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COLLAGE OF BUSINESS AND ECONOMICS

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**Microfinance and Rural Women's Empowerment: A Cross-Sectional level
Analysis (Evidence from Rural Woreda's of Harari Region)**

By

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**A Thesis Submitted in Partial Fulfillment of the Requirements for the Masters
of Science Degree in Economics**

(Development Policy Analysis Specialization)

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Statement of Declaration

I, **Ahmed Mohammed**, hereby declare that, the thesis work entitled with “**Microfinance and Rural Women’s Empowerment, a Cross-Sectional level Analysis (Evidence from Rural Woreda’s of Harari Region)**” submitted by me in partial fulfillment of the requirements for the award of Degree of Masters of Science in Economics to the Collage of Business and Economics, Mekelle University, through the department of Economics is Original work carried out by myself. The matter embodied in this thesis work has not been submitted earlier for the award of any degree or diploma to the best of my knowledge.

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This is to certify that this thesis entitled “**Microfinance and Rural Women’s Empowerment, a Cross-sectional Analysis, Evidence from Rural Woreda’s of Harari Region**” is an authentic work of Mr. Ahmed Mohammed Abraham, Id No CBE/PR004/04 who carried out research under my guidance. Certified further, to the best of my knowledge the work reported here in does not form part of any project report or thesis on the basis of which a degree or award was conferred on an earlier occasion on this or any candidate.

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Acronyms

ADLI	Agricultural Development Led Industrialization
ASCI	Amhara Credit and Saving Institution
BoFED	Bureau of Finance and Economic Development
BRAC	Bangladesh Rural Advancement Committee
CC	Coefficient of Contingency
CEI	Cumulative Empowerment Index
EPRDF	Ethiopian People’s Revolutionary Democratic Front
ESPS	Ethiopian Societies of population Studies
HMFI	Harari Microfinance Institution
MoFED	Ministry of Finance and Economic Development
MDG	Millennium Development Goals
MFI	Microfinance Institution
NCP	Non client in Programme Woreda
NCNP	Non client in Programme Woreda
PSM	Propensity Score Matching
UNDP	United Nations Development Programme
VIF	Variance Inflation Factor
TLU	Tropical Livestock Unit

Contents

Acknowledgment	iii
Acronyms.....	iv
List of Tables	viii
List of Figures	viii
List of annex	ix
Abstract.....	x
CHAPTER ONE	1
INTRODUCTION.....	1
1.1. Background of the Study	1
1.2. Statement of the Problem and Justification	5
1.3. Objective of the Study.....	8
1.4. Research Hypotheses.....	8
1.5. Limitation of the study	9
1.6. Organization of the thesis	9
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1. Concepts and Theoretical literature review	10
2.1.1 Microfinance.....	10
2.1.2 Empowerment.....	10
2.2. Women’s empowerment	12
2.2.1. Targeting Women under Microfinance	14
2.3. Microfinance and Women’s Empowerment.....	15
2.3.1 Debates surrounding microfinance and women’s empowerment	15
2.4. Empirical Literature Review	18
2.4.1. Other Countries Experiences	18
2.4.2. The Microfinance Experience in Ethiopia	22
2.5. Microfinance and Its Development in Ethiopia	23

2.6. Background on Harari Region Microfinance Institution (HMFI) and Description of the study area	25
2.6.1. Overview of Harari Microfinance Institution	25
2.6.2. Mission and Objectives of HMFI.....	26
2.6.3 Services and operational modalities of HMFI	26
CHAPTER THREE.....	29
RESEARCH METHODOLOGY	29
3.1. Description of the Study Area	29
3.1.1. Physical features	29
3.1.1.1. Geographical location and Administration Structure.....	29
3.1.1.2. Socio-cultural and Economic Aspects.....	29
3.1.2.1 Population Size and Growth.....	29
3.1.2.2. Topography and Climate	30
3.1.2.3. Tourism and Heritage.....	31
3.1.2.4. Land Use	31
3.1.2.5. Crop Production and Productivity.....	31
3.1.2.6. Live Stock Population	32
3.2. Data and Methodology.....	33
3.2.1 Data source and type	33
3.2.2. Sampling Design and procedures.....	34
3.2.3. Empirical Model and Data Analysis	35
3.2.3.1. Conceptual framework: Analysis of women’s Empowerment	35
3.2.3.2. Dimensions of Women Empowerment	37
3.2.4. Data Analysis	40
3.2.4.1. Specification of Logit model	40
3.2.5. Formulation of Empirical Model and Description of the variables	42
3.2.6. Definitions of Variables and Working Hypothesis.....	42
3.2.7. Possibility of Self Selection bias	47
CHAPTER FOUR.....	49
RESULTS AND DISCUSSIONS	49
4.1. General Characteristics of the Sample Respondents.....	49

4.1.1. Household General Characteristics	49
4.1.2. Household livestock Ownership	52
4.2. Effect on asset possession	57
4.3. Matured and incoming clients	60
4.4. Non client in programme and in non programme area	61
4.5. Effect on saving of the respondents	61
4.6. Effect on Income of the respondents.....	64
4.7. Dimensions of Women Empowerment	68
4.6.1. Commulative women’s Empowerment.....	68
4.8. Results of logit model	71
4.9. Possibility of Selection Bias	76
CHAPTER FIVE.....	78
CONCLUSION AND RECOMENDATION	78
5.1. Conclusion.....	78
5.2. Recommendation	79
References.....	82
<i>Annex</i>	87

