Institute of Social Studies

GRADUATE SCHOOL OF DEVELOPMENT STUDIES

Micro credit as a tool for Women's Empowerment and Poverty Alleviation in Uganda: The case of Uganda Women's Finance Trust Limited (UWFTL) and Micro Enterprise Development Network (MED-Net), Kampala, Uganda

A research paper presented by

RONARD MUKUYE

(UGANDA)

In Partial Fulfillment of the Requirements for Obtaining the Degree of

MASTER OF ARTS IN DEVELOPMENT STUDIES
Specialization:

LOCAL AND REGIONAL DEVELOPMENT

Members of the Examining Committee

Dr. Rachel Kurian
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This document represents part of the author's study programme while at the Institute of Social Studies; the views stated therein are those of the authors and not necessarily those of the Institute.

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Enquires:

Postal Address:

Institute of Social Studies
P.O. Box 29776
2502 LT, The Hague
The Netherlands

Telephone : -31-70-4260460
Telefax: -31-70-4260799
e-mail: postmaster@iss.nl

Location:

Kortenaerkade 12
2518 AX, The Hague
The Netherlands

Dedication

This piece of work is dedicated to my parents Ruth Namukwaya and the Late George William Mukuye who availed me with education. I will forever be indebted to you for all my success.

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May the Almighty God bless you.

LIST OF ACRONYMS

BDS	Business Development Services
BRAC	Bangladesh Rural Advancement Committee
CBOs	Community Based Organisations
CGAP	Consultative Group to Assist the Poorest
ERP	Economic Reform Programme
GAD	Gender and Development
GoU	Government of Uganda
GWCIH	George Washington Centre for International Health
MED-Net	Micro Enterprise Development Net work
MFIs	Micro Finance Institutions
MFED	Ministry of Finance and Economic Development
MFPED	Ministry of Finance, Planning, and Economic Development
NGOs	Non-Governmental Organizations
PAP	Poverty Alleviation Project
PEAP	Poverty Eradication Action Plan
RFS	Rural Financial Services
SEDA	Small Enterprise Development Agency
UGAFODE	Uganda Agency for Development
UMU	Uganda Microfinance Union
UNDP	United Nations Development Programme
UPPAP	Uganda Participatory Poverty Assessment Project
WID	Women in Development

List of tables

TABLE OF CONTENTS **PAGE**

CHAPTER ONE- INTRODUCTION

1.0 Introduction

With over 1.3 billion people[1] surviving on less than one dollar a day, eradicating global poverty remains one of the daunting challenges facing humanity. The millennium development goals that were set in 1990 point to the gravity of the problem as well as the global significance attached to the reversal of this adverse trend. Poverty is multi dimensional with no single strand of interventions capable of eradicating it. In recent times and with the advance of the neo-liberal ideology spearheaded by the World Bank and International Monetary Fund (IMF), there has been increasing acknowledgement of micro credit as an effective anti-poverty tool. Micro credit is being promoted as a key strategy for simultaneously addressing poverty alleviation and women's empowerment (Mayoux, 2002:3).

At the micro credit summit of February 1997 in Washington, delegates made a declaration that 100 million people particularly women should be reached with micro credit by 2005[2]. This shows the significance attached to micro credit by donors and development practitioners not only in the fight against global poverty but also in contributing to the realisation of the millennium development goals (MDGs). With the success stories of institutions such as the Grameen Bank in Bangladesh, Bank Rakyat in Indonesia and Bancosolidio in Bolivia, many developing countries have initiated/ supported similar programmes particularly targeted at women with the hope that they will help in alleviating poverty and empowering women. In spite of this current enthusiasm on micro credit, concern has been raised about whether micro credit empowers women and alleviates their poverty. Scholars like Scully[3] contend that donors and micro credit advocates tend to exaggerate the power of micro enterprise credit and related assistance while ignoring the key structural issues that are far more pertinent to the long term problem of women and poverty.

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[1] see- http://www.undp.org/mainudp/propoor/gender.htm

[2] See- http://www.microcredit.org/declaration.htm

[3] See-http://www.developmentgap.org/micro.html

In Uganda, many Non Governmental Organisations (NGOs) and Community Based Organisations (CBOs) have sprung up in both rural and urban areas to provide micro financial services, particularly to women. A closer look at these NGOs shows that most of them have an orientation to women clients. The Uganda Women's Finance Trust (UWFTL) and the Micro Enterprise Development Network (MED-Net) are two of the biggest micro finance institutions in Uganda that serve both men and women but also with more orientation to women. This paper analyses the ways in which micro credit provision by the two institutions has contributed women's empowerment and poverty alleviation. The paper also attempts to identify some of the gender specific constraints that may hinder women's empowerment.

1.1 Background to the problem

Since attaining independence from Britain in 1962, Uganda has gone through a series of upheavals that have adversely affected its growth and development in the last forty years. Cited as one of the showcases of economic success in Sub-Saharan Africa in the 1960s (MFEP, 1989:2), Uganda descended into ruins during the dictatorial regime of Idi Amin in the 1970s and the instabilities that followed in the 1980s resulting in the destruction of the nation's social and economic infrastructure.

The new government of the National Resistance Movement that took power in 1986 inherited a precarious economy characterised by industrial decline, rampant inflation, a balance of payments crisis, and a debt service problem, among other crises. Although the new government was reluctant at first to take on the World Bank proposed economic reforms, with time this became inevitable (Muwanga, 2001). According to MFPED (2000), the GoU introduced the World Bank supported Economic Recovery Programme (ERP) in 1987. This ERP comprised a number of reforms: the devaluation of the currency (Uganda shilling), the introduction of extensive public sector reforms that included the privatisation of public enterprises, the liberalisation of the economy and restructuring of the civil service. At the same time, the role of the state in service provision was also reduced and emphasis put more on development of the private sector. The national reduction in poverty both in urban and rural areas in 1990s and the consistent national growth averaging 7% has been largely attributed to these reforms.

Table 1: Percentage shares of the population living below the poverty line in Uganda.

Year	Rural (%)	Urban (%)	National (%)
1992/93	59.4	28.2	55.5
1993/94	56.7	20.6	52.2
1994/95	54.0	22.3	50.1
1995/96	53.0	19.5	48.5
1996/97	48.2	16.3	44.0

Source: Appleton (1999).

While such economic reforms have been 'extolled' for having turned around the economy, some scholars contend that they have had a profoundly negative impact on some sections of the population particularly women. From their study on stakeholders' perception of reform policies and their impact on well being, Kwagala et al., (2000) concluded that women and children were hardest hit by the economic reforms. Women had to bear the increased burden of work and suffer the consequences of reduced government expenditure with many of them joining the informal sector to supplement family incomes. Many women especially in urban areas such as Kampala are visible in the informal sector dealing particularly in petty trading. Micro enterprise support to these women has centred more on micro credit provided by a myriad of small and big credit agencies.

The adverse impact of economic reforms added to the already weak status and disadvantaged position of women especially in relation to resource access and ownership. Men and women in Uganda have different levels of access to livelihood resources including land and education (MFPED, 2000). In a study of credit policies in Uganda by Kiiza et al., (2000), it was noted that women are still less likely to own land and other assets; their freedom of movement is limited and they are less educated than men, something that constrains their effort in accessing credit from formal banks.

The UWFTL is one of the private MFIs that came up to support women entrepreneurs in 1986. It has now grown to operate over twenty branches in both rural and urban areas of Uganda. UWFTL focuses more on women although a small number of its clients are men.

On the other hand, MED-Net was set up by World Vision Uganda in 1996 although credit operations started in 1997. According to MED-Net policy, at least 60 percent of clients must be women. Both institutions operate in rural and urban areas providing micro credit and other services.

1.2 Statement of the problem

Targeting women for micro credit in Uganda is being emphasised by many Non Governmental organisations and specialised micro credit providers. Many of these providers tend to assume that micro credit is a panacea for women's empowerment and poverty alleviation. However, women's benefits from micro credit in form of increased empowerment and poverty alleviation tend to be limited by gender specific constraints that they face which are not usually considered by most micro credit providers. Most poor women lack entrepreneurial skills to undertake profitable ventures and have limited access to productive assets such as land. This is usually perpetuated by the patriarchal cultures in which they have been socialised leading to lack of self confidence, self esteem and other elements of 'internalised oppression'. Other women do not have ongoing micro enterprises which is a principle pre-requisite for accessing micro credit.

This study sought to analyse how micro credit can be an effective tool for empowering women and alleviating poverty. Two case study institutions are used in this analysis, UWFTL and MED-Net. Particular consideration is also made of some gender specific constraints that may limit the empowerment effects of micro credit.

1.3 Objectives of the study

The overall objective of this study was to find out how micro credit empowers women and helps to alleviate their poverty. In particular the paper addresses the following issues:

a. Analyses the different ways in which micro credit provision by UWFTL and MED-Net enhances women's access to resources, assets and opportunities in Uganda.
b. Identifies the extent to which women's access to micro credit from UWFTL and MED-Net improves their position in the business, household and community.
c. Discusses and makes recommendations in the design and delivery of micro credit that is pro-poor and pro-women.

1.4 Research questions

This study was guided by the following research questions;

a. In what ways has micro credit provision by UWFTL and MED-Net contributed to the women's access to, and control over resources and assets in Uganda?
b. How does access to micro credit affect the capacity of women to overcome their poverty in Uganda?
c. How can micro credit policies be designed to ensure that micro credit is effective in addressing women's empowerment and poverty alleviation?

1.5 Hypotheses

1. Increased access by women to micro credit is not sufficient for increased empowerment and poverty alleviation.
2. Gender specific considerations are not usually taken on board by micro-credit facilities and agencies.
3. To be effective micro-credit policies should be linked to the wider strategy of local development, poverty reduction and women's empowerment.

1.6 Justification and significance of the study

In spite of the growing interest in micro credit as a tool for women's empowerment, few studies have been undertaken in Uganda to assess how this comes about. Most studies only provide anecdotal evidence which is not very specific in relating to women. As Goetz et al., (1996:46) note, most evaluations of credit programmes tend to be restricted to the analysis of financial costs to the program and monetary benefits to the borrower rather than including qualitative issues such as women's empowerment. This study attempts to provide and analyse such qualitative indicators that tend to be overlooked

It is also important to note that women often experience greater constraints on their economic actions relative to men (Kantor, 2002). Evaluations focussing only on financial indicators may not therefore adequately show the wider impact and limitations of micro credit in empowering women. By highlighting some gender-specific constraints that affect micro credit impact, the study provides entry points for other actors in adopting an integrated approach to women's empowerment. It is also hoped that the findings will provide useful insights to micro credit providers for designing effective policies and credit delivery systems that have a gender focus.

