Graduate School of Development Studies

The Rhetoric and Reality of Beneficiary Participation in Client Based Microfinance Institutions in Kenya: The Case of Faulu Kenya

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List of Acronyms

BP	Beneficiary Participation
FHI	Food for the Hungry International
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MFIs	Microfinance Institutions
NGOs	Non Governmental Organizations
PA	Participatory Approach
PD	Participatory Development
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Papers
SAPS	Structural Adjustment Programs
UK	United Kingdom
WB	World Bank

Abstract

While much criticism has been labelled against participatory approach (PA) to development, much of it is based on the wide diversity of people and organizations calling what they do participatory but I think *what* Participation is, is not important but *why* Participation is what is important (Pratt 2001). Transformative participation has the ability to reveal certain understanding of poverty from the poor people's point of view, as well as deeper understanding of poverty. It has the capacity to provide sophisticated insights into their own predicaments as well as point to solutions to their own problems (Brocklesby and Jeremy September 1998). For this reason therefore, it becomes necessary to include the voice of the poor in decision making processes of issues that affect them and more so in poverty alleviation efforts because the poor have deep and complex understanding of their situation.

If client based MFIs have to make a lasting impact in poverty alleviation field, they must embrace the principles of transformative participation in their operations because whenever the poor are involved in a positive manner, they become a vital source of local insight and illuminate crucial aspects of our understanding of poverty in ways which other people or methods do not (Brocklesby and Jeremy September 1998). Failure to do this, may lead to such programs either directly or indirectly propagating exploitation of the very poor they set out to redeem.

Relevance to Development Studies

While much has been written linking failure of MFIs to deliver the poor out of poverty to; targeting of those above the poverty line thus excluding the very poor from their benefits, targeting of women and leaving out men who hold and control power within the household and high interests charged on loans, little has been written that links their performance to the level and nature of beneficiary participation they practice. This study therefore is pointer to a direction that need to be pursued further in an effort to make these MFIs more responsive to the needs of the poor as well as enhance their efficiency and effectiveness in delivering solutions to the poor.

Keywords

Participatory approach, beneficiary participation, poverty alleviation, poverty, Microfinance Institutions, Faulu Kenya, products

Dedication

I dedicate this paper to the Lord God in who's hands I rest day and night, my Mum and Dad who sacrificed their lives to give me a future, my wife Purity who had to bear the burden of our family alone, our son Victor who's dreams and courage kept me going and our daughter Patience who was born when I was away for this study.

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I am grateful to God who enabled me to successfully apply, qualify and successfully go through this course. Secondly I would wish to thank the World Bank for granting me a scholarship that enabled me to undertake the MA programme in Poverty Studies and Policy Analysis. My gratitude also goes to my supervisor Dr. Anirban Dasgupta, Prof. Ashwani Saith my reader and Lucie Galimaka my discussant for their enormous efforts and critical thoughts that helped me to concretise this work into a worthy research paper and not to forget the enormous support I received from all my lecturers and friends at ISS who made my life worthy living while in The Hague.

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Until the late 1990s participation was typically limited to the realm of development projects and Political participation which was concerned with forms of indirect representation, through elections and legislative apparatus. As pressure grew for institutional reforms, participation began to spill beyond the boundary of the project into good governance giving rise to what Gaventa and Valderrama (1999) call citizenship participation or direct ways in which citizens influence and exercise control in governance (Logolink Oct 2008). With this new definition, the concept of participation came to be understood as something broader than being concerned with 'beneficiaries and the excluded' to a concern with broad forms of engagement by citizens in policy formulation and decision-making in key arenas which affect their lives (Gaventa and Valderrama 1999)[1].

Thus the acceptance of participation in the development discourses was in part due to the recognition by the development industry that the process of social development is facilitated best if the intended beneficiaries participate fully in the making and implementing decisions that affect their lives (Botchway 2001). It is on this basis that the leading development agencies like the World Bank (WB), International Monetary Fund (IMF) and other major donors are currently incorporating vocabularies such as 'empowerment of the poor', 'participatory development' and gender in development' as part of strategy for poverty alleviation so as to narrow the knowledge gap between professionals and the beneficiaries. This concern has made participation in poverty alleviation efforts so popular that one can hardly imagine of poverty alleviation without participation of the poor 'for participation has come to be assumed to be a good thing by definition' (Botchway 2001:135).

Considering that half of the population in Africa lives on less than one dollar a day, more than half of its population has no access to safe drinking water and more than 2 million infants die annually before reaching their first birthday[2]. The form of participation applied in this study is that of the marginalised/beneficiaries as opposed to the general citizen participation in state affairs. In the 1980s, the decade of Structural Adjustment Programmes (SAPs), many poor Kenya's like in other developing countries underwent great financial strain. In response to the need for financial services by the poor, MFIs became important tools in the fight against poverty in Kenya (Wanjala 2002).

In Kenya, MFIs are categorized based on customer/provider relationship in the management and ownership of the institution with the client-based and member-based microfinance categories being dominant. The *client-based microfinance agencies,* which forms the focus of this study comprise of all microfinance providers, formal or informal, where customers/clients are not owners of the institution, they have little direct involvement in the management of the institution and do not have a share in the returns made by the institution (Hospes et al. 2002).

The member-based microfinance agencies on the other hand comprise of formal and informal mechanisms where resources are mobilized from members and management of the arrangement is in the hands of members themselves and it is the members who constitute the main target group for service provision (ibid). Though these institutions operate under different legal and administrative structures, they all seek to reach the poor with credit which is assumed to be the missing link in order to pull the poor out of poverty (Wanjala 2002).

Over the last 20 years, MFIs in Kenya have largely developed through concerted grant funding. With the situation changing in the 1990s and donors

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1 http://www.pnet.ids.ac.uk/guides/participation/index.htm

2 http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/year_update.php#a2

pushing MFIs to move towards sustainability in their operations[3], many of these MFIs which had already built significant supply side competencies had difficult time surviving without grant funding a situation that prompted desperate search for alternative sources of capital to cover for the lost donor funds (Macharia 2005). Given this dynamic and competitive nature of financial industry and the goal of reaching the poor with credits, MFIs were forced to develop innovative products that ensure high degree of effectiveness and efficiency in poverty alleviation efforts as well as institutional sustainability if they are to be considered as worthy tools in the fight against poverty.

This study investigates the extent to which client based MFIs as poverty alleviation tools involve beneficiaries in the identification and designing of their products. It is based on the preposition that 'active participation of the poor in poverty alleviation efforts is the best and quickest way of alleviating poverty and that effective poverty reduction strategies requires the views of the poor to be incorporated into the diagnosis of poverty, that appropriate tools be used to discern those views, that policy choices be influenced by the poor and as the main intended beneficiaries they should be included in public monitoring (Hickey and Mohan 2004).

The study therefore argues that the level and nature of beneficiary participation (BP) practised by MFIs in poverty alleviation efforts, as well as the stage at which they participate in the products profile to some extent contributes to the success or failure of such efforts. According to Cornwall (2001), development agencies that involve beneficiaries in pre-determined strategies are limited in utility as they fail to include people in broader aspects of policy process and fail to reap the potential of active engagement of beneficiaries in shaping their destiny (Cornwall et al. 2001).

1.2 The Problem Statement

While factors such as high interest rates charged by MFIs, targeting of women and leaving out men who are decision makers in the family as well as exclusion

[3] Institutional sustainability ensures that the MFI continues to operate profitably long after the donors withdraw their support.

of the poor from these programs has been highlighted as reasons for MFIs failure to deliver the poor out of poverty (Kabeer 2001), little has been said regarding how the level and nature of beneficiary participation influences the performance of these institutions. With the current global trend which puts more emphasis on MFIs as tools in the fight against poverty gaining momentum (Mayoux 2001), accompanied by the conventional wisdom that informs that projects initiated with full participation of beneficiaries are more sustainable than those that are initiated from the top (Chambers 2007c), the researcher found it necessary to investigate the extent to which these institutions involve beneficiaries in the identification and design of their products.

As demonstrated in the MFI summit, held in February 1997 in Washington DC, where "the academia, politicians, activists, NGOs and development agencies around the world not only share a common concern about the importance of access to institutional credit in helping to overcome poverty, but a common vision on how best to deliver it to those four billion people overlooked by the formal banking sector" (Woolcock 1999:18). This is an indication that MFIs as tools in poverty alleviation are gaining unprecedented recognition and support in the global arena.

While transformational participation means giving the local people a chance to "hold the light"[4] to the professionals, in the recent developments after the approach became mainstreamed and widely used as a pre-condition for funding, Participatory Approach (PA) has taken a different direction as millions of dollars from donor funds are spent on non-priority poverty alleviation projects designed and implemented by development agencies for the poor people yet they have little or no relevance to their needs (Kothari and Cooke 2001).

In this case, 'the poor became reliable partners' in assistance programs while participation become an instrument for legitimization (Talia 1998). If the

[4] Chambers' expression of the importance of the poor guiding the practitioner on what kind of development they (the poor) need and how they want it as opposed to the practitioner doing development for the poor.

goal of halving poverty by 2015 is to be achieved (MDG1), every development agency and especially MFIs which have been rated as the best tools in the war against poverty, need to adopt a strand of participation that both empowers and transforms the lives of those they are targeting.