List of Tables

Table 2.1: Total number of clients served by HMFIs on various loan products.....	26
Table 3.1: Population of Rural Areas Kebeles of Harari Region, 2007 and 2010.....	29
Table 3.2: Summary of Variables included in the models	46
Table 4.1: Age category of respondents.....	48
Table 4.2: education level category of respondents.....	49
Table 4.3: Head of family for matured participants, incoming participants and NCP and NCNP.....	49
Table 4.4: Family size of respondents.....	50
Table 4.5: Summary of selected Variables.....	51
Table 4.6: Mean Livestock status for matured participants, incoming participants and Non participants in both groups in tropical livestock.....	52
Table 4.7: Comparisons of respondents by General characteristics and institutional variables.....	54
Table 4.8: Distribution of microfinance users by woreda's in frequency.....	55
Table 4.9: Repair, Expansion, Additional and Improved for matured, incoming, NCP and NCNP.....	56
Table 4.10: Women's Access and Control over Resources for all respondents in their frequencies.....	57
Table 4.11: The commulative amount of loan taken by matured clients.....	59
Table 4.12: Saving level for Matured, Incoming, NCP and NCNP	60
Table 4.13: Yearly Income of the respondents.....	63
Table 4.14: Frequency of commulative Women's Empowerment in all dimensions of the respondents.....	69
Table 4.15: Summary of commulative women's empowerment in all Dimensions.....	69
Table 4.16: Estimates of Maximum likelihood of logit regression on Commulative women's empowerment.....	72
Table 4.17: Average treatment on treated for the outcome variable in all matching estimator....	75

List of Figures

Figure 3.1: Figure of the area.....	32
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List of Annex

Annex 1: list of Microfinance in Ethiopia	86
Annex 2: Conversion factor Used to estimate Tropical livestock Unit	86
Annex 3: Odd ratio after logistic regression	87
Annex 4: Marginal effect after logistic Regression	87
Annex 5: coefficient of contingency for the variables included in the model	88
Annex 6: Goodness of fit of the Model	88

Abstract

Nowadays microfinance is proved to be the tool mechanism to handle poverty that resides mostly in rural areas of the country, and is also a basic mechanism to empower women's economically, socially and politically. Thus majority of poor rural women's in the Ethiopia don't have access to financial services. Out of the total sample respondents taken for the study 40 % are matured clients, 24 % are incoming clients, 24 % are non-clients lives in the two of the woreda's where the HMFIs are giving group and individual loan, and 12 % are non-clients lives in the rural woreda where the institution does not giving loan. The result of the study reveals that, among the participants in the credit policy, 51 (41%) of them are empowered, matured clients was take the lion share by 37 (30%), and the remaining 16 (13%) incoming clients. From non-clients category, 14 (11 %%) of NCP and 5 (4%) of NCNP are also empowered in every dimension put to measure women's empowerment. The result of the descriptive statistics shows that income and saving level of matured and incoming clients are better than the non-clients, matured and incoming clients have also better access and control over resources.

The result of econometrics analysis by using binary logistic regression model also shows that, variables like age of women's respondents, age at marriage, marital status, education level of women's, duration of women's in the institution, income of their family, and non-formal education are the variables which can significantly affecting cumulative women's empowerment. Whereas, variables like religion of the respondents, form of marriage, access to media, head of family, and paid work variables are insignificant in affecting women's empowerment. Accordingly propensity score matching was employed to see whether credit provided to women's are empowered them or not. The result from all propensity score matching estimators shows participants are empowered due to their participation in the credit policy.

Hence, according to the study to empower women in dimension of economically, household level, personally and politically the institution is recommended to see the factors which lead poor rural women's not to be empowered and providing a better lending strategy which is focusing on effective supervision, training and approval of appropriate loan size to empower women's.

Key words: Microfinance, women's empowerment, logit model, matured clients, incoming clients,

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

In countries where the agriculture sector dominates, unskilled women have limited opportunities outside the household and family owned farms where they usually are unpaid workers. In addition, women constitute a large proportion of the population in the informal sector, with little or no financial security and/or social benefits (UNDP, 2010). According to United Nations Development Programme (UNDP) six out of ten of the world's poorest people are women. UNDP also reports that some 75 percent of the world's women cannot get bank loans because they have vulnerable or insecure jobs as well as a lack of collateral to offer as security to banks.

Microfinance programmes targeting women becomes a major policy of most developing countries to empower women mainly rural women. Various studies by different authors suggest this fact (Femida and Meenaz, 2004, Pitt Khandker, and Cartwright, 2006, Thresiamma Varghese, 2011, Sara Noreen, 2011, Nawaz, Ayesha and Syeda Wajiha, 2012). The study conducted by Hashemi et, al, 1996, in the two largest microfinance in Bangladesh suggest that credit provided by microfinance to the poor rural women have increases women's mobility, their ability to make purchases and major household decision, their ownership of productive asset, their legal and political awareness and participate in public campaigns and protest and also decrease women's vulnerability in family violence. A similar study in Nepal by Cheston, et.al., 2002, showed that 68% of women experienced an increase in their decision making role in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school. In Africa where status and access to resource is more limited for poor women, the study conducted in South Africa also showed women who offered access to loans from microfinance institutions are set up their businesses and become economically self-sufficient.

In Ethiopia where women constitutes half of the population and majority of them living in the rural areas of the country, women's are marginalized, have limited roles in household decision and they are not economically self-sufficient. In the document and literatures, microfinance is indicated among the specific means that is given greater emphasis and is expected to play essential role for empowering women particularly in rural areas of the country. So far, credit provided by microfinance institution empowers women by strengthening their economic roles, increasing their ability to contribute to their families support and becoming them active in the societal problem. Increasing evidence of the centrality of gender equality to poverty reduction and women's higher credit repayment rates led to a general consensus on the desirability of targeting women. Not only 'reaching' but also 'empowering' women became the second official goal of the Micro-credit Summit Campaign. (Mayoux, 2005).

Though it is difficult to define empowerment as the word is multidimensional process, it intersects the woman's personal, family, social, cultural, economic and political space. Empowerment has been described as both a state and a process in the literature. Different authors and researchers define empowerment according to the need of their work. Duflo (2005) and Kabeer (2005) (cited by Kahn, 2011), stress that empowerment is a process, which leads towards a state in which women are empowered. That is, empowerment involves an *improvement* in women's ability to manage their own lives. This is obtained through increased access to key resources and activities, as stressed by Duflo (2005): "*...gender empowerment [is] defined as improving the ability of women to access the constituents of development – in particular health, education, earnings opportunities, rights, and political participation.*"

Since women empowerment is the significant part of contemporary development policies of developing countries, it faces many problems. At the theoretical level there is much debate as to what empowerment comprises and how best it can be achieved (Kabeer, 1999). Women empowerment has dimensional focus and envisages greater access to knowledge, social and economic resources and greater autonomy in economic and political decision making process (Kabeer, 2005). Women empowerment seeks change in the sexual division of labor, equal access

to food, health care, education credit and employment, ownership of assets and now access to media.