1.7 Research methodology and sources of data

This study is mainly qualitative in nature. It is based on two case studies, the Uganda Women's Finance Trust Limited (UWFTL) and the Micro Enterprise Development Network (MED-Net), two of the biggest micro finance institutions in Uganda. Data for UWFTL was mainly derived from the 1999 report: "Vulnerability, Risks, Assets and Empowerment-The impact of Micro Finance on Poverty Alleviation", which was a contributory study to the World Development Report of 2001. It sought to examine the impact of microfinance on poverty alleviation within the framework of the "household economic portfolio as explained by Chen and Dunn (1996). Carried out in Kampala city on clients of UWFTL, the study employed several data collection methods including in-depth interviews, focussed group discussions and participatory rapid appraisal. A total of 447 clients of UWFTL and non-clients were interviewed.

Data for MED-Net was derived from the evaluation study of the Enterprise for Health project carried out by George Washington Centre for International Health (GWCIH). This World Vision project was implemented and evaluated in three countries: Tanzania (SEDA), Uganda (MED-Net) and Peru (ASODECO) between 1996 and 2001. The evaluation was comprised of a baseline survey in 1996/97, a mid-term evaluation in 1998/99 and the final evaluation in 2000. The study was specifically aimed at drawing linkages between micro credit and clients' health outcomes but a number of other broad outcomes including incomes and empowerment were identified. Although MED-Net had two project areas (Masaka/Mukono and Kampala/Mpigi), findings in this study relate only to Kampala/Mpigi area, that had a sample size of 240 clients, 64.5% of them women (GWCIH: 12).

Other sources of data include text books from the ISS library, working papers, other relevant research papers and reports, GoU policy documents and internet sources related to the area of study. Adopting two case institutions was sought to strengthen the analysis since data from the two cases could complement and help reduce weaknesses relating to: qualitative versus quantitative data, control group as well as cross and overtime comparison between clients and non-clients. While the qualitative data for UWFT had a more focus on women, data for MED-Net had a control group, some quantitative analysis and provided a cross and overtime comparison between clients and non-clients.

1.8 Limitations of the study

This study had the following limitations that might have influenced the findings and conclusions reached;

a. Exclusive reliance on secondary data might have limited the exhaustive answering of research questions. Use of primary data would have been very important in capturing first hand credit recipients' experiences.
b. Some data particularly from internet and reports were not very up to date in addressing the problem under study.
c. Martha Chen's empowerment framework that has been used analyses women's empowerment at individual rather than at collective level. In spite of this weakness, it was adopted because it had more explicit indicators for women's empowerment and poverty alleviation than other frameworks especially in relation to available data.

1.9 Organisation of the paper

This paper is organised into six chapters. The present chapter has dealt with the background to the study and methodology issues. In the next chapter, I present the conceptual and theoretical perspectives on which the analysis in chapter four and five is based. In chapter three, I provide a description of the two case studies in terms of their operational procedures. Chapter four comprises the analysis of the ways in which micro credit impacts on poverty. In chapter five, I analyse the ways in which micro credit empowers women as well as some of the gender-specific constraints that may limit this process. The paper ends with the summary of major findings, conclusions and policy recommendations in chapter six.

CHAPTER TWO- CONCEPTUAL AND THEORETICAL FRAMEWORK

2.1 Introduction

In this chapter, I discuss the different concepts and theoretical perspectives relevant in the analysis of the study findings. Concepts are discussed first followed by the theoretical perspectives. The concepts include poverty, women empowerment, poverty alleviation and poverty reduction, micro credit and micro finance. The theoretical perspectives include the different arguments that have been raised for targeting micro credit at women, the competing paradigms in micro credit and Martha Chen's empowerment framework. A review of some literature on the contribution of micro credit to women' empowerment and poverty alleviation is also made. The chapter concludes by providing indicators that will be used in analysing women's empowerment and poverty alleviation.

2.1.1 Poverty and Vulnerability

Poverty is a multi dimensional concept that eludes a universal and precise definition. As Hulme et al., (1996) note, what constitutes poverty and how it can be measured is a fiercely debated issue. The World Bank (1990) defines poverty as the inability to attain a minimal standard of living measured in terms of basic consumption needs or the income required for satisfying them. While such a definition is useful in designing poverty reduction policies, it does not usually capture the gender dimensions of poverty. Poverty is experienced differently by men and women and understanding this may influence the success or failure of the anti-poverty strategies adopted. As Bamberger et al., (2003) note, the recognition of this gender dimension of poverty is important for defining priority areas for policy and programme intervention.

Considering the World Bank's poverty definition, it seems inadequate for defining women's poverty in Uganda. Women's poverty in Uganda goes beyond lack of basic consumption needs or income to include lack of access to productive resources and assets such as land and low levels of literacy that make women vulnerable and powerless. Consequently, increasing women's incomes may not be the sole 'cure' for women's poverty and powerlessness.

Poverty is also defined in terms of relative and absolute dimensions. Absolute poverty relates to the situation of material deprivation to the extent that survival of the poor is at stake characterised by lack of basic necessities of life. On the other hand, relative poverty is the state of material deprivation viewed by comparing the poor to other social groups whose situation is less constraining in terms of material provision (World Bank, 1990). What may be called the 'relative poor' may indeed be non -poor in the absolute sense since poverty is contextually defined.

Vulnerability refers to insecurity or well being of individuals or communities in the face of changing environments in the form of sudden shocks, long term trends or seasonal cycles (Moser, 1996). It shows the dynamic nature of poverty with considerations of such factors as seasonality, effects of death in the family, and loss of livelihood assets, and how all this affects the poor. Therefore, whereas the conventional views on poverty focus on poverty at a point in time, vulnerability indicates its dynamic nature

In 'a Source Book for Poverty Reduction Strategies', Klugman (2002) identifies four dimensions of poverty;

- Lack of opportunity. This is characterised by low levels of consumption and income which is generally associated with low level and distribution of human capital, and social and physical assets.
- Low capabilities where there is little or no improvements in health and education among a particular socioeconomic group (in this case women).
- Low levels of security characterised by exposure to risk and income shocks that may arise at national, local, household, or individual levels.
- Empowerment. This is seen as the capability of poor people and other excluded groups to participate in, negotiate with, change, and hold accountable institutions that affect their well-being.

Klugman (2002:13) further notes that the Poor's level of empowerment increases as they get access to economic opportunities, develop human capabilities and establish greater income security. Klugman's view of poverty goes beyond the income-based poverty definitions. Women in Uganda have limited economic opportunities due to their low social status, their relationship with men, lack of ownership and access to productive assets, limited participation in decision making and heavy workload (MFPED, 2000-UPPAP). In view of the above definitions of poverty, this study clings more to Klugman's poverty dimensions particularly how access to micro credit creates opportunities for women, enhances their capabilities and increases their empowerment.

2.1.2 Poverty reduction versus Poverty alleviation

The concepts of poverty alleviation and poverty reduction are often used interchangeably but in a mistaken way. The way in which poverty is understood affects the way policy interventions are defined and how the impact of the interventions is assessed. A concentration on poverty as 'income poverty' is usually associated with a conceptualisation of poverty reduction as moving households from a stable 'below poverty line' situation to a stable 'above poverty line' situation (Hulme et al., 1996). This may form the basis for interventions premised on exclusive provision of [micro] credit. Definitions based on vulnerability on the other hand imply strategies that seek to reduce the 'upward and down ward' swings in the incomes of the poor even if such poor are not helped to cross the poverty line.

Poverty reduction strategies are generally targeted at the 'moderately poor' while poverty alleviation interventions are targeted at the so called 'extreme poor' or the poorest of the poor. Seen from a different perspective, poverty reduction is about reducing the incidence of poverty and poverty alleviation actions may also be seen as aiming at reducing the 'severity of poverty' (Elemu, 2002:8). However, it is important to be clear on what the anti-poverty strategy is aimed at: whether it is poverty alleviation or poverty reduction. Effective interventions in the context of micro credit ought to address the needs of the 'extreme poor' particularly by reducing their vulnerability.

2.1.3 Micro credit and Micro finance: Minimalist versus Integrated approach

In finance literature, micro finance and micro credit have at times been confused to mean the same thing. The two concepts however differ but they are not exclusive of each other since micro credit is part of micro finance. Several definitions have been put forward for micro finance:

- The Consultative Group to Assist the Poorest (CGAP) defines micro finance as "the provision of financial services –loans, savings, and insurance or transfer services to households"[4].
- Ledgerwood (1998) defines microfinance as "the provision of financial services to low income clients, including the self employed".
- While Johnson et al., (1997) considers microfinance to be "the provision of small scale financial services to low income clients including the self employed.

Most donors have focused on one main element of micro finance which is micro credit (loans). Micro credit relates to the exclusive provision of small loans, an approach that has been termed as the minimalist micro finance (Ledgerwood, 1998). The provision of additional services such as business development services, savings and micro insurance on top of loans has been referred to as the integrated approach to micro finance. In practice however, it seems difficult to find a 'pure' micro credit provider particularly in Uganda since many institutions take on clients' savings and claim to offer some elementary business training.

In addressing women's poverty in Uganda, I believe that an integrated approach to micro finance may be more effective than a minimalist one. This is because many women lack elementary skills and knowledge for running micro enterprises and the mere access to micro credit may be inadequate for their enterprise success. This does not imply that micro credit providers should provide all the services but rather it necessitates other interventions or support from other development actors such as business service providers.

2.1.4 Women's empowerment

International policy towards women has evolved over time from welfare orientation to empowerment. In the 1970s, the focus of development efforts centred on strengthening the women's reproductive position with emphasis put on meeting their practical gender needs[5]. The shift to empowerment followed the changed focus in the development debate from the WID to GAD approach in dealing with the women's cause. The WID approach

5 See http://www.cgap.org/docs/FocusNote_20.html

[5] Moser (1990:5) defines practical gender needs as those needs which are formulated from the concrete conditions women experience in their engendered division of labor and deriving out of this their practical gender interests for human survival.

considered women as a special problem or a separate interest group that needed specific interventions. As Razavi et al., (1995) note, the relational nature of women's subordination had been largely left unexplored in the WID approach. By focussing on the need for changed relations between women and men, the GAD approach led to policy shifts from interventions aimed at dealing with women to those aimed at influencing changes in the relations between men and women that were seen as perpetuating women's subordination.