Decades after MFIs have been accepted as the single most effective strategies for delivering the poor out of poverty, in Kenya, many are still living in poverty. As at June 2003, there were an estimated 3460 legally constituted microfinance providers in Kenya, 3897 savings and credit co-operatives, 56 microfinance Institutions, 4 commercial Banks practicing microfinance and 2 building societies (Macharia 2005). The researcher argues that if all these microfinance providers in the country were genuinely involving the poor in the identification and design of their products, Kenya could not be ranking among the last 20 poorest countries in the world (ibid). This then is a wakeup call to client based MFIs to re-evaluate their delivery systems if they are to make sustainable impact in the field of poverty alleviation in Kenya.

Unless these MFIs make participation transformative, it is unlikely that they will redeem the poor from the web of material poverty, vulnerability, powerlessness, spiritual poverty, physical weakness and isolation that entangles them in their day to day lives (Myers 1999).

The poverty trap

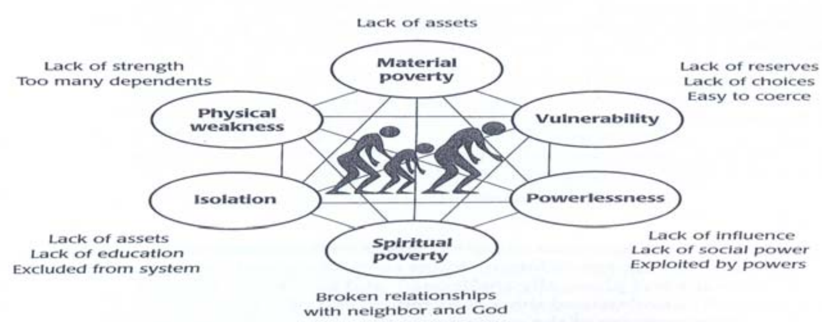

Figure 3-2 : The poverty system of the household.
(Adapted from Chambers 1983, 110)

Source: Myers 1999

From the above figure, the poor live in an interactive system of oppressive poverty trap which must be broken if they are to be freed from the current state of poverty. Considering that the poor are "mentally handicapped, suicidal people, aged, invalids, abused children, substance abusers, delinquents, single parents, multi-problem households, marginal, asocial people, and other social misfits" (Sen 2000:1), they are likely to be excluded from the mainstream society and therefore efforts to involve them must be made in order to bring their voices and side of their story onboard.

1.3. Relevance and Justification

Since the Elizabeth poor law of 1550s definitions, targeting and general poverty alleviation strategies have taken different forms. With the current shift from state driven to market driven economies, a shift to greater productivity at lower cost, efficient mechanisms for service delivery as well as reduced recurrent and maintenance costs has penetrated the field of poverty alleviation (Erkin 2004) a factor that calls for critical assessment of where the trade-off between the business-like attitude and poverty alleviation goal of client based MFIs lies. With poverty alleviation becoming the international community's main development goal and the overriding targets endorsed at the recent United Nations Millennium Summit as Millennium Development Goals (MDGs) with virtually all world leaders committing themselves to reduce poverty in the developing countries from 30% to 15% by 2015" (Cornia and Court 2001), the need to find a reliable approach to poverty alleviation becomes imperative.

On the other hand, the rate at which the International, Multilateral, regional, national and local development agencies are embracing PA in poverty alleviation and more so in the pursuit of Poverty Reduction Strategy Papers (PRSP) has not been witnessed before. Therefore as the battle against poverty gains momentum, the need for designing and implementing antipoverty products and strategies that are in line with the needs of the poor becomes critical which can only be possible if beneficiaries fully participate throughout the process (Glewwe and Gaag 1990).

Faced with the harsh reality of poverty in Africa, in their effort to halve poverty by 2015, development agencies and governments in Africa see microfinance as the best way to dramatically change the lives of poor people

(Lobel 2005). The wide acceptance of PA to development as the best approach to reveal the unique realities of the poor coupled with the wide acceptance of MFIs as the best vehicle to deliver the poor out of poverty through micro-credit (Woolcock 1999), makes it necessary to assess how MFIs involve the poor in identifying and designing products that respond to their unique realities.

The role of MFIs in the fight against poverty in Kenya can not be described in any better terms than those of Her Royal Highness Princess Maxima of the Netherlands, during her visit to Kenya in 2005, she was quoted saying, “with all of the initiatives underway, Kenya is poised to develop a truly inclusive micro financial sector that will work to achieve poverty alleviation in the country" [5] (Lobel 2005). Looking at the shift from directed to market based funding for the poor in Kenyan by MFIs in the 1980s (Macharia 2005), the temptation by MFIs to make beneficiary participation (BP) a pre-condition for funding as well as to ensure program sustainability rather than as an empowering tool that will ensure continued benefits to the beneficiaries becomes obvious.

Until 1970s beneficiaries and users were assumed not only to have little interest in what was happening around them, but little capacity for contributing effectively to it thereby it was the experts and the professionals’ duty to ensure that consumer needs were well served (Cornwall et al. 2001). Over the same time, the concept of participation has acquired a spectrum of meanings giving rise to a diversity of practices (ibid), which necessitates this study in order to understand how participative beneficiaries are in identifying and designing products in MFIs.

Though with mixed reviews, PA in development is known to have greatly informed pro-poor policy changes (Taylor and Plummer 2004) such that by allowing beneficiaries to take control over their day to day activities, allowing them to learn how best to solve their own problems using available resources

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5 http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/year_update.php#a2

greatly contributes to designing and implementing 'right products' which leads to sustainable poverty alleviation. In this way, the people become the designers and implementers of their own development as opposed to recipients of development (Kothari and Cooke 2001). It is this form of participation that this study seeks to find out whether it does happen in client based MFI programs in Kenya.

The study is based on the opinion that by MFIs involving beneficiaries at the stages of product design and identification, it is easier to break the web of challenges facing the poor as their needs and interests are taken into consideration (Kothari and Cooke 2001). "Under the World Bank (WB) and International Monetary Fund (IMF) guidelines, participation has been presented as one of the core elements of the PRSP and central to the achievement of the principles underlying the approach to poverty alleviation" (Hickey and Mohan, 2004:238). As such it becomes necessary to analyze how programs in poverty alleviation efforts involve the poor in the search for solutions to the problem of poverty.

1.4 Objective of the Study

The objectives of this study is to investigate how client based MFIs in Kenya involve beneficiaries in the identifying and designing their products, to determine the level of beneficiary participation practiced by these MFIs in Kenya, to identify the factors that influence beneficiary participation in MFIs programs in Kenya and to determine the stage in the product profile that beneficiaries of these MFIs in Kenya are greatly involved.

1.5 The Main Question for This Study

In order to achieve the above objectives, the questions raised by the study were: To what extent do beneficiaries participate in the identification and design of antipoverty product initiated by client based MFIs in Kenya? To what extent do beneficiaries participate in the decision making process of these MFIs in Kenya? What factors influence beneficiary participation in these MFIs in Kenya? How has the shift from subsidized assistance to institutional sustainability shaped beneficiary participation in MFIs in Kenya? And at what stage in the product profile are beneficiaries mostly involved by MFIs in Kenya?

1.6 Research Methods and Methodology

While there are about 56 MFIs operating in Kenya, this study focus on Faulu Kenya[6], a leading MFI in terms of portfolio, coverage and loan repayment rates. Due to its good performance in the industry, the researcher felt that the institution could adequately represent other client based MFIs in the country. Another reason for selecting Faulu Kenya was due to prior interaction of the researcher with the MFI while introducing a joint housing program between the researcher's employer and the MFI[7]. Bearing in mind that primary data was to be collected through focus group discussions with beneficiaries and interviews with both field and management staff, the need to work with an institution that trusted the researcher and understood the purposes for which the collected data was to be used (academic) became a necessity so as to gain access into the required information.

Out of its four regional operation areas, the researcher purposively selected Nairobi region and Machakos branch in particular due to its proximity to the researcher's place of residence and its ability to provide diverse information due to its rural and urban based groups which gave a perfect mix of rural and urban experiences with the MFI. Machakos region has a population of 278 groups of which 107 are based in the rural set-up and 171 in the urban set-up. First the researcher divided the groups into urban and rural set-ups and randomly selected three groups per set-up for this study.

Focus groups discussions for beneficiary interviews were preferred more than other methods due to their ability to capture the diverse realities of beneficiaries regarding their participation in the identification and design of MFI products. From the rural set-up, three (3) groups with a total of twenty nine (29) beneficiaries were randomly selected and from the urban setup, three

[6] One of largest MFIs in Kenya with the widest network coverage
[7] Habitat for humanity Kenya is a housing NGO with a mission to eliminate poverty housing from the face of the earth.

(3) groups with fifty one (51) beneficiaries were randomly selected. Out of a sample of eighty (80) beneficiaries selected for the study, forty nine (49) of them were women and thirty nine (39) were men.

Out of a total of thirteen (13) regional staff, four (4) field staff and two (2) branch management staff were randomly selected for the study and out of the total of 6 staff selected for the study, 4 were males and 2 were ladies. The researcher self administered the questionnaires to each of these staff and collected them in between two and seven days after they were issued.

Primary data from focus groups was collected with the help of interview guide where the researcher engaged beneficiaries from the six selected focus groups in discussions about their participation in the MFI affairs. Answers and resolutions from the discussion were recorded on the provided pieces of paper with enough writing spaces to record any interesting eventuality that may come up during the discussions. The researcher also personally administered semi structured questionnaires to the six members of staff.

Primary data collected from both focus groups and staff questionnaires was organized in tabular form according to the particular theme/category for easier interpretation and analysed qualitatively, and conclusions drawn.

In order to enrich the study, a desk research was conducted where brochures and the institution's magazines were analysed as well as the website consulted so as to bridge any information gaps that could not be filled through focus groups and staff questionnaires.

