking
about solving the immediate problems that threaten her daily living. It is these problems that microfinance programs are designed to address.

3.1.2 Impact on Start-up Capital, Stock, Income, Savings and Employment Creation
Separating the information on start-up capital, stock, income, savings and creation of employment is difficult as they are interconnected. However, the paper will try as much as possible to discuss each independently.

Lack of capital to start up business ventures is a major concern for women living under US$ 1.25 or US$ 2. In East Africa the majority of women are poor with no opportunities for them to start income generating activities. Therefore, funds from microcredit institutions in the form of group loans help women to start businesses and increase capital for those women who already have small business ventures. In East Africa women’s income and savings have increased due to this availability of capital and they have gained the capacity to create employment for themselves, their families and friends within their communities (Okibi et al. 2014:89, Kibunyi 2014:34, Corsi et al. 2013:25, Brockington and Banks 2014:32, Gohery et al. 1998, Afroze 2012, Morris 2005 and 2013).

This helps empower women economically in East Africa. Kireti and Sakwa (2014, 5) in their research they found that 73.6% of women respondents in Nakuru county in Kenya agreed that microcredit loans helped them to start businesses and 83.8% agreed that their stock increased when they joined microcredit programs. This means that many women in East Africa who had no funds to start up a business or increase their stock have now have the opportunity to do that through microcredit intervention programs.
Microcredit can help women to have sources of income according to various studies in East Africa. Afroze (2012) in his analysis of BRAC Uganda also established that the organization was helping women in business development. While Karuga (2014, 44), in her study conducted in Kenya found out that the monthly income of microfinance beneficiaries had increased significantly after joining microcredit programs and this in turn increased their savings. Kibunyi (2014, 29) as well, found that 79% of the respondents in his study where able to earn over Ksh. 20000 (A$267.96) monthly after joining microcredit programs. Women are now moving to financial stability after joining microcredit programs, which is not only helping them gain and supplement their incomes but also benefiting their husbands and other male family members (Rice and Arthur 2011, 11).

Similarly Ssendi and Anderson (2009, 11) in their study in Tanzania established that over two thirds of the microcredit recipients agreed that there was a great improvement in their business performance and profits after joining microcredit programs. Research done in Uganda noted that the borrowers increased their products/services, gained another market, acquired new premises and increased their capital (Morris and Barnes 2005 46-47). Barnes *et al* (1999), in their study done in Uganda, where they compared clients and non-clients, found that clients are more likely to increase their income compared to non-clients. The study established that microfinance beneficiaries in that country were in a better position to increase their income compared to other women who were not engaged in microfinance-backed business ventures. The savings of members of Wekembe, a microfinance program in Uganda, increased from shs.16,000 to 44,000 which represents a 275% increase. Also 99% of the members indicated that they became able to save after joining the microcredit program (Corsi *et al*. 2013).
MFI clients are able to start or grow their business where women can traditionally trade in agricultural produce, shops and sell of shoes and clothing on retail (Luyirika 2014,65). Girabi et al. (2013) study in Tanzania found out that microcredit programs help women to increase their agricultural produce, which then enables them to spend some of their income and savings on purchasing agricultural inputs and improving farming technology. Likewise, Gohery (1998) in Uganda indicated that microfinance beneficiaries increased their land for cultivation, diversified the crops they grew and increased their agricultural inputs. Being able to trade in agricultural produce gives women access to business opportunities and resources, which contributes to their empowerment.