Despite worldwide evidence of the low ranks of female participation in social, educational, economic and political spheres, there is still a tendency to see it as a real problem only in a limited number of countries, credit programs empower women by strengthening their economic roles, increasing their ability to contribute to their families support, and that they also empower women through other mechanism (Hashemi et.al. 1996). The reality is that no country in the world, no matter how advanced and developed, has achieved true gender equality, as measured by comparable decision making power, equal opportunity for education and advancement, and equal participation and status in all walks of human endeavor (World Economic Forum, 2005).

Even though Ethiopia is experiencing the fastest growing economy that is registering double digit growth in Africa, the social status of women whose constitute about half of Ethiopian population, especially in rural areas remains very low. Rural women belong to the most deprived section of the society facing adverse conditions in terms of social oppression and economic inequality, a visible majority of them being extremely poor. Ethiopian society of population studies (2008), described that, Lack of access to productive resources such as land; lack of access to education, employment opportunities, basic health services, and protection of basic human rights; low decision making; violence and harmful traditional practices are some of the indicators of the socioeconomic marginalization of women in the country.

Despite the women's participation in political representation is increasing, training women on leadership is the major mechanism undertaken to strengthen women's capacity in decision making. It is believed that women's education and economic empowerment play a vital role in empowering and enhancing the decision-making capacity of women. UNDP also consider women's empowerment as an important part of sustainable development and reports that gender inequality in developing countries inhibits economic growth and development. Gender equality and empowerment of women plus eradicating poverty and hunger are two of the eight millennium development goals (MDGs) that United Nations adopted in 2000.

Several studies across the world particularly in developing countries, shows that transfers of income that are made to women only, do not automatically translate into increases in their bargaining power. Given the cultural and social constraints imposed on the women in developing countries', women's autonomy or personal accumulation of resources may not necessarily result in empowering women on their own (Bali Swain and Fan Yang, 2008). Even though, access to credit improve women's empowerment, other development programs such as education, political quotas, awareness generation, access to media and property rights etc. are as essential for empowering women (Malhotra and Mather 1997, Mayoux 2002, Kabeer 2005,).

Microfinance programmes have momentous potential for contributing to women's economic, social and political empowerment. Access to savings and credit can pledgee or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets. The economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. These increased economic roles may also lead to change in gender roles and increased status within households and communities. (Mayoux, 2002)

Microfinance industry in Ethiopia is established after the mid 1990's with the issuance of microfinance by the Ethiopian government. Now a day it has made remarkable progress over the past decade, reaching almost two million clients in a country of 77 million people. The microfinance's growth rate in terms of number of clients is 22.9%. About 93% of regular clients live in rural areas (Amha, 2008). Ethiopia is the second largest number of microfinance users in sub-Saharan Africa'(Amha, 2000, Fekade and Alemu, 2008, cited in Ferdisa, 2012). In Harari region alone over 6400 peoples have now access to microfinance which is low compared with other regions of the country.

Like those of poor women's in most of developing country, women's in Ethiopia particularly women in poor areas of Harari region are constrained from access to and control over household resources mainly because of a large portion of the work performed by women is unpaid (collecting firewood and water) and/or intangible and not recognized (parenting). The activities

undertaken by women are almost invisible “care economy” imply that women contribute less to household funds and/or are time poor (Frederiksberg, 2008). So far, to increase the power of women in the household credit programs targeting to poor rural women is amongst the crucial factor that empowers them.

The Harari people like any other region in the country, suffer from long standing abject poverty. It is estimated that nearly 11.1 % of the population cannot afford the minimum calorie (2200 cal) required for mere survival (MoFED 2010/11). According to Harari Bofed (2011), currently in the urban areas of the region covers almost 5 percent of the total area and contains 54.2 percent of the total population while the remaining 45.8 percent the population are found in rural areas of the region that shares 95 percent of the total area of the region. The major economic activity in Harar city includes trade, manufacturing and service. While in rural area, agriculture, which is characterized by rain-fed and subsistence nature, is the source of livelihood, among which production of cereals is the main output produced in the rural area, while chat (Khat)¹ is among the output which have least productivity in the area.

With this background, the study is designed to identify and analyze the impact of microfinance on women’s empowerment in Sofi and Dire xayara rural woreda’s of Harari region, and through that make recommendations to improve the effectiveness of interventions.

1.2. Statement of the Problem and Justification

The body of research on women’s empowerment has conceptualized and defined in many ways and used different terms, often interchangeably, including autonomy, status, and agency (Lee-Rife and Edmeades 2011; Malhotra et al. 2002; Upadhyay and Hindin 2005). Some researchers include both major and minor decisions, while others include only major decisions, excluding day-to-day household decisions and those that are traditionally within the woman’s domain. Women’s empowerment encompasses many dimensions, including economic, socio-cultural,

¹ *Khat* is a shrub which is grown for its narcotic substance found on the tip of the young leaves and chewed when it is fresh. Khat is marketed domestically and internationally, often through trade into Somalia and the Gulf states

familial/interpersonal, legal, political, and psychological (Malhotra et al., 2002), which contributes to the wide variation in conceptualizations of women's empowerment. Given the variation in conceptualization of empowerment, it is difficult to measure women's empowerment consistently. Even with a clear definition, it is difficult to quantify in a standardized way. Additionally, to measure empowerment at an individual level, researchers must translate the amorphous constructs into a set of specific questions that population-based surveys can ask of individual respondents (Kishor and Subaiya 2008).

Access to credit and participation in income-generating activities is supposed to strengthen women's bargaining position within the household and within the society thereby allowing them to influence a greater number of strategic decisions. Thus, it follows from the general consensus that the success of any development endeavor is largely determined by the extent to which the poor particularly poor women have access to productive resources, income, power, and employment levels.

In this context, therefore, it is relevant to identify how micro finance could be a powerful instrument in achieving the objective of women's empowerment in rural contexts. Few studies on women's empowerment were been conducted in Ethiopia. In her study " the role of microfinance in empowering women in Addis Ababa " Meron (2007) stated that delivery of microfinance have positive effect on empowering women economically, enhancing the women's self-confidence and enabled them to realize their potentials to engage in business but fails to achieve political empowerment. Furthermore, other researches were done on the role of microfinance in empowering women in the country. Their results are not extensive, have limited relevance for cross-cultural comparison of empowerment, doesn't incorporate empowerment index for measuring dimension along which women's become empowered, what determine women's empowerment and in general their findings are inconclusive. Some of them are Bahiru (2002), kerebih (2005), mulata (2008), and Alemayehu (2008).