Secondary data was collected from sources such as books, brochures, institutional magazines, reports, ISS and IDS working papers, journals and internet. The data collected was thematically organised and analysed in order to provided evidence and background upon which primary data was analyzed. This data was also used for triangulation and bridging information gaps that could not be gained through focus groups or staff questionnaires.

1.7 Limitations and De-limitations

This study limits itself to Faulu Kenya; an MFI that has operated in the country since 1981, the field study was originally set to run between 1st July and 15th August 2008, interview one director, five field staff and conduct five focus group discussions. Due to delay in approval to commence, the study was conducted in three weeks with four field staff and two branch managers as the respondents and six focus group discussions comprising of eighty beneficiaries conducted.

Originally, the study was set to investigate beneficiary participation in project identification and design but from the interviews with staff and available records, it was clear that these institutions deal with products as opposed to projects. As a result of this, the term project was replaced with product and project cycle with product profile. This brought about the change of focus of the study to beneficiary participation in the identification and design of MFI products.

1.8 Order of Chapters

This paper is divided into five chapters. Chapter one gives the introduction and general background to the study, Chapter two is the discussion of the concept of participation, poverty, microfinance institutions and poverty alleviation and other sub- concepts as used in the paper; Chapter three locates the case of Faulu Kenya which forms the case study of MFI in Kenya and their effort fight poverty; Chapter four presents an overview of findings and analysis of data while Chapter five gives reflections and conclusions of the study.

CHAPTER 2

THE CONCEPTUAL FRAME WORK

2.1 Introduction

In this chapter, the researcher critically analyses the various concepts used in the study and how they influence the level and nature of BP in identifying and designing products in client based MFIs in Kenya. It sets out to identify how various factors relating to these concepts influence the achievement of transformational participatory development in MFIs as poverty alleviation agencies in Kenya. Thus the concepts of beneficiary participation, poverty alleviation and microfinance are addressed in detail in this chapter. The chapter ends with a conclusion that the current BP in client based MFIs in Kenya is neither transformational nor empowering. With that, if nothing is done, these MFIs and other development agencies practicing this kind of participation in poverty alleviation field are bent to sink deeper into the same fate that top-down approaches to development sunk when they alienated the very poor they were meant to pull out of poverty leading to the emergence of the current participatory approaches to development (Botchway 2001) .

2.2 Conceptualizing Participation

"Historically, the terms participation and participatory development appeared in development discourse around the 1950s, and was used by social workers and field activists who were frustrated by the failure of earlier models of development which advocated a top-down strategy for development" (Botchway 2001:136).

As the mainstream development establishment started acknowledging the failures of the top-down strategies, they agreed with the then marginalized knowledge that the failure of most development projects to achieve their goals and targets was in part due to the exclusion of the main beneficiaries from such projects and the whole developmental process, (ibid).

Like any other approach to development, Participatory Approach (PA) has evolved over time. During the 1980's and 1990's, there was a clear shift from top-down, centralized and paternalistic development activities to bottom-up approach to development. With this shift came the need for the outsider's awareness and understanding of grass-root realities, knowledge, perceptions, skills and attitudes so as to integrate them in the general projects planning. In this way, sustainability was expected to increase as community participation and involvement was seen as providing the missing link to the development agencies and practitioners (Masscarenhas, 1994).

The meaning of participation too vary from one agency to another, as to some participatory development means achieving more effective and sustainable results in project implementation while others see it as part of human rights debate and promote it as a tool to empower the marginalized (Taylor and Plummer 2004). To the World Bank, participation is the process by which stakeholders influence and share control over priority settings, policy making, resource allocation and program implementation (Klugman 2002). According to Robert Chambers, the concept of participation is generally used in three main ways:

1. As a cosmetic label to make whatever is proposed to appear good: Here the practitioner approaches the local community with a pre-conceived idea of what the problem is as well as solutions to the problem[8],
2. Participation as a co-opting practice to mobilize local labour and reduce costs. Such that we can say that the local people participated in our projects[9]
3. Participation as an empowerment process that enables local people to do their own analysis, take command, gain confidence and make their own decisions(Chambers 2007c).

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[8] Participatory development becomes a disempowering tool and is used to serves the interests of those on top

[9] Participatory development used for validation and achievement of efficient resource management as people are involved as a means of mobilization of support to proposed projects in order to minimize costs and maximize benefits thus becoming a means to an end.

In the third form of participation, it is 'us who participate in their project' not 'they participating in our project' and therefore reversing power relations become the key element in true participation[10]. The practitioner is not a teachers or transferors of technology and resources but instead conveners, catalysts and facilitators who have to unlearn, and put their knowledge, ideas and categories in second place as they put that of the local experts in the first place (Chambers 2007a). Though there are many meanings of participation, this study focuses on the (ideal) form of participation which empowers beneficiaries as conceived by Robert Chambers. It is against the ideal form of participation that all others are analysed so as to understand how beneficiaries participate in the identification and design of products in client based MFIs and specifically in Faulu Kenya.

In Kenya, PA is not new as Chambers puts it, the term Participatory Rural Appraisal (PRA) was first used early on in Kenya and India around 1988 and 1989 where it was linked with the production of Village Resource Management Plans and Rapid Catchment Analysis (Chambers June 2007). Though this is the case, looking at the history of client based MFIs in Kenya, there is need to analyse BP in these institutions in order to ascertain whether they are capable of doing what they claim to be doing, 'alleviating poverty'.

2.2.1 Why Beneficiary Participation?

For decades now, attention has increasingly focused on seeking deeper understanding of the causes and consequences of poverty, as well as solutions in policy and practice which will bring an end to the persistent problem of poverty (Brocklesby and Jeremy 1998).

Among others, active participatory of the poor in their own development is known to contribute greatly to identification and delivery of right solutions to local problems especially where they are recognised as active claims-making agents (Hickey and Mohan 2004). The innovative development of PA to poverty analysis and policy formulation was an effort to understand

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[10] Participatory development depicts a situation of positive disempowerment as the powerful

poverty from the standpoint of the poor themselves and include their voice in decision making processes which affect them. This has brought about deeper understanding of poverty, and helped reveal the capacity of the poor themselves to provide sophisticated insights into their own predicaments as well as point to solutions to their own problems (opposite citation).

Since active participation of beneficiaries allows the poor to analyze and express what they know and experience in transformational ways, it therefore helps bring to light many dimensions of deprivation, ill-being and wellbeing, as well as their values and priorities (Chambers April, 1995). Whenever an opportunity is presented to the poor, they become a vital source of local insight and knowledge as well as reveal some aspects of poverty and deprivation that outsiders may not know (Brocklesby and Jeremy 1998).

In a general sense therefore, though with varying degrees, the benefits of participation can be traced in the fact that it informs policy makers on the circumstances, interests and priorities of the public they represent as well as increasing the sense of ownership of the beneficiaries which ultimately empowers them (Hickey and Mohan 2004). Thus considering the complexities surrounding the poor and poverty alleviation discourses, the need to create space where the poor can be actors in development and front their cause of development without the mediation of the non-poor could present the best way out of poverty as the poor gain entry into spaces formally occupied by the non-poor (ibid).

2.2.2 Levels of Participation

Using Taylor and Plummer's six levels of participation to measure beneficiary participation in identifying and designing products in client based MFI programs, the Initiative Self-management is the highest form of participation which is characterised by end user communities initiating ideas and being able to mobilize themselves to make it happen as they initiate and execute their

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lose their power to the powerless.

plans with little input from the centre. The notification is the most rudimentary form of involvement and no input on the part of beneficiaries is required for they are notified of what has been decided elsewhere. In this ladder, the higher the beneficiary participation in any pro-poor program, the higher the chances of maintaining benefit sustainability (Taylor and Plummer 2004). Because the opposite could be true, it is necessary that client based MFIs in Kenya make every effort to involve beneficiaries in higher levels of participation if sustainability of benefit to the poor is to be achieved through micro-credit.

Levels of participation

Initiative Self-management	Found when end user communities initiate ideas and are able to mobilize them to make it happen as they initiate and execute their plans with little or no input from the centre. This is the highest form of participation in development
Decision Making	End users are fully involved in decision making as their inputs are fully incorporated into planning and resource allocation. The decision making power lies with them though it has been handed over to them by other sources
Discussion	End users participate in discussing ideas in their formative stage including setting priorities. Though there is no guarantee that their view-points will influence decision makers, they are sort by the management
Expression	End users are given opportunity to express their views. They share information and knowledge and officials reciprocate by notifying them of activities of the project and expect their participation.
Attendance	End users physically attend meetings but decisions regarding what information will be given, activities to undertake and priority lies in the implementing agency.
Notification	Most rudimentary form of involvement, no input on the part of beneficiaries, no discussion, no right to reply, they are only notified of what has been decided.

Source; Adopted from Taylor and Plummer (2004)

2.2.3 Factors Influencing Beneficiary Participation

The current day practice of participation is far from the ideal as conceived by Chambers. In many instances, the concept and the practice of participation has been found to differ raising concerns about the approach's ability to deliver what it claims to. Looking at it closely, the concept and practice of participation in development discourses as been shaped by many factors among them;

Competition among development agencies: like human beings, development agencies have missions, visions, goals and objectives as their reasons for existence. Thus "when we try to soften the implication of our interventionist role by making it seem as if our participatory approach means that we are mere facilitators, we beg the question why are we in this business at all" (Lineberry 1989:133). This therefore means that in pursuit of their missions, goals and objectives, development agencies and MFIs develop a relationship of competition rather than complementation which is against the principles of transformative participation. Unless conscious efforts are made by these agencies to complement each other in their poverty alleviation efforts, transformative participation of primary beneficiaries can never be achieved as each tries to outdo and manoeuvre each other in 'the battle for clients/customers'.