Women's empowerment is a concept that lacks a precise and universal definition. Mayoux as quoted by Lemire et al., (2002:247) calls it a 'notoriously contentious concept'. The term relates to the change in power relations between men and women, allowing the latter to make choices that affect their lives and destiny. Several attempts have been made to define this concept;

- Mayoux (2002:51) defines women's empowerment as "the ongoing process through which women achieve equal rights, power and resources with men as part of a wider process of eliminating other dimensions of inequality and injustice".

- Moser, as quoted by Rowlands (1997:17) defines empowerment as "the capacity of women to increase their own self reliance and strength. This is identified as the right to determine choices in life and to influence the direction of change through the ability to gain control over material and non-material resources".

- The World Bank defines empowerment as 'broadly referring to the expansion of choice and action to shape one's life.....Empowerment is the expansion of assets and capabilities of poor women to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives (World Bank, 2002a).

Mahmuud (2002) argues that empowerment is manifested in two dimensions: women's absolute well-being and women's relative well-being. In terms of absolute well-being, empowerment is the process of improving the welfare of women and girls indicated by outcomes that measure their current status with respect to literacy and schooling, health and nutrition, labour force participation, contraceptive use, mobility and ownership of clothing and assets. On the other hand, seen from the relative dimension of well-being, empowerment is about improving the position of women relative to men within the household as indicated by women's involvement in intra- household processes like decision making, control over household income and assets, control over loans accessed, among others.

Rowlands (1997) notes that empowerment may take place in three dimensions, personal, relational and collectively. At individual level, there is development of self confidence and capacity, as well as the ability to work upon the perceived internal oppression. In terms of relational empowerment, the individual gains bargaining power and ability to influence decisions in the relationship for example in a household. Lastly, collective empowerment involves women working together to achieve wider impacts that are difficult to achieve at individual level. It is important to note that the empowerment process can only be defined contextually. For example, if empowerment in Uganda is about making women join politics, it does not necessarily convey the same meaning in countries where women are already active in politics such as Norway.

From the above definitions and conceptions about empowerment, a number of common elements do emerge. First, empowerment involves a change in power relations between men and women and it goes beyond economic considerations to include issues such as legal, social-cultural, psychological and political aspects. Empowerment can also be looked at as a way of challenging inequalities that impinge on women's ability to make choices about access to, and control over resources at the individual, household and community levels. Empowerment is not a tangible item that can be handed out to women but rather it involves the proactive articulation of issues by women as agents of change (Kabeer, 2000).

The empowerment concept has been widely used in the development discourse especially in issues relating to reducing gender inequalities. The importance attached to reducing gender inequalities can be evidenced from the United Nations introduction of the Gender Development Index and the Gender Empowerment Measure in the Human Development Reports since 1995 as a measure of progress towards gender equality. The Gender Development Index (GDI) shows inequalities in human capabilities such as education and health while the Gender Empowerment Measure (GEM) focuses on inequalities in areas political and economic participation and decision making (UNDP, 2002a). Micro finance/ credit programs have the potential to transform power relations and empower the poor- both men and women (Cheston et al. 2002:5). How this is possible remains a subject of debate among scholars and development practitioners.

2.2 Theoretical frameworks

In this section, I present a number of frameworks in which the findings from this study are analysed. These include the main reasons that are usually raised in the development discourse to justify the targeting of micro credit at women, the competing paradigms in micro credit provision as well as the framework for women's empowerment as proposed by Martha Chen in 1997.

2.2.1 Rationale of targeting women for micro credit

Arguments have been raised by scholars and development practitioners/ agencies to justify the targeting of women for development and poverty reduction interventions particularly micro credit. Some of these are discussed below.

i. Women are the poorest of the poor

The idea that there is a 'feminisation of poverty' has become influential in development policy for example in targeting of subsidies and micro credit at women (Baden, 1999). As quoted by Baden (ibid), Cagatay assumes this to comprise three things:

- That women have a higher incidence of poverty than men;
- Women's poverty is more severe than that of men;
- And that there is a trend to greater poverty among women, particularly associated with rising rates of female headship of households.

According to UNDP (1995:4), poverty has a woman's face-of 1.3 billion people living in poverty, 70 per cent are women.[6] The inequality between men and women is also reflected in the millennium development goals where it is noted that the rate of employment among women is two thirds that of men[7]. An argument goes that the negative impact of globalisation of the world economy is borne disproportionately by women. As the economy becomes increasingly linked to global markets, it often leads to

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[6] See <http://www.undp.org/mainudp/propoor/gender.htm>
[7] See <http://www.undp.org/mdg/>

a reduction in public spending and social programmes, pushing the costs on to the family where it is most often the women who shoulder the added burden.[8] Micro credit is believed to contribute to the reversal of this adverse trend.

ii. Women spend more of their income on their families

Another argument that is usually raised is that women spend comparatively more of their incomes on their families especially on child care, than men. Targeting women has therefore been seen as having a multiplier effect on household welfare that enlarges the micro credit provider's impact. In the same line, Wright (2000) argues that in most societies women manage the day to day household budgets and are more likely to save regularly investing the benefits from any increases in income into the welfare of their families. According to Cheston et al., (2002), studies from different parts of the world show that men typically contribute 50 to 68 percent of their salaries to the collective household fund whereas women 'tend to keep nothing back for themselves'. They further note that because women contribute decisively to the well being of their families, investing in women brings about a multiplier effect.

Critics of this argument however note that increased spending by women on family welfare is usually followed by a reduction in men's expenditure in the households which in the end worsens the women's position through accumulating family debts from borrowing. This may have a dual effect; first it keeps women in a position of continued dependence on loans rather than investing money in productive ventures. Secondly, the reduction in men's household expenditure may actually limit the increase in household welfare (Mayoux 2002:44).

iii. Efficiency and sustainability

In many micro credit schemes in the world, women have been found to be a better credit risk than men. Their repayment rate always tends to be better than that of men hence making them pose a lesser risk to the loan portfolio of the provider institution. With assured repayments from women, credit providers are more efficient, partly because they incur less cost in loan recovery. At the same time the prospect for attaining institutional sustainability is possible as long as there are no significant loan losses and write offs.

[8] See <http://www.un.org/womenwatch/daw/followup/session/presskit/fs1.htm>

However, critics to this argument like Hanak (1999) argue that although better repayment rates for women is frequently mentioned to justify them as the primary target group for micro credit, it might however be a simple indicator that they are more easily put under social pressure to repay because of their weaker social standing.

In stressing the efficiency factor, Rutherford (1995b) from his research in Bangladesh noted that women are targeted because they are accessible (since they are usually at home during working hours), more likely to repay on time, more pliable and patient than men, and cheaper to service. However, his argument that women are always at home during working hours may be true in the context of Bangladesh but not universal since women in many countries Uganda inclusive, are involved in the informal sector as employees or self employed entrepreneurs. Many of them are always out for work especially in urban areas like Kampala.

iv. Empowering women

Targeting women for micro credit has been justified as a means for empowering them. Johnson et al (1997:38) notes that micro credit interventions may lead to empowerment for women by increasing their incomes and their control over income, enhancing knowledge and skills in production and trade. According to Mayoux (2002:4), micro finance is assumed to initiate a series of interlinked and reinforcing 'virtuous upward spirals' of economic empowerment, improved wellbeing and social and political empowerment. It is important to note that the impact of micro credit on women empowerment may depend on how that credit is delivered. The impact may be minimal if group loans are not used or if the minimalist approach is adopted.

v. Reducing gender inequalities

Gender inequalities in developing countries are increasingly being seen as an obstacle/hindrance to growth and development. Currently, gender mainstreaming is becoming almost part and parcel of every development and poverty reduction strategy. The drive to reduce gender inequalities is also evidenced from the Millennium Development Goal number three that points to the need for increased gender equality and empowerment of women. The UNDP notes that "in addition to basic inequalities in access to education and resources, and unequal share of the burdens of poverty, women continue to be underrepresented in formal decision-making structures"[9]. By giving women access to working capital and training, microfinance helps mobilise women's productive capacity to alleviate poverty and maximise economic output (Harris, 2001:167). Micro credit is seen as a tool, and an entry point, for redressing the gender inequalities through equipping women with a productive resource.

vi. Women's rights perspective

Some proponents of micro credit for women see it as a human rights issue. The argument is that just as men are entitled to finance and other resources, so are women. According to One World Action (2000), women as well as men have a right to equal benefits from any poverty reduction strategy, micro credit inclusive. The same argument is raised by Mayoux (2002:3) who sees access to micro finance services as a fundamental human right. International women conferences such as the Beijing Platform for Action (BPFA) and the principles laid down in the CEDAW have also focussed at access of women to credit as a human rights issue for which women must not be discriminated against. For example, BFPA has 35 references about enabling women to have access to credit (Harris, 2002).

According to Kabeer (2000), the promotion of women's empowerment as a development goal is based on a dual argument: that social justice is an important aspect of social welfare and is intrinsically worth pursuing, and that women's empowerment is a means to other ends. With the above justifications for targeting credit at women, few may hold in the case of Uganda. In most cases, many institutions primarily target women because they are better at repaying than men. Other justifications seem to be realised not so much as a result of programmes design but rather as indirect effects.

2.2.2 Martha Chen's empowerment framework

A number of frameworks have been developed for assessing the impact of micro credit and other micro enterprise services on women's empowerment and poverty alleviation. These include Martha Chen's empowerment framework, Mayoux's framework and Longwe's framework. According to Mayoux (2002:19), Chen's empowerment framework was commissioned by United Nations Fund for Women (UNIFEM) in the impact study

[9] See <http://www.undp.org/mainudp/propoor/gender.htm>

for Assessing the Impact of Micro Finance Services (AIMS) at individual level. It consolidates three analytical frameworks that had been developed earlier to measure the impact of micro credit on women's empowerment in Bangladesh. A brief review of the three frameworks is made before presenting Martha Chen's empowerment framework.

i. Assessing change in women's lives: A research framework

Developed by Martha Chen and Simeed Mahmud, this framework suggests four path ways through which women experience change: material, cognitive, perceptual and relational changes. The increase in the asset base of women, economic independence and, entrepreneurship and mobility are used as indicators for women's fall back position. It is also suggested that the increased ability to cope with future eventualities is the objective of many micro enterprises program for women.

ii. Empowerment of women: A research program

This framework was developed by Schuler and Hashemi in 1993 and it construes women's empowerment as taking place in six areas: sense of help and vision for the future, mobility and visibility, economic security, status and decision making within the household, ability to interact effectively in the public sphere and participation in non-family groups.

iii. The Self Employment Women's Association's "Ten Points": A strategic framework

This framework was developed by members of SEWA Bank in India and it focuses on strategic objectives against which success of their members is assessed. It provides ten points for its members to achieve: Increased employment opportunities and income, improved nutrition, increased access to health services, child care, housing, water and sanitation facilities, household assets, strong women's associations and leaders, self reliance and access to education and improved sources of energy.