Women gaining access to capital, savings and increased income has resulted in the creation of employment for women as well as their family members and other people within their communities. This is as a result of women being able to start up small business ventures that can hire their immediate family members or some other members in their communities. The women can afford to employ themselves, their husbands, family members and other people from within their communities. For example a woman who owns a barber shop can employ 1 or 2 young men to help her in hair cutting on a casual basis and a woman who sells firewood employs young men on a casual basis to split the wood or deliver it to clients. A woman in Kenya owns a maize milling machine and employs her own husband as the operator. This is regarded as one of the success stories of microcredit in Sub-Saharan Africa (Rice and Arthur 2011, 7-8). Barnes et al. (1999, 100), in their study in Uganda, where they compared microfinance clients and non-clients, found that MFI clients employ more people compared to the non-clients. Women who are engaged in microfinance programs are more likely to hire agricultural labor than the non-clients (Okibi and
It is important to note that this is on a small-scale, as the resources involved cannot give the women the capacity to start large-scale ventures that can employ more people. That is why Tundui (2010) tends to dispute the significance of such employment generation on the grounds that most of the people that the women hire are family members and this is not meaningful employment.

The following are some examples of quotes of women on the creation of employment within their communities.

*My third loan was when I had conceived Joy (their fourth child). I had to change my business strategy. I introduced Jaa [husband] to the fishermen at the landing site. It became his duty to ride twice every week to the landing site to collect fish and bring to Alwi for sale. Sometimes, he has to take the fish to Paidha to my friends who sell and bring the money to me.* (Mrs. Akello in Lakwo 2006, 141)

*My husband was always redundant and hiding at drinking joints. With my business, he now has a permanent job and can only squeeze time to relax with his clansmen. He travels on a bicycle to Pakwach once weekly to restock the kiosk. He also travels with me everyday to buy fresh fish for sale.* (Mrs Mafalda in Lakwo 2006, 141)

Although women have managed to get capital, stock, gain income, savings and managed to create employment for themselves, some issues have been raised regarding the little initial capital offered and the short period of grace to start the repayment plan. These challenges are highlighted by Luyirika (2010) in her study in Mpigi town council in Uganda. The initial amount of credit offered to women is small and this is not always enough for their pre-planned business ventures. This makes
women to change their business strategy, which may lead to high failure rates. The repayment period and the period of grace are too short as well. The women are required to repay within a period of time that is too short for a business to yield profits or returns to sustain it. The microfinance institutions require weekly installments and repayment of the loan starts just after a week of disbursement. This sometimes can force the women to join many microfinance institutions to use the new loans for repayment of the first loan as they wait for the businesses to grow and become sustainable (Luyirika 2010:71, Terry 2006:95). Luyirika (2010, 71) also highlighted that the interest rates are quite high in Mpingi town council, Uganda. This makes some women feel that they are working for microcredit institutions with little change in their lives. This means the profits are being shared between the women borrowers and the microfinance institutions (Luyirika 2010, Terry 2006). However, as noted earlier, these challenges appear to be small scale because they are only mentioned in 2% of the literature reviewed.

These findings on start-up capital, business stock, income, savings and creation of employment support the hypothesis of this study that microfinance interventions are helping women to obtain access to resources and opportunities which is one of the components of empowerment. However, an increase in income does not necessarily mean empowerment, rather it depends on the context of the beneficiaries. For a woman in a developing country whose family is living under absolute poverty, an increase in income is empowerment as this creates business opportunities for women to cater for their needs. The above findings are also in line with international literature on women and microfinance, for instance the works of Khandker (2001), Hulme and Mosley (1996), Murdoch (1998) and Rahman et al. (2002) which shared same views that microcredit helped empower women economically.
3.1.3 Education

The education of children within poor households is a big challenge for women in East Africa. Even with free Universal Primary Education across East Africa, many families fail to send their children to school as they cannot afford to buy the school requirements - uniforms and books. Research has shown that women participating in microcredit programs are better able to send their children to school in East Africa. Women are able to use some of their savings from their business ventures to pay for the education of their children, siblings and other family members. Chepsat et al. (2014, 760), in their study in Kenya, established that all the respondents (100%) had their children in schools as they able to pay for their school fees after joining microcredit programs. The same study concluded that there is a significant contribution of microfinance to children’s education in the rural areas of Keiyo North District Kenya. Another study by Kireti and Sakwa (2014, 56) found that 77.3% of beneficiaries spent some of their savings from microfinance ventures on the education of their children. In another study done by Rice and Arthur (2011, 15-16), some women get a loan and use a portion of it to send children who had dropped out previously back to school and later used the savings from their small businesses to pay back the loans (Rice and Arthur 2011, 15-16). The works of Barnes et al. (1999), Brockington (2014), Gohary (1998) and Luyirika (2010) also established that microcredit helped women in East Africa to send their children to school. Finally, Brownstein et al. (2007) indicated that microfinance improves school attendance.