The *objective for which participation:* is used is another factor that shapes the nature and level of BP in the development field. Whenever the objective of participation is to ensure the transformation of existing development practice and the social relations, institutions and capacity gaps which cause social exclusion, the approach empowers the target group. On the other hand, where it is meant to ensure compliance of the beneficiaries with the demands of the development agencies, it serves as a top-down from below(Hickey and Mohan 2004). This therefore implies that each of these objectives will influence the level and the nature of BP that these MFIs adopts as well as the point at which they are involved in the product profile (Taylor and Plummer 2004). This therefore means that if development agencies incorporate PA for right objectives, the approach is likely to present the best opportunity for alleviating all forms of poverty.

Misconceptions amongst different stakeholders: differences between the concept and the practice arise because while in most cases policy makers and top officials have clear objectives when designing policies and directives, the officials down the line may have different reasons and motivations as to why they implement such policies and directives. According to Taylor and Plummer (2004), even where the objectives of the central authorities are clearly in line with the principles of Participatory Development (PD), but due to low capacity, lack of motivation and the fact that these officials are in direct contact with other approaches on the ground, they are largely guided by perverse incentives (Taylor and Plummer 2004). In other cases, due to their differences in orientation, the donors, implementing institutions and the beneficiaries have different interpretations and understanding of the same reality which to some extent shapes the nature, the level and point at which beneficiaries are involved in any setup.

The prevailing social economic conditions among others determine the nature, the level and the point at which beneficiaries in these MFIs get involved. Because participation like other development concepts does not occur in a vacuum, it can not be promoted without reference to the prevailing social, economic and political parameters. For example, the inadequate local leadership, limited role allowed to the poor in decision making, un-equal access to productive assets, inadequate government policies or financial support, incoherent political and ideological orientation of the ruling elites all affect how institutions in Africa are formed, managed and perceive participation of beneficiaries (Lineberry 1989).

Power relations: there is need to understand that the space for participation itself is not neutral but it is shaped by the power relations that both enter and surround it (Hickey and Mohan 2004). In broad sense, power relation in participation is conceived to consist of three strands; on the extreme end, is the closed space where the decisions are made by the powerful stakeholders without any effort to consult or include the users and beneficiaries. In the middle, is the invited space where efforts are made to widen participation through inclusion of users and beneficiaries and on the other extreme is the claimed space where the less powerful actors claim power from the powerful holders (Gabriela 2007 :12,Gaventa et al. 2001). It is this reality that calls for participatory development practitioners to recognize that 'we live in a world of increasing polarization of power and wealth into North and South, over-class and underclass in order for them to initiate BP that is both empowering and transformational (Holland and James 1998). For such a realisation to occur, conscious efforts need to be made to incorporate the views and priorities of those in the underclass and the over-class to respect and appreciate the ability of the underclass to perform as rational human beings (Gaventa et al. 2001).

Successful participatory development in poverty alleviation therefore will remain rhetorical as long as the views and wishes of the underclass continue to be mediated by the over-class who attend public meetings, are courageous, have a voice and are respected in the society while the poor are sick, shy or too busy working and mostly stay at home or where they have been assigned by the non-poor (Moore et al.).

2.2.4 Participation and Institutional Sustainability

In the recent times, projects sustainability has been perceived as the programs' ability to continue offering its services long after donors withdraws their funding (Lineberry 1989). To some extent, this shift in development thinking has greatly determined the level and the point at which beneficiaries are involved in the process of identifying and designing of MFIs product. Since the decade of SAPS, most Kenyan development agencies and MFIs have been initiating projects with a pre-determined form of participation that guarantees their existence long after donors cease their funding (Hospes et al. 2002). This shift calls for involvement of beneficiaries in ways that guarantee good repayments as opposed to beneficiary empowerment as well as measurement of success in ways that do not reflect the degree to which the poor have been assisted. For example, the MFIs increasing use of repayment rates and changes in the number of borrowers as a measure of sustainability, they are more concerned with institutional sustainability as opposed to sustainability of the benefits to the poor which would call them to look at the changes in well-being among borrowers and savers (Mansell Carsten, 1995).

2.2.5 Participation Along the Product Profile

According to FAO (1986), project identification and design is "the initial process of deciding what kind of project is most need and how it should be, given development requirements at a particular time and place (FAO 1986). This points to the direction that for successful poverty alleviation efforts to bear fruits, "people should take time and energy to engage in identifying, planning, implementing and evaluating activities that will bring about change in their own lives" (Hickey and Mohan 2004:111). To some degree, this means that in order for client based MFIs to achieve sustainable benefits to the poor; they should actively involve beneficiaries in the identification, planning and implementation of products/projects, programs and activities that affect them. According to Taylor Plummer (2004), while participation of beneficiaries at project design and identification stages depicts demand driven products/projects[11], their involvement at latter stages implies passive participation as the poor participate in activities in which they have had no inputs (Taylor and Plummer 2004).

Whenever beneficiary's participate at the stage of needs identification, product/project design and planning, they achieve greater sense of ownership and decision making ability as they and practitioners engage in discussion and decision making about possible solutions to the problems thus providing an opportunity for knowledge and skill sharing between them (Lineberry 1989). Involvement of beneficiaries at stages later than these principally are meant to ensure projects cost-effectiveness and program sustainability rather than sustainability of the solutions to the beneficiaries (ibid), and this route must be avoided if the global goal of halving poverty by 2015 (MDG1) is to be met.

2.3 On poverty

"Poverty is pain as the poor suffer physical pain that comes with too little food and long hours of work; emotional pain stemming from the daily humiliation of dependency and lack of power; and moral pain from being forced to make choices such as whether to use limited funds to save a life of an ill family member, or to use that same funds to feed their children" (Narayan 2000:3). According to the United Nations figures, one-fifth of the world's population lives in absolute poverty and half of these impoverished people are chronically undernourished. The situation is not different in Kenya in that over the past 30 years, poverty has been on the rise, more than half of the country's 31.3 million people are poor, and 7.5 million of the poor live in extreme poverty (IFAD 2007).

The current development records show that poverty reduction efforts work best with direct involvement of the poor themselves. Therefore the development community is continually being reminded that development if the problem of poverty is to be eliminated, the poor must be actors and partners in development and not recipients (Lineberry 1989). Having in mind that the poor are constantly entangled in material poverty, vulnerability, powerlessness, spiritual poverty, isolation and physical weakness (Myers 1999), the need to hear their side of story as well as to incorporate their views in poverty alleviation efforts becomes real so as to address each of their unique circumstance.

Different approaches to poverty, chief among them the monetary approach which defines poverty as a shortfall in consumption or income from a set poverty line. In the recent past, there has been wide acceptance of poverty as multidimensional with approaches such as *The Capability approach,* (Sen, 1993: 41),*The entitlement approach* (Sen 1981), *The social exclusion approach* (Laderchi et al. 2003:35) and the *Livelihoods approaches* (Rakodi 2000) finding their way into the mainstream discourses.

Participatory approach to poverty which is the focus of this study criticises other approaches to poverty on the grounds that they are externally imposed and for not taking into account the views of poor people themselves (Sen 1981). This approach aims at getting people themselves participating in

[11] this ensures that they play a major role in deciding what projects they want and how they

decisions about what it means to be poor, the magnitude of poverty as well best strategies of escaping poverty (Chambers, 1994, 1997).

2.4 On Poverty Alleviation

Poverty alleviation is the effort made by individuals and organizations to pull the poor out of poverty. It is not a new phenomenon in that since the days of Elizabeth poor law of 1550s, different efforts to alleviate poverty have been employed. In the current development discourses, the World Bank and major donors are assessing every policy in relation to its impact on poverty, and how it will promote economic growth and development with the central objective of the Millennium Development Goal (MDG1) to halve poverty by 2015 (Laderchi et al. 2003).

While different policies, programs, projects and strategies have been tried in poverty alleviation, among those that have recorded success in pulling people out of poverty includes, micro-credits, public works that creates employment, land reforms, agricultural growth and technology; social services for human capital through health and education as well as food distribution and subsidization (Lipton 1998). With few exceptions, emerging experience shows that Poverty alleviation efforts initiated by outsiders achieve sustainable results if external support focuses on what matters to the poor and works with them in a way that is participative and congruent with their current livelihood strategies (Rakodi 2000).

2.5 Entry of MFIs in Poverty Alleviation

The failure of directed credit led to the current emphasis on micro-credit as a tool for poverty reduction and wide acceptance by all major development agencies such as World Bank and other mainstream development agencies (Hume and Mosley 1996:100). In China for example, rural and provincial governments being frustrated by the disappointing performance of China's

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want them to be

subsidized poverty loan program and seeing the positive experience of pilot MFIs of the early 1990s, these governments wholly turned to MFIs in their efforts to reduce poverty and when this proved to work, the trend was widely replicated and the excitement carried everywhere in China (Park 2001).

As antipoverty agencies, MFIs promises both to combat poverty and to develop the institutional capacity of financial systems through finding ways to cost-effectively lend money to poor households who are typically excluded from the formal banking system for lack of collateral. They promise to exploit new contractual structures and organizational forms that reduce the risks and costs of making small, uncollateralized loans to the poor (Morduch 2000). They claim to have the capacity to help the poor help themselves by giving them hands-up and not hand-out. With such claims, MFIs are currently regarded as the most effective antipoverty strategies and continue to enjoy strong economic and political support across the spectrum (Woolcock 1999)

As an industry, micro finance is a relatively new phenomenon in Kenya, with majority of them starting about 20 or so years ago but the sector gaining the status of an industry only in the last 10 years (Hospes et al. 2002). It is perhaps from this young age of the industry that there are still many unresolved issues regarding the definition and operations of microfinance in Kenya. For the purpose of this study, the commonly accepted definition of micro finance as *the means of providing a variety of financial services to the poor based on market-driven and commercial approaches* (Christen, 1997) will be used.