Martha Chen conceives micro credit as empowering women in four broad ways, each with a number of indicators as shown below.

Material changes

- *Income: increased income and income security*
- *Resources: increased access to, control over and ownership of assets and income*
- *Basic needs: increased or improved health care, child care, nutrition, education, water, sanitation and energy supply*
- *Earning capacity: increased employment opportunities and ability to take advantage of these opportunities.*

Cognitive changes

- *Knowledge: increased knowledge*
- *Skills: improved skills*
- *Awareness: increased awareness of wider environment*

Perceptual changes

- *Self esteem: enhanced perception of own individuality, interest and value.*
- *Self confidence: enhanced perception of own ability and capacities.*
- *Vision of future: enhanced ability to think ahead and plan for the future*
- *Visibility and Respect: increased recognition and respect for individual value and contribution.*

Relational changes

- *Decision making: within the household and community*
- *Bargaining power: increased bargaining power*
- *Participation: in non-family groups, local institutions, local government and political process*
- *Self reliance: reduced dependence on intermediation by others plus increased mobility and ability to interact independently.*
- *Organisational strength: increased strength of local organisations and local leadership.*
-

Martha Chen also identifies two types of variables that may affect the impact of micro enterprise services (including micro credit): participation variables and intermediating variables. Participation variables include value and date of loan, length of repayment period, purpose of loan, among others while intermediating variables relate to client characteristics such as gender, marital status, age, number of children, among others.

Chen's framework is related in some aspects to empowerment frameworks developed by other authors such as Mayoux and Longwe. Longwe conceptualises five progressive levels of equality arranged in hierarchical order with each higher level denoting a higher level of empowerment[10]. These levels are: control, participation, conscientisation, access and welfare.

2.3 Competing paradigms in micro credit and women's empowerment

Micro credit has raised a lot of enthusiasm as a tool for poverty alleviation and women's empowerment. At the same time, approaches to how this 'tool' works have also varied as scholars and practitioners take different positions. Mayoux (2002) presents three paradigms that have come up in the current debates regarding the role of micro credit in women empowerment and poverty alleviation- the financial self sustainability, the poverty alleviation and the feminist empowerment paradigms.

2.3.1 The feminist empowerment paradigm

The feminist empowerment paradigm construes gender subordination as a complex, multidimensional and all-pervasive process affecting all aspects of women's lives and embedded at many different mutually reinforcing levels: individual consciousness, the household, work, legislation, state structures and international economic and political systems. Women's empowerment is seen as more than economic empowerment to involve wider issues of social, legal and political empowerment. Interventions aimed at women's empowerment need to take place at these different levels. Micro credit in this case is seen as contributing to this process through enhancing the women's productive role and enabling the women to challenge inequities within the household. Believers in this paradigm would argue that micro credit is no 'panacea' for women's empowerment and poverty alleviation but is rather part of the wider process of empowerment that involves multiple interventions.

[10] See http://www.ilo.org/public/english/region/asro/mdtmanila/training/unit1/empowfw.htm. Mayoux (1998:12) on the other hand looks at empowerment from four dimensions: power over, power with, power to and power from within.

2.3.2 The financial self sustainability paradigm

The financial self sustainability paradigm focuses mainly on the setting up of financially self sustainable micro finance/credit programmes which increase access to micro credit/finance services for large numbers of poor people. This paradigm is 'an attempt to insert poverty alleviation and women's empowerment into the neo-liberal agenda'. It is based on experiences from the failure to sustain government credit programmes in most developing countries. The target is mainly the poor who have 'entrepreneurial ability'. Under this approach, the main reason for targeting women is their good repayment rates as compared to men. There is also an argument that micro credit provision has to be managed efficiently and in a professional manner so as to ensure institutional sustainability. Micro credit is seen as contributing to individual economic empowerment without due regard to gender and other social inequalities.

2.3.3 The poverty alleviation paradigm

The poverty lending paradigm considers micro credit/ finance as a means for alleviating household poverty and vulnerability, as well as increasing the well being of individuals and households. Micro credit is seen as part of an integrated community development programme and targeting women is justified on grounds that they are poorer, and spend more on household welfare, than men. It critiques the financial sustainability's focus on efficiency and the targeting of women basing on their good repayments. Poverty alleviation in this paradigm is defined in broader terms beyond just increasing market incomes but also to include building the capacity and increasing, skills and choices for the poor as well as reducing their vulnerability.

Due to the diminishing donor funding for micro credit programmes, there is increasing emphasis on the financial sustainability paradigm with orientation of micro credit institutions to 'business-like' practices. This is very common in Uganda where most of the relatively big institutions have been depending on donor financing for sometime.

2.4 Micro credit and poverty alleviation

Women's disempowerment is closely related to poverty and the combined impact of micro credit on these two aspects can lead to profound changes in women's lives. Harris (2002) outlines five ways in which micro credit impacts on poverty.

a. Micro credit may be invested in an income-generating activity as working capital or it may be used in purchasing a productive asset. Whichever option is considered by women, this can lead to establishment of a new enterprise or growth of the existing one and the increase in profit leads further to increased incomes and strengthened income sources.
b. The availability of reliable and regular micro credit enables the stabilization of income to the poor. It also helps in smoothing consumption expenditure. These help to protect the poor from unscrupulous and exploitative money lenders and the negative effects of debt cycles. Regular income also enables the poor to have regular access to food, health care, education and other services.
c. Micro credit is also assumed to lead to physical asset accumulation and retention. Assets may be purchased using direct loans accessed or the profits from the business. Assets accumulated are usually categorised into three; assets that contribute to life quality such as televisions, productive assets such as land and fridges for generating income, and household assets like livestock that are a form of savings in-kind.
d. The increased incomes and income security can lead to improvement in other areas of well being such as health, education, water and sanitation, among others. The link between income and these variables is not automatic and it depends more on the knowledge to prioritise expenditures and power to make appropriate decisions for expenditure.
e. Reduced vulnerability and increased ability to cope with risks.

2.5 Micro credit and women's empowerment

Given the theoretical justifications for targeting micro credit at women, how then can micro credit translate into women empowerment and poverty alleviation? The basic theory is that micro credit empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This economic empowerment is expected to generate increased self esteem, respect and other forms of empowerment for women beneficiaries (Cheston et al., 2002). The Consultative Group to Assist the Poorest (CGAP) notes that [micro] credit is particularly a tool to help the poor based on the fact that it reduces their vulnerability and fosters social and economic empowerment.[11]

It is also argued that micro credit positively impacts on women's ability to influence decision making especially in the households and it also provides a means for increasing women's self- confidence and self -esteem. Other areas where micro credit is considered important include improved gender relations in the home and women's status in the home and community, reduced domestic violence and increased political involvement as well as awareness of women's rights (Cheston et al. 2002). The correlation between micro credit and women empowerment seems to be contradictory basing on evidence from some studies. Some scholars argue that micro credit may even make clients worse off. A brief review of related literature is made below.

Goetz et al., (1994, 1996) carried out a study of four micro credit institutions in Bangladesh (The Grameen Bank, BRAC, Thangemara Mahila Sebum Sengstha (TMSS) and BRDB-R12) using 'control over loan use' as the yardstick for empowerment. They reached a conclusion that there was significantly less empowerment for women due to the 'male appropriation' of loans that was later termed 'widespread loss of control' by women. They pointed to the fact that women always passed their loans to their husbands hence limiting the empowerment effect of credit to the individual women.

Their conclusion was however criticised later by Kabeer (1998) on the grounds that assessing empowerment can not be done basing on only one variable that is, control over loan use as it were. Kabeer also critiques their lack of conceptual clarity between 'management' and 'control' of loans that are key issues in decision-making in the household. She finally argues that the two concepts are different with control relating to the decision on how resources are to be utilised while management means putting into practice what has been decided upon in the household.

[11] See http://www.cgap.org/docs/FocusNote_20.html. CGAP is an international initiative for supporting micro finance services arising from the International Conference to Reduce Global Hunger in 1993. Its nine founding members were: Canada, France, The Netherlands, The United States, The African Development Bank, the Asian Development Bank, the International Fund for Agricultural Development, the UNDP/UNCDF and the World Bank. This group was later followed by: Australia, Finland, Norway, the United Kingdom and the Inter-American Development Bank (Mayoux, 2002).

Notwithstanding their conclusion regarding 'male appropriation' of loans disbursed to women, Goetz et al., (1996: 46) contend that [micro] credit delivers a range of particular benefits when targeted to low income women. They also argue that credit represents a form of economic empowerment which can enhance women's self confidence and status within the family, as independent producers and providers of a valuable cash resource to the household economy.

In another study by Montgomery et al., (1996) that covered two institutions including BRAC, the conclusion reached was that instead of challenging the existing sexual divisions of labour micro credit may actually serve to perpetuate them. It is also pointed out that the status of the loan-receiving women as compared to other less well off women is likely to increase than as compared to men.

Further, in their study of three credit institutions in Bangladesh-Grameen Bank, BRAC and BRDB-RD12) Pitt and Khandker (1995) as quoted by Kabeer (1998), found out that credit had significant impact on well being-related outcomes but these were more visible where credit was disbursed to women than men. These researchers concluded that households receiving loans were better off than those not receiving loans and that, the higher levels of market oriented production and household expenditure resulting from loans disbursed to women as compared to men, was evidence of women's empowerment.

The study by Hashemi et al. (1996) on BRAC and the Grameen Bank provides indicators of empowerment that go beyond access to micro credit to include some gender-specific constraints which limit women's capacity to utilise micro credit in their quest for empowerment. They provide eight indicators for empowerment: mobility, ability to make large and small purchases, economic security, involvement in major household decision making, freedom from family domination, political awareness, participation in public protest and campaigns and the so called 'composite indicator' in which they argue that women who showed positive response on five of the above indicators were considered empowered.

Others like Lont et al., (2004) claim that micro credit generally reaches out to the poor and stimulates the transformation of the 'vicious circle of poverty' into a virtuous cycle of economic advancement. Micro credit is therefore seen as an entry point to wider social and political empowerment for women.

However as seen, the conclusions from the above studies seem to have some contradictions about the empowerment effect of micro credit, with some pointing to the negative and others to the positive sides. Kabeer (1998:13) tries to harmonise these two polarised positions by showing that the negative side of evaluations is based on the processes of loan use and management. These reflect a necessity for change in the underlying formal structures of gender relations as a prerequisite for realising women's empowerment. Particular changes need to take place in the gender division of labour that restricts women to home based stages of production and gives men the major responsibility for market transactions. On the other hand, she argues that evaluations that point to the positive impact of micro credit on empowerment have tended to focus on outcomes associated with, and attributable to loan use even though there may not be significant changes in the gender relations relating to production and marketing.