This is a quote from Tausi on her satisfaction with microcredit and how she has been able to pay fees for her children.

*Before I was a losing hope and giving up in life, there were times when I regretted having a lot of children. But now I am so happy because I can fulfill*
the needs of my children; they can go to school without any problems despite of going to distance schools [...] but I have the ability to send them there in the morning. I use 5 000 Tanzanian shillings every day and this has made my head to work hard (Pelleberg 2012, 24-25).

These finding are in line with the argument of this research that microcredit empowers women in East Africa. Financial gain has helped the women get the much-needed funds to send their daughters, sons and other family members to school. It is important to note that women are not the direct beneficiaries of the investment in education, they are rather equipped with resources to be able to send their children to school. This may be regarded as access to greater opportunities to exercise choice, which is empowerment. This means women have more power to control their lives and they can determine their choices in regards to education with the little change that is brought about by having accessing to microfinance loans.

3.1.4 Health
Access to health services is another significant challenge for women in East Africa. Microfinance has helped women to improve on their health through availing them with surplus income that can be diverted to solving their health needs. Kireti and Sakwa (2014, 56) in their study found that 63% of the savings were spent on health and Brannen (2010, 87-88) found out that microfinance had an impact on both the individual and community as 40% of his respondents reported using some of their income from microfinance projects on medical bills. The findings are similar to those of Rice and Arthur (2011, 17-18). Brannen (2010, 89) reported that most children of microcredit loan recipients slept under mosquito nets, which contributes to better health as the children are thus protected from mosquito bites, which causes malaria. Internationally, Mosley and Rock (2004), Brownstein (2007, 9) and Alam (2012,
1164) had similar findings in studies where microcredit were helping women get opportunities to access health services.

### 3.1.5 Access to Food

Lack of food and poor diet are common problems for women in East Africa. Some families may go for a day having one meal or nothing at all due to issues that relate to the environment and economy. On this note, this study found that this changes as families are able to eat a more nutritious and balanced diet after they join microfinance programs. Brannen (2010, 87-88) in a study in Zanzibar, Tanzania, found that 94.3% of the microcredit recipients spent part of their earned income from microcredit projects on food. Thuita et al (2013, 80-87) in their research conducted in Nairobi, Kenya, found that 60% of families who received more than 4 loans could afford to have meat and chicken on their menu compared to the new clients who had just joined the program. In this same study, members of households of microfinance programs consumed more diverse and nutritious foods compared to non-clients as a result of improved earnings. These findings may mean that the initial loan may have little or no impact on the household consumption in relation to food. However, with time, the loans become effective in changing women’s life in relation to access to food.

Hongo (2013, 103-109) found that 84% of the participants in microcredit programs in his study could now afford to get food easily after joining. While the evaluation of the Wekembe microfinance program by Corsi et al. (2013, 25-26) in Uganda indicated that 50% of the clients had previously faced food challenges and could not easily afford one meal per day. However, 40% managed to solve this problem after joining microcredit programs. These findings about microcredit and household consumption in East Africa are in line with the international findings on microcredit.
and women. For example Alam (2012) argued that, when returns on borrowing increase, there is an increase in household consumption of food?? and Akisimire (2015) states that the overall consumption of a household would increase if a woman’s income increases.