During the 1992-1994 periods, in an effort to counter possible negative social impacts of liberalization emanating from implementation of structural adjustment programs, the Government of Kenya identified small-scale and micro enterprises as the best ways out of poverty. During this time, lack of access to credit was considered a major bottleneck for entrepreneurial development and for this reason, the international donor community responded generously making microfinance agencies donor darlings such that by December 2002 a conservative estimate was that the micro-finance industry had received a total of USD 80 million (Hospes et al. 2002).

Though well funded and growing fast in terms of portfolio, for MFIs to succeed in alleviating poverty, they need to be aware of their own biases and understand that practitioners and professionals can struggle to reconstruct realities to reflect what poor people indicate to be theirs but there will always be distortions as the non-poor can never fully escape from their conditionings (Chambers April, 1995). In this context, therefore it can be argued that in order to avoid such biases, the beneficiaries should be actively involved in the identification and designing of MFIs products and such participation should be valued for its potential to tackle poverty processes from within while external assistance facilitates the effectiveness of such efforts or else the unending need for development will persist (Botchway 2001).

MFIs and development community in general should understand that it is not enough to assume that the poor will fully participate in poverty alleviation programs without constrains whatsoever for their vulnerability has been sustained by the various forms of exploitative intermediation and policy biases (Lineberry, 1989: 5). As such, conscious efforts need to be made to genuinely involve beneficiary in the design and identification of MFI products in order to tackle the unique forms of poverty from within while external assistance facilitates the effectiveness of these efforts (Botchway 2001).

It is for this reason coupled with the great emphasis placed on MFIs as vehicles of delivering the poor out of poverty, that this study focused on understanding how Faulu Kenya a leading MFI operating in the country since 1991, covering over 75% of the districts, with a loan portfolio of US$34,214,857, risk recovery rate of 180.46% and a loan recovery rate of 80% involves beneficiaries in the identification and design of its products.

In conclusion, in order to ensure reliability and long-term sustainability of poverty alleviation efforts as well as the empowerment of the primary beneficiaries, "programs must provide for the involvement of all stakeholders in the target areas in the development process from planning through implementation. This to some extent elicits personal commitment because for people to be committed they must be involved in the process of planning their own future through identifying their needs and priorities as well as in the implementation of such plans and priorities they have selected in order for such results to be as their own" (Botchway 2001:137).

CHAPTER 3

SITUATING THE CASE STUDY

3.1 Introduction to MFIs in Kenya

In this chapter, the researcher locates the background of client based MFIs in Kenya as well as that of Faulu Kenya. The chapter begins with the historical background of the current day client based MFIs in Kenya which is also shared by Faulu Kenya the focus of this study. Kenya is located in East Africa and has a population of about 31.3 million people half of whom are poor and about 7.5 million of the poor live in extreme poverty (Hospes et al. 2002). As at 2006, Kenya was ranking the 20th poorest country in the world with 49% of rural population and 29% of the urban population living under absolute poverty. Unemployment rate was between 25-35% and it was estimated that 3.8 million Kenyans depended on informal associations and groups for financial services country wide[12] (Macharia 2005).

Microfinance industry in Kenya took its present shape on the onset of economic liberalization and it currently provides the largest financial services to the largest segment of the Kenyan market (Koros 2007). Based on a survey by the Ministry of Trade and Industry, MFI clients constitutes 96% of all business people in the country and contributes about 20% of the country's GDP. According to Koros (2007), MFIs in Kenya are a credible vehicle through which the poor can be empowered to take control of their economic wellbeing with the aim of reducing poverty (ibid).

During the 1990s, majority of practitioners in the form of NGOs heavily relied on donors to sustain their programs because large population of Kenyans lived below the poverty line and were unable to access suitable education, healthcare, social security, employment, housing and food

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[12] 5th September 2008; http://www.google.com/search?hl=en&rlz=1T4ADBF_enNL244NL244&q=faulu+kenya&start=20&sa=NUNVEILING

security[13]. The changing landscape that saw key donors pushing MFIs to move towards institutional sustainability at a time when many of these institutions had built significant supply side competencies[14] marked the turning point in the nature and levels of beneficiary participation in these MFIs.

The desperate search for alternative sources of capital to replace the lost donor funds[15] forced many of these institutions to change tactic. Considering that for a long time donors were funding majority of their activities, a deficit in financing was created and many NGOs transformed into MFIs and as at June 2003, there were an estimated 3460 legally constituted microfinance providers in Kenya, 3897 savings and credit co-operatives, 56 microfinance Institutions, 4 commercial Banks practicing microfinance and 2 building societies[16] .

3.2 The Faulu Kenya

In Swahili, the word Faulu means 'success', true to its name, in MFI standards, Faulu Kenya has carried a success story of microfinance business in Kenya for the last 13 years. Based on the mantra; "the poor die one at a time, so we can help them one at a time" (Koros 2007:1)Faulu Kenya was initiated as a pilot micro-lending program of Food for the Hungry International (FHI) in 1991 in the Mathare slums (Macharia 2005). Its vision is: *giving Kenyans hope and a future* and a Mission *To listen and empower Kenyans by providing relevant financial solutions.*

In order not to serve the non poor, Faulu Kenya does not issue loans of over KES, 1 Million which is equivalent to $14,285 (Koros 2007). In 1999

[13] 5th September
http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/news_faulu.php#top

[14] Institutional sustainability which ensures that the MFI continues to operate profitably long after the donors withdraw their support
[15] 4th August 2008; *Gerald Macharia, Chief Executive Officer, Faulu Kenya Limited;*
http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/news_faulu.php#top
[16] 5th September 2008;
http://www.google.com/search?hl=en&rlz=1T4ADBF_enNL244NL244&q=faulu+kenya&start=20&sa=NUNVEILING

Faulu Kenya was registered as a limited company and since then, it has expanded and up-scaled towards sustainability. By 2007, it had reached over 500,000 Kenyans with financial solutions transforming some into formidable business people, opened 25 branches and 60 offices nation wide with about 416 staff members, advanced around $40 Million in loans, acquired $38,142,075 worthy of assets and a risk recovery ratio of 180.46%[17](Macharia 2005).

Since its incorporation as limited company, Faulu Kenya started sourcing commercial funding towards its portfolio growth with an initial subsidized loan of US$145,000 from European Union supported program. This was followed by another US$500,000 from the same program in 2001 with two commercial banks provided credit worth US$4 million in 2002. In 2003, lending was supplemented by an 18 month hard currency term loan from Blue Orchard's Dexia Micro finance Fund, amounting to US$450,000 and this particular loan was a tentative step towards balance sheet based borrowing as it was based on a promissory note issued on the strength of Faulu Kenya's balance sheet (Macharia 2005).

In its efforts to stabilize cash flows and match maturities, in 2002 Faulu Kenya's Board made a landmark decision to shift portfolio funding from short term to long term capital and after formal exploratory work, the Board decided to go directly to the capital markets with a five year bond supported by 'Agence Française de Development (AfD)', which offered to guarantee the bond up to 75%, a transaction that stands as one of the most important ever undertaken by any MFI in Africa as it addressed the problem of poverty which is the major challenge facing Africa[18]. It was this transaction that made Faulu Kenya a pioneer in creating a direct relationship between formal capital markets and the fight against poverty in Africa in the effort to achieve the

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[17] 4th August 2008;
http://www.google.com/search?sourceid=navclient&ie=UTF-8&rlz=1T4ADBF_enNL244NL244&q=www%2efaulukenya

[18] Philip Odera, Stanbic Bank Kenya's Managing Director, Commenting on the transaction

Millennium Development Goal of eliminating extreme poverty and hunger by 2015.

Since it was first listed in the Nairobi Stock market and gained access to capital funds, 'Faulu Kenya star' has been raising. It recorded 38.4 per cent growth in pre-tax profit from Sh74.9 million ($1,070,000) posted in 2006 to Sh103.7 million (1,481,428.6) in December 31, 2007[19]. With a recent research conducted by the Faulu Kenya showing that a large number of its clients have no access to formal banking services, Faulu Kenya is on the move to transform itself further into a deposit taking MFI a move that is expected to provide its clients with improved service[20]' as it will license the institution to mobilize deposits and provide better services to its clients.

Machakos branch in which this research was conducted is under the Nairobi operations area. The branch covers Machakos, Kibwezi, Kajiado, Mbooni and Kitui districts and has a loan recovery rate of 72%, has 18 members of staff overseeing operations of 278 groups and a clientele base of 4700 members spread in both rural and urban areas.

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[19] 5th Sept. 2008; http://allafrica.com/stories/200805020943.html

[20] 6th Sept.2008; http://www.eastandard.net/InsidePage.php?id=1143990925&cid=14&j=&m=&d=

CHAPTER 4

ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

In this chapter, the researcher sets out to examine the extent to which Faulu Kenya programme involves primary beneficiaries in the identification and design of its products. To achieve this goal, the study is based on the popular argument that for poverty alleviation to be actualized, the views and knowledge of the 'local experts' must be factored in. They should be actively involved in the critical stages of identifying and designing products which are meant to address their specific forms of poverty (Chambers, 2007).