2.7 Operationalisation of concepts.

From the broader conceptual and theoretical frameworks discussed above, the key indicators below have been adopted for the analysis of findings.

Table 2: Indicators of Poverty alleviation and women's empowerment

Indicators of poverty impact	Indicators of women's empowerment impact
• Accumulation of physical assets • Impact on income • Impact on human capabilities • Impact on household welfare	• Impact on decision making • Impact on women's self confidence and self esteem • Impact on awareness, skills and knowledge • Impact on self reliance and bargaining power • Impact on women's status and gender relations in the home • Impact on women's political empowerment and participation in community activities

2.8 Conclusions

This chapter has discussed the concepts, theories and paradigms relevant to this study from which the indicators in (2.7) have been developed. Specifically, the literature review has pointed to the lack of consensus among scholars on the variables for analysing the ways in which micro credit empowers women and alleviates poverty. Interestingly, the literature review has also shown that most studies apart from that of Hashemi et al., (1996), do not consider factors beyond micro credit that may affect women's empowerment, an issue that this study attempts to shade light on.

CHAPTER THREE- BACKGROUND TO CASE STUDY INSTITUTIONS

3.1 Introduction

This chapter provides a description of activities, credit operations and loan products for the two case study institutions: UWFTL and MED-Net. This description is important since some parts in the analysis will be pointing to the issues described here. The chapter ends with a comparative summary between the operations of the two institutions.

3.2 The Uganda Women's Finance Trust Limited (UWFTL)

3.2.1 Background to UWFTL

The UWFTL is an indigenous private micro finance institution that was established in 1984. It was initiated by a group of professional women with the aim of strengthening the position of women through accessing them to financial services. UWFTL is a company limited by guarantee and like most other micro finance institutions in Uganda, it targets low income women in both rural and urban areas. It was founded by 46 members, 8 of whom signed the original memorandum and articles of association. UWFTL has a Board of Directors and a Board of Trustees. The latter board is mainly advisory in nature. These bodies comprise highly experienced and professional banking personnel. The UWFTL is affiliated to Women's World Banking (WWB), a link that has enabled it to access opportunities especially for staff training. The SNV and NOVIB of The Netherlands are some of its main donors.

The UWFTL was initiated with the mission of empowering economically disadvantaged women in Uganda through the delivery of an awareness creation, savings mobilisation and credit. The Trust also purports to carry out these services in a manner that safeguards its self-reliance and financial sustainability as an institution. It is therefore clear from the mission statement that UWFTL activities might in a way have been influenced by the need to attain financial self sufficiency. According to Wright et al., (1999), by December 1998, UWFTL had 34, 363 clients with 98% of them females and 2% males.

Table 3: Client profile for UWFTL (end of 2002)

Number of clients	34,229
Number of borrowers	33,940
Number of savers	34,229
Average loan size	US $ 195
Average loan size relative to per capita GDP	78%
Percentage of women	70%
Percentage of rural clients	80%

Source: http:/www.swwb.org/English/1000/address/affiliates/add_aff_UGANDA.HTM

3.2.2 Products and services offered by UWFTL

3.2.2.1 Micro credit

Until 1995, UWFTL only had the individual lending methodology targeting middle income women and group lending was introduced later in 1991. Currently, UWFTL has twenty branches in total spread across the country in both rural and urban areas. Training of clients in management skills was part of the original package that was being offered but this was abandoned in 1995 as it proved to be expensive to sustain. The corporate plan formulated in 1996 re-oriented the institution's focus to self sufficiency and targeting of low income women through group lending. Credit is only disbursed to women who have an on going small enterprise. No start-up businesses are funded.

a. Group loans.

According to UWFTL policy, group loans start at Uganda shillings-150,000 for the first loan and gradually rise to the tune of Uganda shillings 500,000 in the fourth loan cycle. Group members may decide, based on their assessment and/ or preference, to recommend a lower amount for their member than that prescribed by policy. Loan repayment term averages four month with repayments being made every week. On top of the 30% (of the loan) mandatory savings requirements, the use of group guarantee and peer pressure is very important for loan recovery.

It is a requirement by UWFTL that at least eighty percent of members in a group must be women. Every group should have a minimum of ten members and a maximum of thirty. Furthermore, it is a condition that for all groups that access loans from UWFTL, the executive (the group chairperson, the treasurer and the secretary plus any other leader) must be women. In addition to that, it is a requirement that the group and its members must be operating within a radius of 25 kilometres from the UWFTL branch office. Groups need to have a savings account with UWFTL, must have saved for at least 3 months before accessing a loan and group registration at least at the local council level is a requirement.

b. Individual loans

Most requirements for individual loans are the same as group loans except in few elements. Preferably, individuals need to have graduated from the groups with clean and ascertainable repayment records. They must have saved with UWFTL for at least 6 months and operating a small enterprise within a radius of 25 kilometres from the UWFTL branch. The applicant is also required to save 20% of the loan requested as part of the security for the loan.

Interest charged on both individual and group loans is 2.5% per month calculated on flat rate[12]. Furthermore, a non-refundable 4 % commission is charged, as well as stationery fee of Uganda Shillings. 4,000. Repayment of loans for groups is weekly while for individual clients is monthly. The Trust lends to women who are above 18 years although those below 18 are eligible to apply for membership if they present reference letters from two account holders of the UWFTL.

Table 4: Summary of loans sizes advanced to groups and individuals by UWFT.

Loan sizes	Groups	Individual
1st loan	150,000/=	500,000/=
2nd Loan	250,000/=	750,000/=
3rd Loan	400,000/=	1,000,000/=

Source: Wright et al., (1999)

[12] Unlike the declining balance interest rate, the flat interest rate is not calculated on the loans outstanding. Interest paid in every instalment is the same even in the last instalment. Most micro credit institutions in Uganda use the flat interest rate.

3.2.2.2 Savings product

UWFTL has two types of savings: the voluntary savings that are made every week when groups meet to repay loans and the mandatory savings (30% of the loan) that is an upfront deposit paid as part of the loan security. It is a requirement that every group opens up a savings account on joining UWFTL. The amounts for opening individual accounts, joint accounts and group accounts vary. UWFTL invests the portion of savings not needed to cover withdrawal requests in fixed deposit instruments, as the current legal structure in Uganda does not allow it to lend out savings.

3.3 The Micro Enterprise Development Network (MED-Net)

3.3.1 Background to MED-Net

MED-Net is one of the biggest and fast growing micro finance institutions in Uganda. Established in 1996 by World vision Uganda, MED-Net currently operates in ten districts with plans for further expansion to other areas under way. Credit operations started in 1997. While still an affiliate to World Vision, MED-Net is a company limited by guarantee as well as a Non-Governmental Organisation. It is headed by the Executive Director who is accountable to the Board of Directors.

World Vision Uganda which birthed MED-Net is part of a world wide World Vision Partnership which has its head offices in Monrovia, California with other regional and field offices spread in the whole world. It is an international Christian institution with diverse programmes ranging from relief programmes, children sponsorship, and Christian nurture to micro enterprise development.

The vision of MED-Net is to build the economic capacity of the poor to address future challenges. In the pursuit of this mission, MED-Net works in partnership with local communities to promote micro enterprise development through the provision of financial services to poor people who have the capacity to undertake micro and small scale businesses, particularly women. It is envisaged that this support contributes to improved social economic status of the clients through increase in incomes and employment. In order to achieve this, MED-Net seeks to become a sustainable micro fiancé institution.

3.3.2 Products and services offered by MED-Net

The main product offered by MED-Net is micro credit. Under this, small loans are disbursed to clients who have an ongoing small business. Other products offered include savings, business training, business counselling, insurance and linking clients to other service providers such as business development services.

3.2.2.1 Micro credit

According the MED-Net brochure, three approaches to lending are used: the group approach, the individual approach and the institutional approach. MED-Net mainly uses the group approach. Under this approach, a number of members (usually not exceeding 25) are brought together to form a group. They are trained by credit officers and oriented through all lending procedures in preparation for loan disbursements. In situations where the group has been in existence, it is also recruited for loans as long as it is registered and has objectives that are in line with those of MED-Net.

The individual approach was designed in response to clients who have higher financial needs and who find group loans as being insufficient for their business needs. Unlike the in the group approach, loans in individual lending have to be secured by physical collateral such as land titles. The last approach (institutional approach) was designed for employees of institutions such as schools, hospitals and companies. The members in this approach must have been employees of the employer institution for at least six months and must be earning a salary. By offering these three approaches to lending, MED-Net recognises that clients differ in their business financial needs.

a. Loan products.

MED-Net offers a range of four products: the community banking product, intermediate solidarity product, solidarity product and the individual lending product.

The community banking product follows the principles of village banking in which a groups of 20-40 members is subdivided into small solidarity groups. The key pillars of this model include: group empowerment, group guarantee and collective responsibility of members, use of peer pressure, regular group meetings, democratic management and transparency of groups. A group must have a constitution and also be registered at least at the local level. The loan term is usually four months and members co-guarantee each other.

The solidarity product usually comprise of five members who access loans ranging from 1,000,000/= to 3,500,000/=. Loans are paid back in 4 to 6 months with members co-guaranteeing each other.

Between the community banking product and solidarity product, MED-Net uses a 'hybrid' product called the intermediate solidarity product. This applies to clients whose financial needs range from around 400,000/= to near 1,000,000/=. This product has two sub categories: 5 or 10 clients who have businesses form a group and access loans that are repayable in four months. The second sub category is the institutional loans that are disbursed to employees of institutions with the guarantee of the institution head.

b. Individual loans

MED-Net's individual lending covers clients who have relative high financial needs. Loans disbursed range from 2,000,000/= to 10,000,000/=. The loan period is 6 to 12 months with repayments made on monthly basis. It is apparent from the individual loan sizes that this category is not the moderate poor or extreme poor. But rather clients who access such loans are quite well off. This is more so because individual loans are only secured by land titles and/ log books for vehicles as collateral.

3.2.2 Savings product

MED-Net has two types of savings: the voluntary savings that are made every week and the mandatory savings (20% of the loan) that is an upfront deposit paid as part of the loan security. Savings must be kept in a savings account. It is a requirement that every group opens up a savings account with a commercial bank with which MED-Net works in the area. This account serves a dual purpose: (a) for keeping clients. (b) Cheques for clients are deposited on this account from which the group executive withdraws the money and distribute it to the members in presence of the credit.