While microfinance industry have increased its effort to provide credit to poor rural women, Ethiopian microfinance have reached only 45% of women from the total, even though it set to reach 60% to 70 %. This figure shows us women particularly poor rural women are not

participated in Credit market mainly due to limited outreach of microfinance institutions, high transaction costs for clients, a generally weak institutional base, men dominated ownership in the household and a nominal ownership structure which is non-economic. Now a day Ethiopian Microfinance industry has made remarkable progress reaching almost two million clients, its growth rate in terms of number of clients is 22.9% and more than 93% of regular clients live in rural areas of the country. Harari Region microfinance institution is a newly established Institution which is existed in its early stages, though credit programs to the poor women empower them by strengthening their Economic role, increase their power in household decision and increase their ability in the society, studies that focus on the empowerment of women and impact on poverty has hardly to get, this is perhaps due to the HMFI is a new institution and microfinance institution development and its effect on poor rural women empowerment is a new development phenomenon in the region.

A Measure that captures empowerment in one context may have limited relevance in another, yet many existing measures of empowerment were originally conceptualized and developed for the context of Asia and for South Asian countries in particular. In Ethiopia, where majority of population lives in rural areas, empowerment is likely to look different than elsewhere because of more polygamy, more nuclear families, larger ideal family size, because women's status is often tied with education. Moreover, the socio cultural status of the study area is different from the Asian countries and socio-cultural realities have important implications for facilitating or impeding a women's empowerment and are critical to the overall effort of microfinance initiatives, thus the study got it important to include other socio cultural factors existed in the area and will see the effect of microfinance on women empowerment in the study area.

Few microfinance institutions are operating in the study area and in the study woreda's in particular, but women's participation in microfinance are not as such significant. Estimates have showed that over 84% of the potential clients are currently outside the reach of the formal financial institution in the region (HMFI, 2007). However, the cause of low participation in the formal financial institutions are not clearly identified and known in the area.

More importantly, local studies on the impact of microfinance on women's Empowerment that comprises of direct and indirect empowerment indicators are rare particularly in the rural woreda's of *Harari* Region, where the study will focuses, studies are scanty and there are no published works on the factors that determine Rural women's Empowerment. So, the study will fills the gap in research and will also analyze the key determinants of women's empowerment in the area.

1.3. Objective of the Study

Examining the impact of microfinance on women's Empowerment in rural woreda's of Harari region is the General objective of the study, and through that make recommendations to improve the effectiveness of interventions. The specific objectives are

- ✓ To describe and measure the impact of microfinance on the four dimension of women's Empowerment and on CWE.
- ✓ To assess the impact of microfinance on women's access and control over resources.
- ✓ To examine the role of microfinance services in developing women's saving habit.
- ✓ To assess the role of microfinance services in improving women's income.

1.4. Research Hypotheses

The study is conducted based on the hypothesis,

- ✓ Participation on microfinance institution lead to increased women's Empowerment
- ✓ Participation on microcredit services lead to improve women's income and saving habit.
- ✓ Participation on microfinance institution lead to women's access and control over resources.
- ✓ Age at marriage and women empowerment are positively related.
- ✓ Education and Women's empowerment are positively related.

1.5. Limitation of the study

The study will be limited to the women's who were taking credit loan in group and individually from Harari Microfinance Institution (HMFI). Hence, generalization of some facts and findings of the study will be limited to the specific institution considered in the undertaking the study. A large sample size made up of different microfinance institutions from within and outside Harari Region could have allowed for generalizations of the findings. Nevertheless, the study research missed such opportunity due to financial and time constraints.

1.6. Organization of the thesis

The research paper is organized under five chapters. The first chapter is deals with background, statement of the problem, and objectives of the study, hypothesis, significance, limitation and organization of the paper. The second chapter is also focus on pertinent literatures, relevant empirical case studies to the research and on the Brief description of Harari Microfinance Institution (HMFI). Background of the study area, data source and research methodologies, conceptual framework, model specification and working variables is properly described under chapter three. Chapter four is focusing on the major findings of the study. Conclusion and policy recommendation is also designated under chapter five.

CHAPTER TWO

LITERATURE REVIEW

2.1. Concepts and Theoretical literature Review

2.1.1 Microfinance

Microfinance refers to the provision of mainly financial services such as micro loans, to those excluded from formal banking system. Microfinance by its name clearly is about more than just credit, otherwise we should always call it microcredit. Many programs offer stand-alone savings products, and remittances and insurance are becoming popular innovations in the suite of services offered by financial institutions for the poor (Morduch, 2009).

According to the study by Brown (2005, in Ferdisa, 2012), microfinance is the supply of loans, savings, money transfers, insurance, and other financial services to low-income people. Microfinance institutions (MFIs) which encompass a wide range of providers that vary in legal structure, mission, and methodology offer these financial services to clients who do not have access to mainstream banks or other formal financial service providers. It involves small-scale financial services-primarily credit and saving provided to people who farm or fish or herd; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local level of developing countries, both rural and urban (Rutherford, 2010).

As cited by Kahn 2011(Khandker, 2001) Microfinance has potential to be a road to new opportunities for a large number of people. In addition to provide micro credit, microfinance programs may also offer organizational help, training, safety nets and empowerment.

2.1.2 Empowerment

The idea of empowerment is an offshoot of the discourse on human development and it came into prominence after 1980s. The term Empowerment have no clear cut definition, different

authors and researchers define the world in variety (many) ways. In the following paragraphs important definitions provided by different authors and researches are presented

The term “empowerment” means to give somebody the power or authority to do something (Oxford Dictionary). Malhotra, (2003) defines empowerment as resources economic, social and political are often critical in ensuring that women are empowered, they are not always sufficient. Without women’s individual or collective ability to recognize and utilize resources in their own interests, resources cannot bring about empowerment.