It therefore follows that effective poverty alleviation efforts can not be divorced from active participation of those people or group of people at the grassroots level who are directly affected by these efforts (Holland and James 1998). This then implies that every well intentioned program that seeks to pull people out of poverty should have clear policy guidelines on how to involve the 'local experts' in the process of identifying their problems as well as in searching for answers to these problems.

4.2 On Levels of Beneficiary Participation

Transformative participation calls for the reversal of roles so that 'the teacher becomes the learner' conveners, catalysts and facilitators who have to unlearn, and put their knowledge, ideas and categories in second place as they put that of the local experts in the first place (Chambers 2007a:3). On the other hand, the inbuilt need for programs to remain sustainable and efficient in practice is likely to influence practitioners to become teachers and transferors of money, technology and other resources. When answering the question whether the existing policy on participation empowers them to fully participate in the decision making process of the MFI, all the group members were in agreement that this does not happen because it is the staff who make all major decisions and beneficiaries are only called upon to implement what has already been decided elsewhere. This form of participation that does not encourage mutual learning between the practitioner and the beneficiaries assumes beneficiaries as passive victims of development' rather than participants in the development process and to some extent contributes to the failure of MFIs in their efforts to alleviate poverty.

Using Taylor and Plummer ladder of participation framework, four out of six groups and five out six staff members were in agreement that the highest level of participation that Faulu Kenya involves the beneficiaries in is attendance and notification. There was no single group that identifying with any of the highest two levels of participation. This to some extent is an indicator that Faulu Kenya to some degree practices the 'cosmetic label' beneficiary participation a form of top-down strategy that is skewed to exclude the poor from the participating in decision making bodies as well as partaking in the program benefits' (Lineberry 1989). According to Taylor and Plummer (2004), the higher the level of participation, the higher the chances of achieving sustainable benefits to beneficiaries (Taylor and Plummer 2004) and therefore for Faulu Kenya to achieve sustainable poverty alleviating levels, it needs to step up the levels of participation from the current attendance and notification levels to that of decision making and self initiative.

From the field study, it was clear that Faulu Kenya as a client based MFI involves beneficiaries in peripheral activities such as implementing pre-determined decisions and products as well as following up defaulters. Considering that the 'cosmetic form' of participation is neither empowering nor transformative, it therefore follows that to a greater extent these MFIs value program sustainability more than benefit sustainability which raise questions of the suitability of these institutions as vehicles in the fight against poverty. With this therefore, those interested in serious fights against poverty should be critical on the suitability of these institutions as vehicles to deliver the poor out of poverty on the front of low level participation of beneficiaries (Woolcock 1999).

On the nature of beneficiary participation in these MFIs, all the six focus groups and five out of six staff were in agreement that collection of payments and selection of who to benefit were the highest forms of participation by beneficiaries. All the six groups with a total of eighty members were in agreement that discussions on how to ensure defaulters pay so that others can benefit is the closest they come to making major decisions in the institution as all other issues concerning the program management are handled by staff..

During the focus group discussions, it was clear that although all the six groups had partnered with the MFI for more than two years, only one group which is made up of relatively rich members had participated once in a decision making forum. In such cases therefore it is evident that the views of 'local experts' are rarely sort by the practitioners which is against the principles of transformative participation. This being the case therefore, the question of how these MFIs that do not involve targeted groups in search for solutions to local problems of poverty expect to design products and strategies that are in line with their unique forms of poverty.

When answering how participative in identifying priority products in Faulu Kenya, all the groups were in agreement that beneficiaries are rarely involved in setting priorities. A case in point was when the members associating lack of interest in a recently launched joint housing project between Habitat for Humanity Kenya[21] and Faulu Kenya to failure by the MFI to consult beneficiaries regarding priority products. In this case, the members felt that housing was not a priority at the moment and many of them would have preferred cheaper school fees or hospital bill loans instead.

Going by the livelihood approach, sustainable poverty elimination will only be achieved if external support focuses on what matters to the poor and works with them in a way that is participative and congruent with their current livelihood strategies (Rakodi 2000). It therefore follows that, for professionals and practitioners to know what matters to the people, they must fully involve the people in the process of identifying and addressing livelihood priorities which are compatible with their needs. This in essence may explain the disconnection between the concept and practice of participation as well as the continued poverty in Kenya regardless of the increasing numbers of MFIs and other development agencies. With such scenarios, it would be justified for one

[21] A leading housing NGO now turning housing microfinance in Kenya

to conclude that with such low levels of BP in identification and designing livelihood priorities, Faulu Kenya staff by the virtue of being non-poor, may not be able to identify and design products that perfectly meet the needs of the poor.

When answering why members think they are not invited into decision making forums, one group chairperson lamented that: "*Faulu is a business enterprise and they are here to make profit out of us the same way we are here to get loans for our business so that we can make profit from others. This is a 'man eat man society' where those better off than you will make profit from you and you will squeeze somebody else down the line, they should not lie that they are in the business of helping the poor for this is only on paper and not in their practice"*. During the focus group discussions, majority of members felt that very little of what they discuss with the field staff influences organizational policies as it all depends on the weight given by both the field officer and the manager so that they can push it to higher levels of management who make all major decisions.

Considering that the groups reported that 90% of the staffs' effort is devoted towards maintaining their jobs as opposed to assisting beneficiaries escape poverty, then this scenario warrants critical assessment of client based MFIs as poverty alleviation vehicles which gives their staff the mandate to do everything with little or no participation of the poor in their operations yet they claim to be pulling people out of poverty. Regarding general participation of beneficiaries in program matters, five out of the six staff acknowledged that less that half of beneficiary views gathered during weekly meetings find their way into the decision making forums because much of it is sieved along the management chain.

On the reasons as to why beneficiary views are accepted or rejected by the management, the ability for such views to contribute to the institution getting high repayment from clients ranked highest with others such as the need to make profit and taking advantage of the poor being reported by some groups. Considering that the poor are weak, shy and isolated (Sen 2000:1), without a forum for them to meet other powerful stakeholders and discuss program matters, and the value of beneficiary views depending on the judgment of staff, a case of top-down approach to development in MFI becomes imminent. At the same time, with adoption or rejection of beneficiary views depending on the ability of such views to contribute to high repayment rates, the need to involve beneficiaries in product implementation rather than in identification and designing of the same becomes obvious.

4.3 Factors Influencing Beneficiary Participation in Client Based MFIs in Kenya

Looking at the history of the MFI industry in Kenya and the shift it took during the liberalization period, it becomes clear that the current crop of MFIs was as a result of the desperate search for capital[22]. This fact alone is a pointer that these MFIs were founded on the principle of program sustainability rather than benefit sustainability which therefore leads us to the conclusion that unless they make conscious efforts to involve beneficiaries in more transformative ways, beneficiary participation in these MFIs may not be empowering and transformational enough.

In the focus group discussion, it came out clear that majority of groups are made up of either high or medium income earners in local standards and group membership is drawn from relatively similar economic class. Though this was the case, there was no group that was made up of the very poor members which suggests a possible exclusion of the poor from the so called efforts to alleviate poverty. According to Momtgomery (1995), the emphasis placed by MFIs on the need to get each individual member make timely payments and savings instalments so as to enable others to benefit creates an anticlimax for MFIs as the focus shifts from those that need credit in order to escape from poverty to those who can afford such re-payments. This scenario calls for critical and innovative ways of involving the beneficiaries in the identification of the right products that address their needs if their blanket claim of its success in pulling people out of poverty (Koros 2007) is to hold

[22] August 5, 2008 source: **http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/news_faulu.php#top**

water because no poverty alleviation effort can be divorced from participation of the poor themselves (Chambers 2007b)

During the focus groups, all the groups and half of the staff concurred that if Faulu Kenya was working with the people of higher social class as in the case of commercial banks, the MFI could have listened, respected and involved them in much better ways than they were currently doing. On the same note, group members felt that if Faulu Kenya was working in areas with more alternatives, or working with the rich, the it would listen and incorporate the client's needs much more than it was currently doing. In this case, the members felt that unless conscious efforts are made to involve them in such antipoverty efforts, it is likely that the prevailing social economic conditions will gang against them and deny them a chance to participate leading to possible failure of such efforts to meet the intended objective of poverty alleviation. This eventuality led to the researcher's conclusion that the prevailing social economic conditions of the locality can not be wished away as a factor in determining the nature and level of beneficiary participation.

During the focus group and staff interviews, it was revealed that there is no forum for all stakeholders from donors down to the beneficiaries to meet and exchange ideas on how best to deliver antipoverty solutions to the targeted populations. According to Taylor and Plummer (2004), while policy makers and top officials may have clear objectives when designing policies and giving directives, officials and beneficiaries lower down may have different motivation when implementing such directives (Taylor and Plummer 2004). In order to avoid such disconnects, it is therefore important that all stakeholders have a forum for knowledge and skill sharing and because this does not exist in Faulu Kenya, all major decisions are left to the management while implementation is handled by branch managers, field staff and clients.

4.3.1 The Shift from Benefit to Institutional Sustainability

The shift from subsidized to market based support in poverty alleviation to some extent has hurt the very poor who can not afford to pay for the services provided. Looking at the genesis of client based MFIs in Kenya[23] one can conclude that institutional sustainability was more favoured by these institutions than sustaining benefits to the poor.