Other products offered by MED-Net include business training. Clients are trained in basic business skills such as elementary book keeping, customer care and expenditure management. MED-Net also links its customers to other service providers for services which it cannot offer. Such may include health and business development services.

Aware of the risks that may befall its clients particularly death, MED-Net hired the services of an insurance company called the American Insurance group (AIG). Every client pays a particular amount of money depending on the loan product where he or she falls as an insurance premium. This amount is paid every loan cycle and it is used to cover payments in case a client dies.

3.3 Conclusions

A description of the two case studies: UWFTL and MED-Net has shown that the two institutions have varying emphasis on women clients with UWFTL having more orientation to women than MED-Net. In terms of loan products, MED-Net seem to have more products to meet the needs of different clients from the very poor to the relatively well off ones. It has also been shown that both institutions only target clients who have on going enterprises. In the formation of clients' groups, both UWFTL and MED-Net emphasise the role of women on the executive.

CHAPTER FOUR- MICRO CREDIT AND POVERTY ALLEVIATION: FINDINGS FROM THE CASE STUDIES

4.1 Introduction

In this chapter, I analyse the role of micro credit in poverty alleviation. The analysis is done using the indicators that have been developed in chapter two that include; accumulation of physical assets, impact on household welfare, income, human capabilities and vulnerability. The chapter is concluded with the analysis of the extent to which micro credit can impact on poverty.

4.2 Accumulation of physical assets.

Assets are important for the poor as they provide livelihood means for them to make ends meet and any strategy enabling their accumulation is significant for poverty alleviation. Analysed from the perspective of the sustainable livelihoods framework, five types of capitals (livelihood assets) are identified: physical assets, human assets, natural capital, financial assets and social assets (Rakodi, 2002:9). How then has women's access to micro credit from UWFTL and MED-Net contributed to building of women's asset base?

The study of UWFTL undertaken by Wright et al., (1999) found out that women's access to loans has enabled them to purchase household and business assets including houses, fridges, and popcorns machines, among others. Many women also viewed the purchase of physical assets as a means of investment since they could dispose off such assets in the event of a crisis. Acquiring houses is especially important in urban areas where the poor tend to spend more of their incomes on rent. An evaluation study of MED-Net identified positive impact of micro credit on asset accumulation especially houses. The study showed that the number of clients owning houses increased between the mid term and final evaluation. Even by comparison to non-clients; more clients owned houses than non-clients at the time of final evaluation.

Table 5: Changes in housing patterns for MED-Net clients

Tenancy	Baseline	Mid-term Evaluation		Final evaluation	
		Clients	Non clients	Clients	Non clients
Owned	29	37	30	56.5	25.2
Rented	77	56	63	38.5	66.4
Free Occupancy	5	7	6	5	8.4

Source: Evaluation Report for World Vision Enterprise for Health

It can be observed from the above table that over time, access to micro credit has enabled clients either to build or buy houses and reduce on renting. Although non clients also show evidence of owning houses, their percentage is lesser than that of clients. However, from the findings above, two issues remain unclear. First, the accumulation of assets cannot be solely attributed to UWFTL and MED-Net loans because many clients in Kampala tend to get loans from a number of financial institutions in order to meet their financial needs. Secondly, the number of women with increased assets is not disaggregated but rather the clients are bundled together. This is one of the weaknesses earlier noted that although most institutions target micro credit at women, few evaluations do reflect the impact of micro credit by disaggregating clients by sex.

Yet not all studies of micro credit reveal a positive impact of micro credit on asset accumulation. Some of them show that micro credit can hardly help clients to attain 'meaningful' assets such as fridges save for small equipments like saucepans and popcorn machines. CEEWA-U conducted a study of 27 MFIs in Uganda. In 4 of these institutions, 325 clients were sampled. From this study, it was found out that 59.9% of women complained of small loan amounts that could not be used to buy big fixed assets (Nandago, 2002). The same study also found that the restriction of credit facilities offered to only working capital has limited the accumulation of 'meaningful' fixed assets that are of considerably higher value.

As quoted by Mayoux (2002:19), Gifford carried out a study of MED-Net and four other micro credit institutions in Uganda: CMFLTD, FINCA, FAULU and UGAFODE. One of her findings was that the short term working capital loans of 16 weeks, with no grace period limited women's acquisition of fixed assets and long term investments as well as the take up of investment opportunities that came up unexpectedly. In my four years' experience in micro credit, I noted that since some assets acquired by clients tend to be pledged as loan collateral to groups, they are usually sold off to recover loans in the event of clients defaulting. Although this undeniably impacts negatively on women, it as well poses a dilemma to MFIs which are caught between the need to help clients as well as to attain and maintain their sustainability-an indication of the possible conflict between the financial sustainability paradigm and the feminist empowerment paradigm.

Therefore, women's accumulation of physical assets through micro credit is evident but it seems to have limitations especially the small loan sizes that are only suitable for working capital and not viable for long term investments and fixed assets accumulation.

4.3 Impact on household welfare

Theory and practice shows that micro credit especially targeted at women translates into improved family welfare because women spend considerably more of their incomes on their families than men. Evidence of this may be in form of increased expenditure on health and child care, nutrition, and education. Findings from the study of UWFTL show that access to micro credit has led to increased expenditure by women on key consumption items especially on health and education. Through direct use of loans and increased profits from their micro enterprises, women clients have been able to take their children to school and improve their household health status. Suffice to attest to this are comments from some women interviewed in the study by Wright et al., (1999:26):

"We live for children, all our money goes to school fees because we did not plan properly. Perhaps the next generation will learn from our mistakes and have few manageable children".

"I am a widow with seven children. Most of the money I make is spent on children's school fees, feeding them and buying medicine when some of them fall sick".

Interestingly, findings from the evaluation of MED-Net also revealed increased expenditure on household welfare as a result of women's access to micro credit. The MED-Net study revealed that the percentage of clients who increased their expenditure on identified priority areas were more on education and health as indicated in the table below:

Table 6: Percentage of clients with increased expenditure on priority welfare issues

Item (priority objectives)	Percentage of clients
Food	57.1
Clothing	60
Education	66.7
Medicine	61.7
Health care	61.3

Source: Final Evaluation Report for World Vision Enterprise for Health

Although one may question whether investing in children's education and health has a direct effect on poverty alleviation after all, Wright et al., (1999) notes that use of micro credit to pay school fees has helped to free other household incomes for spending on other household priorities. This has enabled women to smooth their consumption and avoid the liquidation of physical assets.

4.4 Impact on income

Micro credit can help women to increase their incomes through boosting their micro enterprises and diversification of income sources. Findings from the evaluation of MED-Net showed that the number of clients in higher income brackets (from US$ 150 upwards) increased between the mid term and final evaluations. The corresponding change for non-clients is quite small compared to clients.

Table 7: Changes in household incomes for clients of MED-Net

Household Income	Mid term evaluation		Final Evaluation	
(US Dollars)	Clients	Non-Clients	Clients	Non-clients
0-50	39	82	11.7	30.4
51-150	36	12	34.6	40.8
150-250	9	2	21.7	15.4
251-500	11	2	20.8	10.0
>500	6	1	11.3	3.3

Source: Final Evaluation Report for World Vision Enterprise for Health

However, some scholars like Wright (2000:3) argue that increasing incomes is not necessarily synonymous with reducing poverty if the use to which income is put is not analysed. It is also important to note that there is no automatic link between access to micro credit and increased incomes because credit is actually a debt to clients. It would be important to ascertain whether the increase in income is a result of increased business sales, diversification of income sources or purchase of business assets. This is because many clients do not always invest money in their businesses as they claim. We have already seen that many of them increase their expenditure on children education, health and other household priorities-expenditures that may limit increased business investments or physical assets accumulation.

It is a common strategy for the poor to try and diversify their sources of income as a survival mechanism to protect against risks of failure in one income source. By accessing loans from UWFTL, women have been able to venture out in new businesses. Findings show that many clients diversify to smooth seasonal troughs in the availability of income. According to Wright et al., (1999:22), it is not uncommon to find a household running several lines of businesses that have varying levels of cash flow at different times of the year and in different trades. Such diversification helps in reducing the vulnerability of clients.

4.5 Impact on human capabilities

Poverty is not only about lack of income but also lack of capabilities such as skills. UWFTL offers some elementary training in business skills and management. MFIs can help in building women's capacities if they train them or help them to organise themselves for a common cause. Findings from the UWFTL show clients' appreciation of the skills and capacity attained by accessing and using micro credit as one client noted;

"The capacity we have gained to plan and implement the plans is one of the differences between us and the poor".

Yet this assertion needs to be treated with caution. This is because as recalled from the institutional background UWFTL stopped training clients in business and management skills in 1995 claiming that it was expensive and detrimental to institutional sustainability. Probably it is the elementary pre and post loan training that is bearing this positive impact. The problem with most elementary training is that it is tailored to the MFIs credit and mainly facilitates the recovery of loans without really benefiting clients.

4.6 Conclusions

This chapter has shown that micro credit from UWFTL and MED-Net has contributed to poverty alleviation by helping women to accumulate assets, increase incomes and diversify income sources, and improvements in family welfare. But what the two cases do not show us is the level of control women have over these assets and loans accessed. This is because as Goetz et al., (1994) found out in Bangladesh, gendered power relations within the household affect the distribution and use of cash resources and may undermine women's capacity to retain control over the way a loan is invested or the profits used.

CHAPTER FIVE- WOMEN EMPOWERMENT AND MICRO CREDIT: FINDINGS FROM THE CASE STUDIES

5.1 Introduction

As the literature review has shown, micro credit has the potential to empower women. In this chapter, I analyse the different ways in which women's access to, and use of micro credit from UWFTL and MED-Net have contributed to their empowerment. This analysis employs the empowerment indicators developed in chapter two. However, it is important to note at the onset that women's empowerment is not easy to measure and as the literature review showed different scholars use different variables to assess it. The last section of this chapter deals with some of the gender specific constraints that may limit the impact of micro credit on women's empowerment.

5.2 Impact on decision making

Women's ability to influence or make decisions that affect their lives and their futures is considered to be one of the principle components of empowerment (Cheston et al., 2002: 15). Access to micro credit from UWFTL has led to increased participation of women in household decision making. The study by Wright et al., (1999) showed that women who have accessed micro credit from UWFTL now claim to be more involved in joint decision- making with their husbands in the households than before. Particular areas in which women expressed increased joint decision making include children's schooling, household expenditures and acquiring or disposing off assets. As a result of women's financial contribution in the household, they claim that husbands now value their ideas than before.