3.1.6 Access to Property
Access to property by women in East Africa is limited due to socio-economic and gender reasons. Property includes household items (like plates, cups, cooking utensils), houses, land and domestic animals. One of the aims of microcredit programs is to help women gain access to property in East Africa and results show that microcredit loans have helped women to do so. Women have access to and can own property at their homes using microcredit programs. For example, Rice and Arthur (2011, 10) in their research found that 34 of 35 respondents agreed that their income had increased after joining microfinance initiatives, which in turn has helped them to buy assets such as domestic animals and land for their families. Luyirika (2010, 68), also found out that women gained purchasing power after joining microcredit programs where they could afford to buy household items like beddings, sanitary ware, plates, cups and hoes. In Karuga’s (2014, 40-41) sample, 59% of women agreed that they have their own houses due to participation in microcredit programs. While Brockington and Banks (201, 32), reported that BRAC Uganda has helped women to gain get better houses. Salia and Mbwambo (2014, 269) in their study found that women who accessed microcredit in the past five years gained the capacity to acquire their own houses out of their savings from microcredit ventures. However, 20% of the borrowers accepted that they used part of the loan money to use for house construction as opposed to profits made subsequently. Barnes (1999, 98-99) reported that a significant high proposition of MFI beneficiaries owned refrigerators, television
sets and radios compared to non-clients. Gohary et al. (1998) also noted that that microfinance helps women to increase their household assets. Research done by Brannen (2010, 84-85) concluded that a VSLA program in Tanzania would easily help members to have better housing. Anyango et al. (2006) also found that VSLA program members are likely to own their houses and live in well-constructed houses than are non-microcredit members.

The following are quotes from three microfinance beneficiaries

“I have a house with three bedrooms, which I have built in my homeland in my name”. “After joined PRIDE TZ, I have bought a farm and a land all registered in my name.” “I used my sixth loan, plus my own savings to buy a grain-milling machine” (Kato and Kratzer (2013, 47-48).

These findings show that there is a link between microcredit and access to property for women in East Africa, which is in line with international literature on microcredit and women. Van (2012), Littlefield (2003) and Kabeer (1998) all noted that microcredit helps women gain access to property.

### 3.1.7 Decision-Making

Decision-making power at home is one of the key components of empowerment in this study. With the patriarchal setting in East Africa, women have little or no say when it comes to decision-making process at household level. However, the findings of this thesis are that microcredit programs give women in East Africa the opportunity to start making decisions, alone or jointly with their male family members. Kibunyi (2013, 32-33) notes that microfinance is increasing the role of women in decision-making process at household levels, while Hongo (2013, 75) in his research found that majority of the recipients of microcredit had more decision-making power in
relation to food production. In another case, Kato and Kratzer (2013, 46-47) found that men now even consult their wives before making a decision and sometimes the women take all the responsibility of decision-making since they now have their own financial power. In a similar way, Pelleberg (2013, 20-21) found women’s decision-making power had increased after joining a microfinance program. These findings are similar to those of Karuga (2014, 40-41) where she found that 60% of the research respondents agreed that their decision-making power had increased after joining microcredit programs.

The following are examples of women microfinance recipients speaking about microfinance and decision-making. A respondent from PRIDE Tanzania had this to say on decision-making

*Mother (meaning wife) is supposed to have a very big role in decision-making. A few weeks ago, I searched for a nice school (meaning English medium) in Kihonda for my child, Father (meaning husband) asked how much per year? I told him that it is TZS 370,000/= ($232.92). No, he said, adding that he is supposed to go to the normal primary school... I told him that we need to sacrifice and pay for that fees..., He did not reply anything and left. I had my own savings, when the day came, the school was opened and I enrolled my child and paid with my own savings (Kato and Kratzer 2013, 46-47).*

*My decision-making has increased. This time decide as I can also buy things, therefore my decision making has increased and I can stand on my own for my opinion and tell him; let’s do this or that. (Asaniath in Pelleberg 2013,19-21)*

*I can even decide to do things on my own for the family when solving small financial problems without depending on only the financial support from my*
husband. I didn’t like the idea of begging, even for small things from my husband, but now I feel very happy because I can tackle my problems and sometimes family problems (Felista, in Pelleberg 2013, 19-21)