According to Kabeer (1999), empowerment is about the ability to make strategic life choices, and constitutes three dimensions: *resources* (defined broadly to include not only access, but also future claims to material, human and social resources); *agency* (including processes of decision-making and less-measurable manifestations of agency such as negotiation, deception and manipulation); and *achievements* (well-being outcomes). Similarly, Kishor, (2008) define empowerment as empowerment has come to denote women’s increased control over their own lives, bodies and environment. Kishor further stress that, in discussions of women’s empowerment, emphasis is often placed on women’s decision making roles, their economic self-reliance, and their legal rights to equal treatment, inheritance and protection against all forms of discrimination in addition to the elimination of barriers to access such resources as education and information.

In “Empowerment in Practice from Analysis to Implementation” by Alsop, Bertelsen and Holland define empowerment as the process of enhancing an individual’s capacity to make choices and then transforming those choices into the sought after outcome. Similarly, in an article written in 2002 entitled “Empowerment and Poverty Reduction” by Narayan, the definition of empowerment is seen as increasing poor people’s freedom of choice and action to shape their own lives.

Bennett (2002) cited in Roshani Dangol (2010) describes empowerment as “the enhancement of assets and capabilities of diverse individuals and groups to engage, influence and hold accountable the institutions which affect them”. Bennet further stressed among the different disempowered groups like: poor, ethnic, minorities etc, women are one which is cross-cutting

category with all these groups. Similarly, women empowerment implies that women have power and ability to do activities as like men counterpart but they have the least authority to do something at their own initiation. It necessitates the endorsement of various national Programmes and policies which ensures their right and authority to involve in all the developmental as well as economic activities carried out in a society, or in a nation.

2.2. Women's empowerment

Though the notion of women's empowerment has long been legitimized by International development agencies, what actually comprises empowerment, and how it is measured, is debated in the development literature. Still No major development body has developed a streamlined way of measuring changes in empowerment. Nor do microcredit organizations have a uniform way of tracking whether their programs empower women. In different study and literatures Women empowerment is conceptualized and define in variety ways like, autonomy (Dyson & Moore 1983; Basu & Basu 1991; Jeejebhoy & Sathar 2001), agency and status (Gage 1995; Tzannatos, 1999), domestic economic power (Mason, 1998), bargaining power (Beegle *et al.*, 1998; Hoddinott & Haddad 1995; Quisumbing & de la Briere 2000), power (Agarwal, 1997; Beegle *et al.*, 1998; Pulerwitz *et al.* 2000), patriarchy (Malhotra *et al.*, 1995), gender equality (World Bank, 2001a & 2000b).

The definition of empowerment is as the course of actions by mean women takes ownership and control of their lives through extension of their selections. Thus, it is the process of obtaining the capability to compose planned life options in a framework where this capability has formerly been left out (united nation, 2001)

Sen and Batliwala, (2000 cited in Ethiopian society of population studies, 2008) define women's empowerment as the process by which women gain greater control over the circumstances of their lives. Further ESPS stress that, women's Empowerment is a multidimensional concept, which purports to measure a woman's ability to control resources, her ability to choose and control different outcomes, and above all enhance her self-esteem. It can be examined based on different indicators. Until recently, variables such as education and employment were commonly used to capture empowerment and other related concepts such as women's autonomy and status.

Kabeer (2001), whose definition is the most widely accepted, defines empowerment as “the expansion of people’s ability to make strategic life choices in a context where this ability was previously denied to them”. Bennett (2002) described empowerment as “the enhancement of assets and capabilities of diverse individuals and groups to engage, influence and hold accountable the institutions which affect them.” Keller and Mbwewe (1991) (cited by Ismail et,al, 2011) described women empowerment as “a process whereby women become able to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination”.

Empowerment is about gaining power and liberty, it is the faculty or capacity to act, the strength and potency to accomplish a common community and citizenship duty. It is the vital energy to make choice and decisions to overcome deeply embedded practices and to cultivate higher, more effective ones. Empowerment, the feeling of security, and guidance, brings about true wisdom which in turn becomes the spark or catalyst to release and direct power. The World Bank’s Empowerment and Poverty Reduction: A Sourcebook defines empowerment as “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives” (Narayan 2002, 14).

Duflo (2005) and Kabeer (2005) (cited by Kahn, 2011), stress that empowerment is a process, which leads towards a state in which women are empowered. That is, empowerment involves an improvement in women’s ability to manage their own lives. This is obtained through increased access to key re-sources and activities, as stressed by Duflo (2005): “...gender empowerment [is] defined as improving the ability of women to access the constituents of development – in particular health, education, earnings opportunities, rights, and political participation.” This understanding of women’s empowerment gives a direct link between empowerment and equality of opportunities. The process of empowering women will improve their ability to manage their lives, i.e. it improves their access to education, access to formal sector employment, access to entrepreneurship, access to finance, control over fertility etc. This improved ability to manage their own lives entails an expansion of women’s opportunities in the direction of equal opportunities in comparison with men

Access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women they must be able to use them for the purposes of their choice. The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005). Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them.

According to Herma Majoor, (2009), Women's empowerment may specifically refer to economic uplift, but also to increased wellbeing and transformation of power relations, all depending on someone's status quo and viewpoint. Empowerment may reflect itself in women's participation in social and political activities, thus ideally empowering other women as well. Herma further states that, Some people find that women's empowerment is an imposition of the North, as it warrants cultural and social changes. In practice, however, it appears that women's empowerment is very much alive in the South as well, and has been for a long time.

2.2.1. Targeting Women under Microfinance

Women's are the largest clients of microfinance industry, hence microfinance is aiming to give access to women than men to empower them and alleviate poverty from the shoulder of the poor women. There are a number of reasons why microfinance is targeting women, the following paragraphs highlights why the microfinance is targeting women

The main reason why Microfinance is targeting women is to empower them. Getaneh, (2010) find that if the livelihood of a woman is fully dependent on the income generated by the husband, the breakdown of the marriage would mean a disastrous consequence for the woman. Because of this, the woman is likely more eager to accommodate her husband's interests in order to save the marriage from breaking down. This weaker bargaining position of women gives an upper hand to the male counterpart in any decision-making within the household. By putting financial resources in the hands of women, MFIs can help level the playing field and thereby promote gender equality.