Apart from joint decision-making, women clients of UWFTL now claim more ability in making independent decisions regarding the use of their loans and savings. This contrasts with Goetz et al., (1997)'s argument that women often lose control over their loans through passing them to their husbands. Although findings fall short of quantitative indicators of change, it is suffice to note some expressions put forward by some clients:

"Now we have learnt that a woman has a right to make some decisions in the household and that she can make financial contributions and take some responsibility".
Source: Wright et al., (1999:27)

"Ten years ago...men were very authoritarian and would not allow their wives to work. Women also did not feel confident. But now things have really changed: there is more cooperation between husband and wife".

Source: Wright et al., (1999:31)

The findings from MED-Net also showed that between the mid term evaluation of 1998 and the final evaluation of 2000, more than half the number of clients (50.4 per cent) reported being able to participate in family decision making as a result of accessing micro credit from MED-Net. They claimed to be more involved in joint decision- making with their husbands than before they accessed the loans. Unlike findings from the UWFTL, MED-Net' findings do not show the kind of decisions in which women are now more involved now. If increased decision making is mainly on trivial household issues, it may count less as a contribution to women's empowerment.

However, what remains unclear from the two cases is the role of the intermediating factors such as age and marital status in influencing decision making as explained by Martha Chen in her empowerment framework. A baseline study of three micro finance institutions in Uganda by Barnes et al., (1999: 113) raised the issue of marital status in affecting impact of micro credit on decision making. It was found out that "when marital status is taken into account, about 75 percent of respondents in a monogamous marriage were the sole decision maker, compared with 84 per cent of those in a polygamous marriage and 96 percent of the single clients". This comparison shows that the impact of micro credit on women's decision making in the household may vary depending on the marital status of the client.

5.3 Impact on women's self -confidence and self-esteem

Self confidence is one of the most crucial areas of change for empowerment yet it is also very difficult to measure. It is a complex concept relating to women's perception of their capabilities and their actual level of skills and abilities. It is related to Kabeer's concept of agency that allows women to define and achieve goals as well as the sense of power women have within themselves (Cheston et al., 2002:16). Self-esteem and self confidence are also closely linked to knowledge (ibid).

Clients from UWFTL portrayed increased self esteem and confidence in a number of ways. First, self confidence can be seen from the degree of women creativity in their businesses. Some women have taken on steps to combine loans accessed from UWFTL with small loans from ROSCAs to get bigger loans that can meet their working capital needs. Although this in a way reflects the limited size of loan amounts offered by UWFTL but seen from a different perspective, it shows that women have a vision of what they want and an idea of the strategies for pursuing it using micro credit.

The use of group lending by UWFTL has reduced women's isolation. As Johnson et al., (1997) note, in situations where women are isolated due to issues that hinder mobility, meeting other women at the home of a friend may be of intrinsic value. Findings from the study show that women especially widows felt highly valued in the group than before they joined the groups. It is therefore not only provision of micro credit per se but also the way credit is delivered (use of group lending approach or individual lending) that affects the empowerment benefits that may accrue to women.

However, there has been concern on the stress or pressure of repaying loans that burdens women instead of strengthening their social networks. In situations where women have defaulted, micro credit groups have not helped them a lot for example findings from UWFTL showed that women who defaulted were ostracised from the groups thus losing a source of support and networks. This is very perturbing especially when groups that were recruited for loans already existed with their own social support programmes.

Furthermore, in her 2002 study of five micro credit institutions including MED-Net, Gifford also came up with the same finding. As quoted by Mayoux (2002: 19), she noted that women who defaulted were usually ostracised from groups thus losing a source of support and networks making them even more vulnerable than before. This therefore implies that although micro credit may help in building women's networks, it may turn out to destroy what it creates and impact negatively on women's self esteem.

5.4 Impact on awareness, skills and knowledge

Acquisition of skills and knowledge is important in the process of women's empowerment. Of particular importance is the acquisition of business skills and innovativeness. This is usually a result of pre and post loan training offered by the credit providers. The findings from UWFTL show women's expression of increase in skills and knowledge. Some clients as quoted by Wright et. al., (1999:26) had this to say:

"We have learnt to plan and be innovative. When you get the loan, you plan several activities to do so that you can generate a little income from different sources. This helps us to run our homes and repay the loan".

"I now budget carefully and balance my books to know whether I am making profit or loss"

Also noted was the increase in client's awareness about opportunities and how to take advantage of such opportunities such as the way in which they respond to threats and opportunities. As a strategy, many often opt to switch from one business to another depending on how they anticipate changes in economic circumstances. Diversification of income sources was also reported as a strategy for coping with seasonal variations in economic activity. Based on the weekly repayment schedule of loans, clients structure their income sources in such a way that they have businesses which earn daily incomes and another/others that bring in regular incomes say, twice a or once a month (Wright et al., (1999:21).

Some women have also devised means of on lending the loans they access to other women. Mayoux (1997:4) notes that savings and credit groups often discriminate against the very poor and disadvantaged women. On lending is usually made to women who might have been excluded from accessing loans from UWFTL. It is this market niche that these shrewd UWFTL women exploit as an economic opportunity to further their economic chances. While others opt to pool their loans into one lump sum which is disbursed to the members on rotational basis until all have got.

Similarly, the study of MED-Net found out that by the time of final evaluation in 2000, 99.6 percent of clients had increased their business skills. Conversely, non-clients did not report any increase in business skills at the time of final evaluation. This is very important and indicative of women's empowerment and is in line with Klugman (2002:13)'s argument that the level of empowerment among the poor increases as they gain access to economic opportunities, develop human capabilities and establish greater income security.

5.5 Impact on self reliance and bargaining power

By promoting the growth of clients' businesses and earning capacity, it is argued that micro credit leads to reduced dependence especially of women on their husbands and/ or friends/relatives. This has also been the same case with clients' access to micro credit from UWFTL and MED-Net. Some clients anticipating the possibility of separating with husbands saw investing in assets as a means of getting something to start off in the eventuality of separation (Wright et al., 1999:2). It would be interesting if the impact of this change on family stability is explored since it points to women's anticipation of separation.

The findings from MED-Net evaluation study also corroborate those from UWFTL. It was found out that a greater percentage of clients as compared to non-clients depend on their micro enterprises as the source of income. The figure also seems to grow over time between the mid term and final evaluation. Conversely, more non-clients as compared to clients depend on gifts/grants, family members' salaries and wages.

Table 8: Changes in income sources for clients of MED-Net

Income source	Mid term valuation		Final evaluation	
	Clients	Non-Clients	Clients	Non-Clients
Business	87	58	89.1	42.5
Gifts or grants	9	19	18.8	27.5
Family members' business	20	16	18.8	10.0
Family members' salary	13	18	17.2	31.3
Own wages or salary	10	19	10.4	25.0

Source: Final Evaluation Report for World Vision Enterprise for Health

One interesting observation though that needs further study is the comparatively higher percentage of clients whose source of income is the family members' business than that of the non-clients. This is observable both in the midterm and final evaluations. Although this shows a sign of decline in the final evaluation it may be an indication of joint business ownership or cooperation among members of the family. It is also visible that a relatively smaller percentage of clients than non-clients depend on their own salaries/wages and salaries of family members than non-clients. This may be an indication that clients of micro credit and their relatives rarely have a regular fixed income source and that the main source of income for their households are their businesses.

By reducing women's dependence on support, it is evident that access to micro credit promotes self reliance for women clients. However, what is not clear is the increase in the bargaining power of women as a result of reduced dependency on their husbands. It would also be important to find out the impact of increased self reliance by women on family relations. This is because some scholars such as Goetz et al., (1994) and Mayoux, (1997), have accused micro credit for making women even more vulnerable to gender-based conflict especially when they pass on their loans to their husbands.

5.6 Impact on women's status and gender relations in the home

Sen (1990) suggests that positive changes in a woman's status would be evident if any of the three following characteristics were observed: (a) a better 'break down position i.e. what entitlements left for her if the household unit disintegrated, (b) a clearer perception of woman of her own individuality and interests and (c) a clearer perception among all members of the household of female member's contribution to their joint welfare. Hulme et al., (1996: 125) also argue that giving women access to [micro]credit is a means by which both their economic standing within the household and social position within the society can be improved.

Women's access to loans from UWFTL has enabled them to contribute to their household income and welfare, activities that have allowed them to gain additional respect from their husbands and influence over the decision making process in the home. This in turn has led to their sense of feeling 'more valued' (Wright et. al., 1999). One client expressed that;

"We feel we have more value in our homes and we can take some independent decisions".

Source: Wright et. al., (1999:27).

However, there seems to be some draw backs to women's empowerment. It was found out in the same study above that some husbands were contributing less towards daily household needs as a result of women's increased contribution to household expenses. Interestingly, Gifford's study of five micro credit institutions that included MED-Net also showed absence of cooperation in households with neither women nor men knowing what the other earned. She notes further that for women, it was to prevent men from decreasing their household obligations while for men it was a strategy to prevent women from demanding more money for household needs (Mayoux, 2002:19). This shows that micro credit may create more scepticism than trust between men and women in households.

5.7 Impact on women's political empowerment and participation in community activities

Sebstad and Cohen as quoted by Cheston et al., (2002) contend that "lending groups provide a means for women to know and be known by other women; a forum for learning leadership and public speaking skills; and a basis for development of trust, friendship and financial assistance". Group based lending by UWFTL has helped women clients to acquire leadership and public speaking skills. Some women have been able to stand for local council and community leadership positions (Wright et al., (1999:27).

In the evaluation study of MED-Net, four empowerment indicators were used as shown in the table below;

Table 8: Empowerment indicators used in MED-Net Evaluation

	Mid term evaluation		Final Evaluation	
	Clients	Non-clients	Clients	Non-clients
Member of community organisation	69	24	40	20.8
Leadership of community organisation	37	11	25.6	16.7
Participation in family decisions	0	0	50.4	0
Increased business skills	0	0	99.6	0

Source: Final Evaluation Report for World Vision Enterprise for Health

The figures from the table above show that a greater number of clients than non-clients are members of community organisations both in the mid term and final evaluations. It is also the same case for the leadership of community organisations. Although these two variables are used as indicators of women's political empowerment, they may be adequate for comparison between clients and non-clients because of several reasons. First, the mere membership of the clients to community organisations without explicit recognition of the social benefits they get from groups is not necessarily an indication of empowerment. Secondly, although the number of clients who are leaders in community organisation is higher as compared to non-clients, which is presumably a stepping stone for their wider political and social empowerment, it remains unclear why there was a decline in number of clients who are leaders in community organisation between the mid term and final evaluations.