As it came out during one of the focus group discussions when a member explained how their lack of participation in the affairs of the MFI has propagated a culture of continuous borrowing as the gains from the loans are not sustainable: *"our cry to the Faulu to reduce interests on loan has fallen on deaf ears and now we have to keep borrowing loans in order to keep the doors to our shops open and escape the shame that accompanies 'closing shop. Faulu is only concerned with increasing their profits margins regardless of the damage it is causing us"*. To some extent, this was confirmed from the records where between 2006 and 2007 where the MFI recorded a pre-tax profit increase of 38.4% from Sh288.3 million in 2006 to Sh408.2 million in 2007 and much of it was driven from interest income[24].

This scenario points to the fact that if care is not taken to set the limit of the institutional sustainability that is acceptable for these MFIs in the field of poverty alleviation, they are likely to exploit and make worse the same poor people they seek to redeem as their target may shift from alleviating poverty to profit maximisation at the expense of the poor beneficiaries. As was described by one group member who quipped; *"If you look at my business, does it look like for the last two and half years I have received and invested the kind of money Faulu demands from me? Our businesses can not grow through these loans for the weekly payments accompanied by the high interest charged on the loans takes all your profits leaving your business the way it was or even worse and the cycle of borrowing goes on for you have to come and borrow more"*. This shows that if Faulu Kenya and other client based MFIs are to become serious contenders in poverty alleviation field through micro-credit, they must find innovative ways of incorporating the views and priorities

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[23] 4th August 2008; *Gerald Macharia, Chief Executive Officer, Faulu Kenya Limited;* **http://www.uncdf.org/english/microfinance/pubs/newsletter/pages/2005_04/news_faulu.php#top**

[24] 5th Sept. 2008; http://allafrica.com/stories/200805020943.html

of beneficiaries into their decisions as much as they pursue program sustainability.

From the staff questionnaires and focus group discussions, it was evident that only around 9% of all program beneficiaries are considered to be below the poverty line. This particular case brings us to the question of targeting and it is in the opinion of the researcher that if the poor were asked to identify themselves (self targeting) such a scenario could have been avoided. While the principle of self selection practiced by these MFIs is expected to include the poor, as obseved during the field study, none of the groups were located away from market centers and group membership comprised of members of relatively higher and similar economic class according to local standards. On the other hand, while group members belonged to relatively the same economic class, there was no group that was made up of the very poor members of the society which raises the question of effectiveness of unguided self selection as emphasised by these MFIs in targeting the poor with such credit.

4.3.2 Power Relation Between Various Stakeholders

Among the various factors that influence beneficiary participation in poverty alleviation programs initiated by client based MFIs is the power relation between the staff and clients. All the six groups and half of staff were in agreement that if the members were from high class, the MFI could have respected and involved them in much better way than they were currently doing. The members also felt that the understanding by these MFIs that their client's options regarding sources of financing is limited makes it hard for their views to be taken as beneficiaries are perceived as the weak stakeholders. This clearly depicts a relationship of the powerful and the powerless as was explained by members of one group in a Swahili terminology that: *"Mnyonge hana haki mbele ya tajiri"* which means that the poor has no rights before the rich. With this in mind therefore, any program seeking to alleviate poverty should make effort to empower the poor and give them a voice through dismantling the structures that bring about isolation and poverty so as to bring them back into the system where they can act on their own.

4.3.3 On Point of Involvement in the Product Profile

From the field study, all the focus groups and 5 out of the 6 staff agreed that beneficiaries are largely involved in product implementation stage and rarely at the stage of identification and design. According to Taylor and Plummer, active participation of beneficiaries at the product/project design, identification and planning stages ensures greater ownership and decision making ability of the beneficiary as both the practitioners and beneficiary engage in discussion and decisions making about problems as well as possible solutions to the problems identified (Taylor and Plummer 2004). On the other hand involvement of beneficiaries at stages latter than these implies a passive form of participation as they participate in activities in which they have little or no inputs as their involvement is meant to ensure projects cost-effectiveness and program sustainability rather than sustainability of the solutions to the problems facing them (ibid). With Faulu Kenya involving beneficiaries largely in product implementation and rarely at the design and identification stages, one wonders how these institutions expect to offer sustainable solutions to their beneficiaries for achievement of sustainable benefits requires that there exist people's participation in these projects from the design stage on-wards (Lineberry 1989).

4.4 Conclusion

Though it is not News for staff and beneficiaries to hold different views regarding the same issue, it is ironical that while all of the six staff members felt that enough was being done to involve beneficiaries in program matters, none of the six groups felt that they were being involved in the affairs of the MFI in any meaningful way. To some extent, this shows how lack of participative or interactive forum between the two sides can lead to disconnects in such programs. It is from this revelation that the researcher asserts that: if the 3460 micro credits, 3897 savings and credit co-operatives, 56 microfinance Institutions, 4 commercial banks in microfinance and 2 building societies all practicing micro-credit for the last twenty years were involving beneficiaries in transformative manner, Kenya could not be ranking among the last 20 poorest countries in the world.

CHAPTER 5

REFLECTIONS AND CONCLUSIONS

5.1 Introduction

In this chapter, we present a summary of the study and based on the findings, draw conclusion and make recommendations to development agencies, policy makers and practitioners who wish to make MFIs reliable vehicles for poverty alleviation through participatory development. Though the notion of participation in the international development stands at an uneasy crossroads (Hickey and Mohan 2004,Kothari and Cooke 2001), the approach still has room to pick the correct road and still deliver its promises usefully.

Though the past decade witnessed a growing backlash against the ways in which participation managed to tyrannize development debates without sufficient evidence that it was better than other approaches (Hickey and Mohan 2004), participation can be empowering and transformative to the marginal people and so far, it is the only approach that informs policy makers on the circumstances and interests of the public they represent, increases the sense of ownership of the targeted populations and ultimately empowers them (ibid).

5.2 Making Participation Work in Microfinance

The failures of the top-down strategies to achieve their goals was in part due to majority of development agencies failure to incorporate the local knowledge of the main beneficiaries of such projects who in turn felt left out of the whole developmental process (Botchway 2001). If MFIs will succeed in this field, there is an urgent need for them to incorporate participatory approach to development as an integral component in their operations because transformative participation is known to empower the poor for decision making through making them aware of their own social-economic realities, the problems facing them as well solutions to these problems (Bastian and Nicola 1996).

If these MFIs will succeed in alleviating poverty, there is need for them to focus on developing capacities of the poor and stop pursuing quick and short term results such as good repayments and portfolio growth. They should "realise that they are working with the people who have their own priorities and time scales and it is their development that is the measure of our success" (Bastian and Nicola 1996:60).

If participatory approach will gain currency in client based MFIs, there is need to make known to all stakeholders what participation stands for as well retrain staff on principles of transformative participation. As was the case of the 1950s when Tavistock Institute for Human relations established itself as the first centre in the UK for participatory social intervention, anyone working for the institution had as a pre-condition of employment to undergo a program of intensive psychoanalysis as a way of subjecting themselves to intensive self analysis before intervening in other peoples social lives (Hickey and Mohan 2004). This is an urgent step in the current situation of Faulu Kenya where group members feel that the staffs are not well trained and 90% of their effort is devoted towards maintaining their jobs regardless of the cost on the part of the beneficiaries.

Transformative participation calls for active engagement of beneficiaries and institutions of power so that beneficiaries can find and use their voice (Cornwall 2000). In reference to client based MFIs and Faulu Kenya in particular, there is a need for these to incorporate and emphasis on the principles of transformative participation in their policies and make them known to all stakeholders. Because studies in the contemporary development policy have shown that successful participatory projects are those that seek to directly challenge existing power relations rather than those that simply work around them (Hickey and Mohan 2004), it is important that if client based MFIs are to succeed in poverty alleviation arenas, they should incorporate a form of beneficiary participation that seeks to dislodge the oppressive social-economic structures which perpetuate the poverty that they seek to alleviate.

Thus the success of beneficiary participation in identification and design of products and projects initiated by client based MFIs and development agencies in general will largely depend on the extent of adjustment and adaptations by these institutions in their structure, culture and procedures as well as those of their donors to be in line with the principles of transformative participatory development. For this to happen, BP at the design and identification stages of antipoverty products should be valued for it enables the poor to tackle poverty from within while external assistance facilitates the effectiveness of such efforts (Botchway 2001).

5.2.1 On the Need for Beneficiary Participation

The field study revealed that MFIs beneficiaries are never offered a forum for active participation in decision making. Among others, this has been the reason why MFIs have not been effective in poverty alleviation because where the poor have been genuinely involved in the development activities, they have become vital source of local insight and knowledge to illuminate crucial aspects of poverty in ways which other people or methods do not (Brocklesby and Jeremy September 1998). This therefore is a wake up call to client based MFIs and other development agencies and practitioners in poverty alleviation field to actively involve beneficiaries in identifying and designing products and projects that seek to address the problem of poverty.

From the study findings, it was clear that client based MFIs employ top-down approach from below in their management. Because the approach in the context of Faulu Kenya is spearheaded by practitioners and professionals, it lacks understanding of the local needs and priorities. If these MFIs intend to become effective vehicles in poverty alleviation, they need to identify and design products that are in line with the people's current livelihood strategies as well as works with the poor in ways that are participative and congruent with their current livelihood strategies (Rakodi 2000).

The disconnects between staff and beneficiaries that came up during the field study could be as a result of the practitioners and professionals designing and providing those products they thought were meeting the people's needs without consulting them. There is need for these institutions and practitioners to realise that we are pre-conditioned by our paths of life and training and however how much we struggle to reconstruct our realities to reflect what we think represent the poor people's reality, there will always be distortions

(Chambers April, 1995). This therefore call for all development agencies and practitioners to be aware of their own biases and limitation and embrace participation of local experts as a way of making up for the knowledge gaps as well as reducing high instances of such biases.