Another explanation for the rising proportion of female borrowers is that of sustainability issue. Repayment loan is higher in the case of women than men borrowing from the microfinance institutions. The relation between repayment loan and gender was analyzed by various studies, Khandker, Khalily, and Khan (1995) find that in 1994 9,7 percent of Grameen's male borrowers were irregular and had difficulties to pay before the due date, compared to only 3,7 percent of the women. Similarly, Sharma and Zeller (1997 cited in Khan, 2011) report that the default rate was reduced significantly in Bangladesh, when the percentage of women increased. Kevane and Wydick (2001 cited in Kahn, 2011) find in a study from Guatemala that female credit groups misused funds less often and performed better than male groups. This argument is also analyzed by getaneh, (2010)

The other main reason why microfinance is prioritize women is that, women is more likely to spend her income and related finance on the welfare of household, nutrition and family needs than their men counterparts. Thomas (1990, cited in kahn, 2011) finds an improvement in children's health and households' nutrition when non-labor income is in the hands of women rather than men. Furthermore, Thomas (1994 cited in kahn, 2011) in his study reports that the budget share spent on households' health and education in Brazil increases when the bargaining power of women is increased. So far, assistance to women has therefore been shown to generate a multiplier effect that improves the welfare of the whole family (Getaneh, 2010).

The other rationale why MFI target women are, women are less mobile, thus more likely to work from home and this makes it easier for MFIs to follow and monitor the investment projects. This argument is also discussed in Goetz and Gupta (1996) and Armendariz and Morduch (2005). Similarly Sharma and Zeller (1997 citd in kahn, 2011) argue that women are more conservative in their investment and business strategies which make them choose projects that are less risky.

2.3. Microfinance and Women's Empowerment

2.3.1 Debates surrounding microfinance and women's empowerment

Microfinance is now a day received global recognition to empower women and also proved as an engine to foster development by removing the constraint that poor rural women's have. In different study and literature even though microfinance is empowering women positively, there

are also other studies stressing that credit provided by microfinance are affecting negatively on women empowerment. The difference on the outcome of microfinance on women empowerment is comes from different dimension and indicators in different socio cultural setting has become increasingly evident (Hirut, 2004). Similarly Mayoux, (2002) gives the Evidence that suggesting, even in financially successful microfinance programmes, actual contribution to empowerment is often limited:

- Most women remain confined to a narrow range of female low-income activities.
- Many women have limited control over income and/or what little income they earn may substitute for former male household contributions, as men retain more of their earnings for their own use.
- Women often have greater workloads combining both production and reproductive tasks.
- Women's expenditure decisions may continue to prioritize men and male children, while daughters or daughters-in-law bear the brunt of unpaid domestic work.
- Where women actively press for change, this may increase tensions in the household and the incidence of domestic violence.
- Women remain marginalized in local and national level political processes.

A number of studies show an increase in women's workloads as they expand their businesses and participate in microfinance meetings. Some women have reported ill health and exhaustion. But in the Small Enterprise Development Programme in Bangladesh, Naila Kabeer found that the majority of women who experienced an increased workload were happy to make that choice and felt that the benefits outweighed the costs of participation (susy cheston, 2005)

Yet, there exists a greatest debate as to whether the provision of microfinance for poor women could change their personal, household, social and economic status in which the sub-set of the population live in villages, and further tend to empowerment. Mayoux (2002), point out four basic views how micro-finance and women's empowerment are linked:

1. There are those who stress the positive evidence and are essentially optimistic about the possibility of sustainable micro-finance programmes empowering women world-wide;

2. Another school of thought recognizes the limitations to empowerment, but explains those with poor programme design;
3. Others recognize the limitations of micro-finance for promoting empowerment, but see it as a key ingredient as important in themselves within a strategy to alleviate poverty; empowerment in this view needs to be addressed by other means;
4. Then there are those who see micro-finance programmes as a waste of resources.

Microfinance is used worldwide by various parties as an instrument to fight poverty, increases both economic opportunity and self-reliance for the recipient. Women are often specifically targeted for varying reasons, such as high level of female poverty, high repayment rates among women, contribution of women to economic growth, and the advancement of gender equality (Herman Major, 2007). mayoux (2002), in her study stressed that Microfinance programmes have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment.

Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets.

- This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men.
- Their increased economic role may lead to change in gender roles and increased status within households and communities.

These virtuous spirals are potentially mutually reinforcing in that both improved wellbeing and change in women's position may further increase their ability to increase incomes and so on.

Empowerment is about change, choice and power. It is a process of change by which individuals and groups with little or no power gain the power and ability to make choices that affect their Lives. The ability of a woman to transform her life through access to financial services depends on many factors some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group. Microfinance programs

can have tremendous impact on the empowerment process if their products and services take these circumstances into account (Susy cheston et.al, 2005)

2.4. Empirical Literature Review

Rigorous studies focusing on the impact of microfinance on women empowerment comes after 1990s. As though to counter the negative arguments against the impact of microfinance on Women's Empowerment, but vast of studies have found that microfinance benefiting and affecting positively for the beneficiaries but also there are positive spillover effects to the rest of the community. Different studies have been carried out concerning the impact of microfinance on women's empowerment in various countries by different authors. In what follows, the findings of studies on impact of microfinance on women's empowerment will be presented.

2.4.1. Other Countries Experiences

Credit programs empower women by strengthening their economic roles, increasing their ability to contribute to their family's support, and that they also empower through other mechanisms. Its consistent central focus on credit explains Grameen Bank's stronger effect on women's contribution to family support and on empowerment. The ritualistic, disciplined mode in which Grameen Bank, and to some extent the Bangladesh Rural Advancement Committee (BRAC) operates, strengthens the participants' ability to control their assets and income, as well as helping them to establish an identity outside of the family, and giving them experience and self-confidence in the public sphere. (Hashemi et.al, 1996). Women's Empowerment Project in Nepal, for example, showed 68% of women experienced an increase in their decision making role in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school. World Education (cited in Susy cheston et.al, 2005) found that the combination of education and credit put women in a stronger position to ensure more equal access for female children to food, schooling and medical care. Other studies showed increased ability to make purchasing choices, manage household funds, and manage enterprise funds.