The above findings have shown how micro credit empowers women through direct access to loans as well as group formation. Although features of women's empowerment from the study are evident, it is important as Johnson et al., (1997:38) note that providers of micro credit be clear about the gender related objectives of their interventions and to understand the implications that delivering micro financial services have for relations between men and women. Empowerment through micro credit is usually achieved not as a set target by most credit institutions but as an indirect impact in their pursuit of institutional sustainability.

5.2 Gender- specific constraints to women's empowerment.

Although women's access to, and use of micro credit has the potential to empower women and alleviate their poverty, a number of constraints seem to impede this process. Several studies in Uganda have raised a number of issues and their analysis is important since they may provide other entry points for interventions to complement micro credit. As Campbell (1999: 41) note, beyond the basic needs, generally regarded as the entry points for poverty intervention, there is a further set of 'needs' (often less visible) stemming from gender-specific constraints which differentiate men's and women's terms of access to service provision.

Other studies are pointing to the aggregation of the poor in Uganda without due consideration of specific groups' constraints. For example, in their study, (Butegwa et al., 2000) noted that despite the Government's commitment to private sector development, participation of women in private sector initiatives is still low. The framework for the development of the private sector has not been disaggregated to identify the women-specific constraints in business and pushing them on to the policy agenda.

The ability of a woman to transform her life through access to financial services depends on many factors-some of them linked to her individual situations and abilities, and others dependent upon her environment and status of women as a group (Cheston et al., 2002). It is important also to note that although both men and women may face constraints especially in running their enterprises, women tend to have more precarious constraints that may need special consideration. As quoted by Campbell (1999:40), Kabeer contends that "recognising the gender-specific constraints that women face may cause institutions to initiate innovative practices in their credit delivery systems.

5.2.1 Culture

Culture and some religious beliefs and the way they influence the social division of labour tend to adversely affect women's empowerment endeavours though this may differ from society to society. In general, many cultures do not allow women to inherit or own land in Uganda. Cultures have shaped men's attitudes in a way where they see themselves as 'divinely superior' in the household and society relative to women. The findings from the Uganda Participatory Poverty Assessment Project (UPPAP)[13] highlight a number of issues in this regard. For example, it was found out in the districts of Kotido and Kapchorwa that it is men who control most assets and incomes even from ventures that have been undertaken by women (MFPED, 2000:57). In such a situation, access to micro credit may have a negligible impact on women's empowerment since women may even pass on to loans forcibly to husbands. On the side of religion, it suffices to consider a quote from the UPPAP findings where one respondent in Bwaise, a suburb of Kampala noted that;

"As Moslems, we have our guidelines on allocation of land and property to our family members. One eighth of my land and property goes to the wives.........Girls are not catered for on the grounds that they will get property from their husbands..."
Source: UPPAP Report, 2000

[13] UPPAP refers to the participatory poverty assessment project that was undertaken in Uganda in 1998. It was undertaken in 11 districts as part of the World Bank qualitative poverty assessments to supplement the conventional household based quantitative measurements.

Denying women access to and control of a productive resource is a serious constraint to women's empowerment. As long as such cultures and religions continue to be rigid and shape men's attitude negatively, access to micro credit by women will only have limited impact on their (women) empowerment. This is not to mean that such things have to change overnight but the long term and sustained impact of micro credit on women requires concerted efforts including flexibility in some cultural beliefs.

5.2.2 Lack of skills and/or education

According to the Uganda National Household Survey of 1997, female poverty is not only reflected in material deprivation but also in low human capabilities. It is noted that 2.5 times as many women as men had never attended school, and 1.6 times as many men had attained primary seven. 49 per cent of women are illiterate compared to 25 percent of men. This may be a result of the high education value attached to boy than to the girl child, which again has roots in society's culture that shape parents' attitudes. Apart from this being an indicator of inequalities, the low education and skills can again affect women's success in running micro enterprises. As Mayoux (1995) notes, women's internal constraints may be aggravated by lack of relevant skills and knowledge that constrains the growth potential of micro enterprises.

5.2.3 Multiple roles

As quoted by Kantor (2002), the International Labour Organisation (1999) notes that, women's more demanding role in the family relative to men's affects their entrepreneurial ability by reducing the time, energy and concentration levels that they can apply to their market work. Even where micro enterprise support is given to them, no automatic success is guaranteed. Although women undertake reproductive, community and productive work[14], it is usually the latter task that is counted for them. Yet the reproductive and community work is important and takes their time. From the UPPAP findings (MFPED, 2000:58), one woman in Kapchorwa noted that;

[14] Moser (1989:3) terms these as the triple role of women. Reproductive roles include childbearing and rearing responsibilities. In terms of productive work, women are seen as secondary income earners who work in informal sector (urban areas). Community work is undertaken at local community settlement level in both rural and urban contexts.

"If our men were not to oppress us with a lot of work in the home-educating the children, looking after them, taking care of the home and family-we would also go out to look for ideas and money".

Source: UPPAP Report, 2000

Yet these roles are usually defined in relation to a particular cultural context, changes of which are very difficult to effect. Therefore, micro credit providers need to appreciate the triple role of women and the implications of their product design on women's workload.

5.2.4 Market constraints

Availability of market is important for the success of women's micro enterprises. Since women are actors in the informal sector, any issue that adversely affects market access can limit their benefits from micro credit. Whereas the problems associated with markets affect both women and men, women tend to be in a disadvantaged position since men tend to control the incomes from the produce or enterprises (MFPED, 2000:90).This is in most cases worsened by fear of women and lack of self-confidence. This can be seen from a comment made by one woman in Iboa, Moyo district during the UPPAP exercise;

"Immediately you arrive from the market, you show how much you have. If you delay, the man thinks that you have hidden part of the money. This can be a source of separation. We fear destroying our marriages so we do as they want".

Source: UPPAP Report, 2000.

5.2.5 Conclusions

In conclusion, this chapter has analysed the different ways in which MED-Net and UWFT have contributed to women's empowerment through their credit operations. It has also been noted that the process of empowering women through micro credit is not a 'linear progression' since some gender specific constraints and problems inherent in micro credit designs and procedures do limit women empowerment through micro credit. Such constraints may not be removed but credit providers need to appreciate them in designing their loan and savings products.

CHAPTER SIX- SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter summarises the major findings from the study to show how micro credit contributes to poverty alleviation and women's empowerment. From the summary, conclusions and recommendations are made both in relation to policy and practical issues crucial in the use of micro credit as a tool for women's empowerment and poverty alleviation.

6.2 Summary of major findings and conclusions

The case studies of UWFTL and MED-Net have shown that micro credit contributes to women's empowerment and poverty alleviation a number of ways. In terms of poverty alleviation, it has been found out that loans help women to accumulate physical assets (for both household and business). It has also been empirically shown that access to micro credit leads to increased incomes and diversified income sources, reduced vulnerability as well as improved household welfare, among others. However, the study has revealed some limitations to the above benefits particularly problems relating to micro credit such as the short term small loans that can not be put to long term investments and purchase of meaningful fixed assets and the usuriously high interest rates.

Like most credit institutions, the two case studies analysed focus on the 'economically active poor'. This means that micro credit can only benefit women who have already an ongoing business leading to the exclusion of the 'economically non-active' category of women. This also follows Mayoux (2002)'s assertion that micro finance driven solely by financial sustainability risk disadvantaging the very poor who are excluded without any alternative social safety nets. This leaves a question regarding what should be done for the poor who have no business and business acumen at all. Although the current drive to micro credit follows a neo-liberal path, it is the state's responsibility to offer support for the poor who are left out of micro credit programmes.

On the side of women's empowerment, the study has shown that access to micro credit has enabled women to participate more in household decision making because they are now able to contribute financially to household expenditures. It has also enabled them to increase their self confidence, self esteem and increased access to assets. The two case studies have not however shown us whether women have control over resources and assets that they have acquired as a result of participating in micro credit activities.

From the analysis of the two case studies, it is apparent that micro credit in the context of Uganda mainly contributes to women's empowerment in economic aspects rather than the wider social and political arena. Benefits to women are more restricted to assets and incomes than on other equally pertinent issues such as legal awareness, training, among others.

The gender specific constraints analysed have also shown that a one pronged approach to women's empowerment that focuses on micro credit seems inadequate. Specifically, access to micro credit may have less impact on women in a situation where cultural beliefs deny women to own assets, where men still believe in controlling proceeds from their wives' productive work and where multiple roles limit increased efforts by women in their businesses.

6.3 Recommendations

From the conclusions above, the following recommendations are being proposed for policy by donors, credit providers and Government.

There needs to be flexibility in micro credit design in response to clients' (in particular women's) credit needs. The adoption of CEEWA-Uganda's 'Kikalu' loan product may be very useful especially considering the limitations that have been identified in relation to physical assets accumulation. Concerned by the small loan sizes offered by most MFIs, CEEWA-Uganda developed a new product called 'Kikalu', a local name meaning a capital asset. Kikalu is a bigger loan than the usual working capital starting from 300,000/= (about 150 Euros). It requires that women use this loan for purchase of fixed assets. The product has flexible terms with the loan period ranging between 6-12 months, longer than most terms offered by MFIs. This can help women in accumulating physical assets.

One finding that was raised by Barnes et al., (1999)'s study was that women clients of UWFTL always talked about the need for business training. It needs be recalled that UWFTL halted the training of clients because it seemed to be expensive to sustain in the face of the institution's drive to sustainability-which was right in the current context of financial sustainability concerns. The current emphasis on minimalist credit also imply that other services such as training clients in business issues are often ignored. What need to be done is increased networking between other actors such as Business Development Service providers (BDS) and NGOs to ensure that on top of loans, clients can be helped with other services.

Therefore micro credit needs to be complemented with other interventions such as issues of women's rights and legal issues, functional adult literacy programmes, and business training programmes. This does not imply that it is credit providers who need to provide but rather it calls for other actors/actors and networks. The study has also shown that offering some training in business and management of women entrepreneurs is vital if empowerment is to be realised. However, the drive to financial sustainability cannot enable credit providers to offer satisfactory business training apart from the elementary one needed for client's 'proper use of loans'. This implies therefore that MFIs need to network with other actors in local development such as BDS providers.

Further more, donors need to specify gender related expectations from micro credit institutions that they fund and this should be reflected clearly in the evaluations of micro credit programmes. This is in agreement with Hanak (1999:325)'s contention that 'as long as social development funds are directed to microfinance institutions, qualitative and quantitative indicators of social progress achieved through micro credit lending should be required'.

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