I have no problem using my money the way I want. I can decide to buy anything being my own items or children’s clothes without asking my husband. Sometimes I buy clothes for my husband with my own money without seeking his permission. Recently I have bought a gas cooker and informed him later and he was happy (Kato and Kratzer 2013, 45)

These findings are also similar to those of Lakwo (2006, 158-161) where he concluded that women in Uganda have gained decision-making power over the education of their children, loan taking, investments and livelihood assets. This is in line with some other international works on microcredit and decision-making. For instance Kabeer (2009: 65), Von et al. (20012: 2257), Muhmud (2003) and Hunt (2002, 73) all argued that, when a woman contributes economically at home, this increases her decision-making power.

**Participation, Mobility and Self-Confidence**

It is hard to discuss participation, mobility and self-confidence independently as they are interlinked to each other. Therefore in this section they will be discussed concomitantly.

For women to be empowered according to this study, they must have the opportunity and freedom to participate in politics, social and economic issues within their communities. This can be achieved if the women feel confident and have the ability to move to wherever they want without fear or hindrance. In East Africa women who
participate in microcredit programs have been found to have more self-confidence and can move to different places to participate in microcredit trainings, business trips, social gatherings and meetings with local leaders. Lakwo (2006, 172-173) indicated that, through microfinance, women are gradually gaining acceptance within community politics as they have property and financial power to contribute equally as men in community politics. Women are no longer mere contributors in these community programs but real decision makers. They have gained power, not only to engage in politics but also in agitating for their rights and rules to benefit them. This results from being active and engaging with other group members through meetings and trainings where they have learnt the skill of communication through their group activities. Women have gained much-needed confidence to campaign for leadership positions in their communities (Luyirika 2010, 68). Microcredit groups have given women a platform for participation where they can share ideas and gain confidence, which is a source of empowerment.

Women need self-confidence for them to feel that they are empowered. Self-confidence enables the women to have the opportunity to choose what they want, yearn for access to resources and be pro-active in their communities. Findings in East Africa have highlighted that microcredit has a positive impact on the self-confidence of women. Research conducted by Kibunyi (2014, 34) indicates that microfinance helped women to gain mobility and self-efficacy, as well as self-confidence, which has improved the way they are perceived in their communities. Kato and Kratzer’s (2013) findings in their research suggest that women who joined microfinance institutions would interact and talk freely with a lot of confidence with other people in their communities. The study also found out that over 91% of the respondents felt confident and could manage their own affairs by themselves and revealed that
microfinance participants indicated that they participated in activities outside their homes more compared to non-clients. For instance, members of PRIDE in Tanzania go for meetings weekly and visit the chairman of their village for their loan approval before they get the loans. These circumstances help to consolidate women’s mobility within East Africa. The positive change in the women’s status at home and in the community has contributed to greater self-confidence of women. When women are treated better and given a platform both at home and in the community this results in a positive mind, which in turn helps women to gain confidence as they feel they are as valuable as any other person (Brannen 2010:9, de Goey 2012:29). This has led members of microfinance programs to have more political positions and also to gain the opportunity to attend developmental meetings (Kamanzi 2010, 78-79).

A study conducted in Tanzania by Pelleberg (2012, 25) established a positive relationship between microcredit and the participation of women in community activities and programs that relate to social wellbeing and politics. Women gain self-confidence through expressing their ideas and being in position to address others as they engage in microfinance programs. The confidence they gain helps them to participate in community leadership and challenge practices that do not benefit them. Lakwo (2006, 176) noted that the women in Uganda have deconstructed perceptions of polygamy, resisted Anglican teachings against brewing and consumption of local beer, fought exploitation by banks, fostered women’s group formation and engaged in community leadership.

The following are some examples of women quoted on participation, self-confidence and mobility.