Nanda's (1999, in Anjali Kaur 2009) study of rural microfinance projects in Bangladesh revealed that "...improving women's access and control over resources can potentially alleviate their health problems and enhance their decision-making within the household." Her study indicates

that participation in economic activities is more valuable for empowering a woman than household income or socio-economic status. Rogers and Youssef (1988 Anjali Kaur, 2009) also recognize the importance of group savings programmes and cooperatives as a catalyst for empowering women. These programmes not only allow impoverished women to interact with one another; they also create an exchange of ideas and information, increasing women's ability to earn a greater income and allowing for a more flexible work environment where they can rely on other women for support on matters such as childcare.

While microfinance can potentially empower women within the household, there is less evidence that it has been effective in transforming social norms and traditions. Linda Mayoux (1999), for example, reports on her survey of fifteen different programs in Africa, finds that the degree of women's empowerment is household and region specific, and thus, she argues, depends on inflexible social norms and traditions. Her finding has to be weighed against the fact that impacts on empowerment will, of course, also depend on how well the particular programs were designed.

The study conducted by Sara Noreen (2011), under "the role of microfinance in Empowering rural women of Bahawalpur City" she explores what determine rural women empowerment. She uses empowerment index using five indicators such as decision on child health, education, daily purchases, selection of spouse of children and loan use taken by herself, jointly by her husband or by her husband only. The result of her study suggested that, the empowerment status of rural women in Bahawalpur City can be significantly improved by increasing their income generating activities by providing loans without any collateral through different microfinance program. The socioeconomic determinants of women empowerment was also analyzed under her study. Her finding suggest that the level of women empowerment is not as much satisfactory at the household level, and age, education of husband, marital status, no of sons, father assets and loan amount are influential factors rather than many other factors.

Thresiamma Varghese, (2011) in his study of "Women Empowerment in Oman: A study based on Women Empowerment Index" uses Women Empowerment index that comprised of household decision index making, economic decision index and the freedom of mobility of women. The result they got from the women empowerment index shows that the women in

Oman are empowered but still her interest towards domesticity affects her empowerment otherwise women would have been more empowered. In fact social power plays an important role in generating/sustaining inequalities between men and women. Her empowering intervention has to confront with the patriarchal social power, ' which plays an important role in generating and sustaining gender inequalities. His finding also stress that women in Oman are better in household decision making and economic decision making than social empowerment. This is an indication that women are very much aware of the variables which can lead them towards empowerment. The government and non-government agencies can work on towards enhancing the women's traits and capabilities. Participation in seminars and lecturers and encouragement for taking waged employment would help or strengthen the role of women in decision making.

Ismail Tareque and Golam Mostofa (2011), in their study of Women Empowerment or Autonomy: A Comparative View in Bangladesh Context, uses Empowerment index in three specific dimension namely, economic decision making, household decision making, and physical movement in Bangladesh context. Their study demonstrates that, there prevails a mid-level of women empowerment but autonomy level of Bangladeshi women is absolutely low. Furthermore, their study shows that, the level of women autonomy decreases with the increase of education whereas education increases the level of women empowerment but not smoothly. Women's current age, place of residence, education, religion, media exposure etc. are the important factors affecting women empowerment and their autonomy.

The Ethiopian society of population studies, (2008) in their study on gender inequality and women's empowerment, used three dimensions to measure women's empowerment. Indirect indicators of empowerment that includes education and work status, the direct indicators of empowerment that consists of indicators such as involvement in household decision making and the last dimension categorized under the evidence of empowerment which comprises of two indicators, namely, attitude towards wife beating and attitude towards refusing sex with husband.

Their result reveals that, Women's empowerment at household level was found to be generally low according to direct and evidence-based indicators which address women's involvement in

household economic decision making and health matters. Better educational attainment, working to earn, living in urban areas, better household wealth status, better access to media, and age of women (being older) are significant positive contributors to women's empowerment at household level. A further analysis of evidence of empowerment indicators which are set to capture women's self-esteem and autonomy on their own body revealed that women's empowerment in this dimension is extremely low. A considerably high proportion of women all over the country still accept wife beating for some given reasons and also believe that women are not justified in negotiating or in refusing sex with their husbands even if there are health risks. Women who have better education, are working to earn, living in urban areas, with better household wealth status, and better access to media are relatively more empowered in this dimension. Significant variations in all variables explored were observed among regions due to cultural diversities and the state of development.

Contrary to the above argument, Hossain (1984, cited in Haimanot, 2007), determined that low income women borrowers in Bangladesh invest cautiously in low-risk, familiar, low-productivity enterprises. A recent RD-12 study of loan use shows that rates of return for women's income-generating activities average 145% while rates for men, 211% (Matienzo, 1993). By far, the bulk of loans taken by women in special credit programmes are invested in traditional activities such as paddy, husking, petty trade, and livestock rearing, most of which show a negative return to labor when it is imputed to the male agricultural wage rate.

A similar study by Ackerly (1995) explored the pattern of women's control over loans in three microfinance programmes in Bangladesh. She used women's "knowledge of accounting" as an indicator of empowerment. She assumed that specifically those women who had knowledge of input costs of the loan-funded enterprises, its product yield, and its profitability are empowered. The study revealed that selling products, keeping accounting records, and providing labour to the loan-funded enterprises contribute to women's "knowledge of accounting" or empowerment. The study demonstrated that women's access to the market is the most important pathway through which women can achieve empowerment. Ackerly suggested that providing labour to the loan-funded enterprises alone may not necessarily promote women's empowerment. She illustrated that a substantial proportion (70-83 percent) of women provided labour to the loan-

funded enterprises, but the proportion of women who had accounting knowledge varied between 49 and 62 percent. Thus, if loans are used only to mobilize women's labour without improving women's access to the market, the outcome of microfinance for women would only result in overwork and fatigue for women.

The literature reviewed above gives two contradicting outcomes i.e. on one side microfinance have positive effect on women's empowerment and the other way round other studies also suggest microfinance have negative effect on women's empowerment. Such kind of misleading conclusion comes due to either conceptual issue, methodological issues, limited or partial evidence, socio economic and cultural difference (Hirut, 2004).