5.2.2 On the Levels of Participation

For Faulu Kenya to involve beneficiaries at the level of notification and attendance, it shows that little importance is attached to beneficiary participation. This in turn raises the question of its success as poverty alleviation program because, studies have shown that the higher the beneficiary participation in pro-poor program, the higher the chances of its success and that of maintaining benefit sustainability as the end user communities initiate ideas and mobilize themselves to make it happen (Taylor and Plummer 2004). Thus if these MFIs are to provide sustainable benefits to the target groups, they should step-up the levels of beneficiary participation from the current attendance and notification levels to decision making and self initiative levels of participation

5.2.3 On factors Influencing Beneficiary Participation in MFIs

With the need to guarantee maximum repayment and make profits being reported as the highest objective for involving beneficiaries in program matters, client based MFIs engage in self-sustenance efforts as opposed to sustaining benefits to the beneficiaries. Because successful poverty alleviation calls for the poor to be actors and agents of their own development (Moore et al.), and this kind of participation lacks both transformational and empowering ingredients, to some extent it contributes to the failure by these institutions to deliver the poor out of poverty. This being the case therefore, it becomes necessary for development agencies and specifically client based MFIs to ensure that their objectives are in line with principles of transformational participation as well as the realisation that beneficiaries need to engage in the process of their own development.

Considering that "the space for participation is shaped by power relations that both surround and enter them" (Hickey and Mohan 2004:34), left without clear guidelines on how and why beneficiaries should participate, the staff of these institutions are likely to be motivated by the bonuses they receive, job security and other peripheral factors which may lead them to manipulate and coach beneficiaries to act in ways that are contrary to the principles of transformative participation. In order to check this, efforts should be made to reformulate institutional structures in ways that ensure that beneficiaries and other non-influential stakeholders are empowered to act on their own without the mediation of the non-poor.

5.3 Conclusions

In conclusion, this study argues that because beneficiary participation at the stage of needs identification, project/product design and planning ensures greater ownership and decision making ability of the poor as well as allowing for knowledge and skill sharing between beneficiaries and the practitioners (Lineberry 1989), client based MFIs in Kenya that seek to reduce poverty in a sustainable and effective manner should step up beneficiary participation from the current level where beneficiaries are implementers of pre-determined products/projects to where they participate in identifying, designing and planning of these projects and strategies.

For client based MFIs as well as development agencies in the area of poverty alleviation to find lasting solutions in Kenya and the developing world in general, participation should aim at dismantling all social, economic and political structures that perpetuate poverty. it should also dismantle all negative constructs of the poor so that they can start seeing themselves as having the capacity and right to redeem themselves out of poverty (Botchway 2001). In such a scenario, the external help should act as catalysts in the process or else a culture of dependence on development agencies by the poor will be propagated.

As a concluding remark therefore, the researcher is of the view that if the objective for which beneficiaries are involved in any poverty alleviation programs is not clarified to all stakeholders; the powerful stakeholders are likely to alienate the same people they set out to lift from poverty.

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Appendixes

Appendix 2: Staff Interview Questionnaire

1. Respondent Sex --------------------- Date -----------------

2. Staff designation: Management Staff -------- Field staff ------

Introduction

This questionnaire seeks to answer the question: To what extent do Faulu clients participate in the identification and design of antipoverty (program) products and in general program decision making process? For the sake of privacy, your names are not required but your gender and designation. The data collected and answers given will be used for academic purposes only.

Factors influencing participation of stakeholder beneficiaries

3. Does Faulu Kenya have a policy on beneficiary participation?

a) Yes
b) No

4. If yes, does this policy fully empower stakeholders to fully participate in issues regarding this program?

(a) Yes (b) No

5. What is the one most important factor that this organization considers when deciding how beneficiaries will be in involved in program activities?

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6. How are beneficiaries involved in the process of identifying products or projects in your program ---
----
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7. How would you rank the organization's commitment to involving beneficiaries in product design?

a) High
b) Medium
c) Low
d) Not sure

8. At what stage in the product/project cycle are beneficiaries greatly involved?

(a) Designing (b) identification
(c) Implementation (d) evaluation?

9. What would you say is the greatest role that is played by beneficiaries in this program?

a) Making day to day decision that relate to the projects

b) Collecting and banking money on behalf of the organization

c) Implement decisions at the grass-root level

d) Other---

Effects of the shift from subsidized assistance to financial sustainability loans

10. How would you describe beneficiary participation in "give away" poverty eradication programs /projects in relation to those that beneficiaries are required to pay back? ---

Criterion for identifying beneficiary stakeholder representative the projects

11. Who of the following selects beneficiary representatives or group officials?

a) Local leaders

b) Beneficiary stakeholders

c) Organizational staff

d) Other--

12. What percentage of your clients would you say are;

(a) The poor below poverty line (earning less than $1 or KES 2,100 per month) -----%

(a) Moderately poor in the society earning between KES 2100- 10,000 ----%

(c) Non poor, earning more than KES 10,000 -------%

Criteria used for identifying program beneficiaries

13. Who are the official target group for this program? ---

14. Who selects beneficiaries in this program?

a) The representative committees

b) Staff from the organization

c) Through self selection (all who are willing can join)

d) Other who have benefited or intending to benefit

e) Not sure

15. How are beneficiaries of this program selected? ---------------------------
----

E. Suitability of the project to alleviate poverty

16. How well do you think the project addresses the needs of the very poor residents of this area?

a) Very good

b) Good

c) Fairly

d) Other ----------------------------------

17. On a scale of 1 to 5, with 1 representing very strong and 5 very low, how would you rank the programs ability to alleviate absolute poverty in this area?

1 2 3 4 5

Effects of power relation between donors, NGOs and beneficiary stakeholders on participation of beneficiary stakeholders

18. What percentage of beneficiary views regarding projects effectiveness in poverty alleviation informs your policy and practice?

a) Above 70%

b) Between 50- 70%

c) Between 30- 50

d) Below 30%

19. In what ways does the views of beneficiaries influence donor policies in regard to conditions of funding? --
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20. What determines whether the views of beneficiaries are incorporated into program policies?

a) When such views guarantees good repayments

b) When the views are likely to reduce poverty among the beneficiaries

c) When such views are accepted by donors

d) When such views do not conflict with the established program policies

21. On average, how often are the views of beneficiaries incorporated in your program policies

(a) Monthly

(b) Quarterly

(c) Annually

(d) More than once a year

Appendix 2: Beneficiary focus group interview Guide

Group Name--Age pf the group -------------------------Date -------------------------Location (Area) --Attendance: Women---------------------Men -----------------Total -----

The concept of participation refers to the process of empowerment that enables local people to do their own analysis, to take command, to gain confidence and to make their own decisions. In theory this means that practitioners participate in your projects and not you who participates their project. Here the officers are not teachers or transferors of money but they are conveners, catalysts, and facilitators. They have to unlearn, and put their knowledge, ideas and categories in second place as they put that of the local experts in the first place (R. Chambers 2007)

1. How well does this statement represent your participation in Faulu Kenya program? ---

2. Does it happen as described above? ---------------------,

If no, why do you think it does not happen? ---

3. If yes, how does it happen? ---

4. If yes, which of the below forms of participation, best represents your participation in the Faulu program?

Many meanings

Which of the below level of beneficiary participation in program decision making best represent your participation in Faulu Kenya program?

a) Notification- Letting them know what is to be done

b) Attendance- Beneficiaries physical attendance to planned meetings

c) Expression- Take their views for consideration by top management

d) Discussion- Engaging them in discussions that may influence decision makers

e) Decision making- Getting them fully involved in making important decisions

f) Initiative (self management)- Empowerment to plan and execute own plans effectively

5. In your own view, does the identified level of participation enable you to reap full benefits of the program?

(a) Yes (b) No

6. If yes, how does it do it? --

7. If no, how best can it be done in order to enable beneficiaries to reap full benefits of this program and products? --

8. At what stage in the product development are you mostly involved?

(a) Identification (b) Design

(c) Implementation (d) Evaluation

A. Participation and competition among development agencies

9. How different is beneficiary participation in Faulu Kenya different from that of other organizations that operate in this area? ---

10. Why do you think so? --

11. Do you think organizations doing similar activities should involve beneficiaries in the same way?

(a) Yes (b) NO

12 Why do you think so? ---

Many meanings and forms of participation

13. What do you think beneficiary participation in a funded project means? ---

Different interest among the various stakeholders

14. What % would you say that the program's main interest is to pull you out of poverty? --

15. What % of organizational staff would you say are interested in pulling you out of poverty? ---

A. Need for organizational self sustainability

16. Why do you think many organizations require beneficiaries to pay back? -- -- --

17. Are you aware either in the past or currently of a program that gives free support to the poor? (a) Yes (b) No

18. How different is or was their participation from this program? - -- -- --

Power relations

19. Ranking 1 as highest and 5 as lowest, who's interests greatly influences decisions at the grass-root level?

(a) Staff
(b) Beneficiaries
(c) Donors
(d) Local leaders/Non poor

20. If a decisions regarding this program was to be made in a public gathering, who would stand the greatest chance be heard?

A	Poor	Non poor	Other
B	Women	Men	Other
C	Org& staff	Beneficiaries	Other
D	Local leaders	Common man	other

Different objective of Participation

21. In a scale of 1-6, with one representing the best objective and 6 the least, how why do you think the organization involves you in the way it does?

a) Testing new ideas
b) To ensure project sustainability
c) To empower the powerless
d) To ensure accountability
e) Reduced costs / Project effectiveness
f) For conflict resolutions