*In the past I was not involved in activities outside my home, I was not aware of*
different meetings like village assembly meeting or activities organised by street chairman, but after joined a credit group I am attending different meetings and most of the activities organized in my street. (Kato and Kratzer 2013, 50-51)

I have been travelling to many places since I became member of SIDO. I have participated to Dar es Salaam International Trade Fair and in the Nanenane Agriculture show in Arusha. I have been travelling to different trainings to other regions. For sure, SIDO made me travelling to the regions, which I would not for my personal reasons. (Kato and Kratzer 2013, 50-51)

In the past I was afraid so much to go alone for example to the village chairman, to town to pay bills, but nowadays I can go without any hesitation to pay for water and electricity bills, and I am going alone. I can go anywhere and talk to anybody without any hesitation. Kato and Kratzer (2013, 50-51)

VICOBA has helped me with a lot of things; first it has made me meet people who I didn’t expect I could ever meet in my life. Up until now, VICOBA has made me reach Zanzibar to meet the Vice President of Tanzania. It has made me sit with ministers and discuss different issues with them. VICOBA has challenged me to change my life in a different direction, for instance now I am preparing the proposal of getting a land of 200 acres for all VICOBA groups and I also want to open an office for the union of all VICOBA group. (Teddy in Pelleberg 2012, 25)

All these quotes and results from different studies offer good evidence for the argument of this thesis that microfinance programs have empowered women in East Africa through enabling them to participate and move freely in their communities. These same findings are line with other studies, for example Afroze (2012) in their
assessment of BRAC Uganda found out that the organization has played a big role in confidence building. The international literature also supports these findings, for example the works of Hunt (2002) and Ravichadra (2014) who noted that microcredit programs increase the self-confidence of women. While Rahman et al. (2009) and Littlefield (2003) noted that women become independent and can easily go to different places as a result of participating in microcredit programs.

3.1.8 Respect in Family/Community
East Africa is a patriarchal society where male family members are traditionally dominating all issues, at both household and community levels. There is a social tendency not to accord women the respect that they deserve in their families and their communities. Studies in East Africa show that microfinance programs have helped women to have or build more egalitarian relationships with the men in their families. The economic opportunity that microfinance offers to women helps them to contribute more to households needs, which helps them, gain more power and respect at household level (Rice and Arthur 2011, 18-19). Women are able to contribute at both household and community levels and this makes women feel that they are equal to men as they feel self-worthy. The way the community perceives women has positively changed with the help of microfinance (Kato and Kratzer 2013). Regardless of the profit or increase in income that comes with joining a microcredit program, the process of group loans has impacted on women positively in the way they perceive themselves at both household and community level (de Goey, 2012, 28). Karuga (2014, 50) noted that the microfinance beneficiaries believed that their husbands and children accorded them more respect after participating in microfinance programs. Brannen (2010, 99-100) also found the majority of their participants indicated that there was an improvement as a result of being a member of VSLA program.
The following are quotes extracted from different studies on microcredit and respect of women in a family.

*The position of woman is very big nowadays; we have been given the freedom of movement and even to do business. We are now working to support our families. The money I am earning from my business has given me a big strength and respect in my family. You cannot believe I am supporting my husband and my children too. But our fellow women in the past, they were not respected because they had no money* (Kato and Kratzer 2013, 48-49).

*Our fellow women in the past were not able to raise their voices in their families. The problem, they had no money. They were not doing any economic activities. The income I am getting now, make me so much respected both in my family and by the community* (Kato and Kratzer 2013, 48-49).

*Nowadays, I am so much respected as a result of the contribution I am making in my family. I have managed to take my child to a nice school; even my neighbours and street people respect and praise me for the way that I am taking my children to school. I am poor but my child is going to a nice school, they teach very good..., I am also proud of myself that I have done a good thing and the community accepted that* (Kato and Kratzer 2013, 48-49).

*My greatest investment, in my household that I’m proud of from the loan has been paying prompt graduated tax for my husband over the last four years. In the first year, because of his stubbornness, I waited for him to be arrested and taken to the gombolola (sub county head- quarters). His parents and brothers did not have any cash. They called me and requested me to secure the release of my husband from jail because it will bring shame on me and our supra family. I*
asked them where I would get the money from as all of them never wanted me to do business. The next day, we went with the cash (tax and surcharge) and had him released. On our way home, he promised to set me free to do my business. From that day, we work and save money for his tax and he has become one of the prompt tax payers in this village (Mafalda in Lakwo 2006, 139).

These findings are similar to the works of Cheston (2002) and Littlefield (2003) where they intimated that women perceive more respect from their communities after joining microcredit.

3.2 SUMMARY OF THE FINDINGS
The study had the objective of finding out the relationship between microcredit and empowerment of women in East Africa. The research found out that microcredit programs have a positive effect on women. To a great extent the papers on microcredit and women in East Africa showed that there is a significant positive relationship between microcredit and women. To a great extent the respondents admitted they were now able to get capital, something they lacked before they joined microcredit services. This helped them to increase the size of their stock for those who had who had small businesses already. The findings also show that the women are able to increase their income, savings and they are also able to create employment for close family members and friends. The findings further reveal that women were able to send their children to school using the savings earned from microcredit ventures though some literature indicated that some women actually used some part of the loans to pay fees for their children as opposed to using the savings made. On health, findings also indicated that women are now able to access better health services compared to when they were not having small business ventures. Studies reviewed also indicated that women who participated in microcredit programs were
able to easily access food as well as eating nutritious and balanced diet.

The study established that there is a positive relationship between microcredit and access to property. The results from the study showed that women are able to gain access and own property, as they are able to use the available funds acquired to buy things like home utensil, land and build their own houses. Decision-making improved as result of microcredit programs in East Africa. The study established that women could jointly take decisions with their husbands or alone on household issues such as education of their children, agricultural production and business development. The study also established that the women gained confidence after joining microcredit programs which helped them to participate in socio-political activities within their communities freely. Lastly the findings in the study indicated that women gained respect at home and within their communities after joining microcredit programs.

4 CHAPTER FOUR

4.1 CONCLUSIONS AND RECOMMENDATIONS
The majority of the women in East Africa are poor with little or no access to livelihoods. Access to credit does not necessary mean empowerment but it is a catalyst or a means through which women can know about their situations and agitate for a change. Empowerment starts within the people themselves and not from the outside. The money offered to women in East Africa by microcredit institutions changes their economic situation, which helps them to feel to the zeal to change their social and political situations hence empowerment. From the literature findings, the study concludes that there is a significant relationship between microcredit programs and empowerment of women in East Africa. The women are able to gain access to start capital, increase their stock, acquire a source of income, increase savings and create employment within their communities, which has increased their productivity
hence economic empowerment. Increase in economic conditions for women has led to improved quality of life where women can access health services, get access to nutritious and balanced diet, and send their children to school. The study also concludes that the economic change brought about by microcredit has improved on women decision-making power at household levels, increased their participation in social and political activities, increased their confidence and have gained more respect at both household and community levels.

4.1.1 Policy Recommendations
Following up on the results from the above research conducted, the following policy recommendations are suggested.

Microfinance institutions should conduct meetings and more training about THE proper use of microfinance loans to encourage using savings as opposed to using loans received to solve some their financial challenges. This will help women in acquiring more skills in proper business management.

Microfinance institutions should also redesign their packages to suit the individual needs of their clients, for instance an increase in the amount of loan to be given out. Microfinance institutions should also design strategies to curb process related challenges such as high interest rates, too much paper work, and little period of grace given to clients before they start the repayment process.

Government should put in place policies that play a key role in enabling women to sustain their business ventures, such as instituting favorable taxation systems to enable women grow their businesses. Government should also design policies that encourage women to join microcredit programs as well as partnering with microfinance institutions to conduct civic education to educate women masses on
microfinance services. Some women especially in rural areas may not join microcredit programs because they are not aware of the existence of such services within their communities.

Finally, regulators of microfinance institutions should design a system where they regulate the interest rate that can be charged on microcredit loan. This will help in designing a uniform and fair interest rate to avoid women from being over exploited by microcredit programs that target profit maximization.
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