2.4.2. The Microfinance Experience in Ethiopia

The study conducted on Specialized Financial and Promotional Institution (SFPI) in Addis Ababa by Meron (2007) institutes that improved access to microfinance has been able to empower women economically. Although the results of the study vary, the result indicates that the income and saving levels of the majority of the clients have increased after the delivery of microfinance. Encouraging results have also been shown in the enhancement of the women's of self-confidence with respect to the capability to work on their own and improve their lives.

On the other hand, there is no indication of an enhancement in the decision making power of women and in their political empowerment as reflected in respect for their legal rights, ownership of household assets and holding of political positions. Finally the study summed up, by focusing on the delivery of microfinance which has failed to bring about changes in their decision making at the household level.

The other study was conducted on OMO and SIDAMA micro-finance institutions' women clients in Awassa town, Southern Nations and Nationalities Peoples' Regional State. According to this study, a majority of the clients are involved in the making and trading of food, and food-related products. The study also witnessed that, there is no diversification in their business activity. The reason for this is that the production of food and related items trade involves less risk compared to other activities. Their study further found that 92% of them are not very much aware that the savings are more important than credit to build their future. The researchers'

explanation of this finding is that MFI's savings policy is only to cover the risk situation rather creating any element of thrift among the clients.

Nevertheless, the study argued that there is a good influence of micro credit on the urban women working groups in terms of income and self-employment generation. Furthermore, it also reflected in many cases in business improvements, decision making process and asset formation at low levels, and it is believed not sufficient (Padma and Getachew, 2004 cited in Haimanot, 2007).

The study done by Haimanot (2007), on Amhara Credit and Saving Institutions'(ACSI's)to see the impact of micro-financing service on women's economic empowerment shows that the micro-financing scheme has a positive impact on women's economic empowerment as measured by the increased participation of women in household decision-making. ACSI's program has had a positive impact on the living conditions of its clients. Compared to the Incoming clients and non-clients, matured clients of ACSI have improved their household incomes, asset possession levels, and savings habit; thereby positively affecting their ability to fully participate in household decision-making.

However, the impact of improvement of the above three variables; income, asset possession and savings habit, does not significantly affect the variable "decision making on household large sales", which was used as an indicator of women's economic empowerment in the regression analysis. The implication of the findings was that giving women access to resources does not always mean empowering them economically, unless they can also exercise full control, and make important decisions, over their resources. Thus the study stressed that, beyond financial support, the contribution of micro-finance services to women's economic empowerment should be enhanced through a combination of more effective support services of MFIs or linkages should be made with services provided by other agencies.

2.5. Microfinance and Its Development in Ethiopia

Until recently poor rural areas of developing countries can't have access to formal financial institutions. Human Development Report, (2010) in its study recognized that in countries where the agriculture sector dominates, unskilled women have limited opportunities outside the

household and family owned farms where they usually are unpaid workers. In addition, women constitute a large proportion of the population in the informal sector, with little or no financial security and/or social benefits (Human Development Report, 2010). In his study of microfinance and poverty reduction in Ethiopia, Bamlaku, (2006) summarizes the reason why the poor section of most developing countries did not access to formal financial sectors. According to him First, formal financial sectors require collateral and credit rationing. Second, they prefer for high-income clients and large loans. Third, the processes and procedures of providing loan are bureaucratic and lengthy. Fourth, they are often urban based and give lending to those engaged in trade and industry. Fifth, they usually consider the demand for loan by the poor as unattractive and unprofitable.

On the other hand, informal financial sectors were not good either. They usually require high interest rates, which the poor cannot afford to pay. These situations have also found to restrict the access of the poor towards informal financial sectors. Thus, the limitations of financial institutions in providing the poor with credit have become the driving forces behind the emergence of MFIs (Ibid). Nowadays, microfinance institutions are burgeoning to provide the poor with financial as well as technical assistance. With this deriving forces and universally accepted way of delivering MFI to eradicate poverty, that the Ethiopian microfinance established after the mid of 1990's.

The formal microfinance industry began in Ethiopia in 1994/1995 with the government's the Licensing and Supervision of Microfinance Institution Proclamation of 40/96 designed to encourage Microfinance Institutions (MFIs) to extend credit to both the rural and urban poor of the country. The proclamation gives the framework to create expand and develop micro finance programs. Following the Agricultural Development Led Industrialization (ADLI) strategy of the EPRDF government, rural finance has been considered as an important tool for agricultural and food security (Belay, 2001 cited in Haimanot, 2007). Consistent with its ADLI policy, the government had to reconsider the operational modality of microfinance to facilitate a very significant improvement in service delivery and outreach. Consequently, the government came up with Proclamation No.40 in June 1996. The central elements of the proclamation seem to be outreach and sustainability. That is, if properly implemented, the proclamation has the potential

to facilitate significant outreach, and the flourishing of several sustainable Micro-finance institutions (Meklit MFI et al, 2005, Ibid).

Though it's difficult to get the current status of Ethiopian Microfinance Institution, from the time when the enactment of proclamation no 40/1996, currently there are more than 30 microfinance institutions in the Country. About 30% of the MFIs were established by regional states and the others by nongovernmental organizations. There are considerable variations in their geographic distribution and shares in total capital of the microfinance industry. For example, of the 33 MFIs that were in operation 11 (about 41%) were located in the capital Addis Ababa and 13 (about 48%) in Oromia region, with 21.1% and 18.2% of shares in total capital of all MFIs, respectively. Moreover, about 81.3% of the total capital of all microfinance institutions is owned by only four MFIs, i.e., Amhara (25.6%), Dedebeit (24.3%), Addis (16.7%) and Oromia (14.7%) microfinance institutions. With only 0.60% of the total capital is owned by Harari Microfinance Institution. As reported by NBE (2007), the total capital of all microfinance institutions in Ethiopia amounted to 979,265.0.3 million Birr.

2.6. Background on Harari Region Microfinance Institution (HMFI) and Description of the study area

2.6.1. Overview of Harari Microfinance Institution

Recognizing micro credit service as an important tools for alleviating poverty among the society, Harari microfinance institution was established on August 17, 2006 by Harari People National Regional State (HPNRS) with 96.6% shareholding and other shareholders of the region that is 3.4% include Women Entrepreneur Association (0.1%), Harari Chamber of Commerce, Harari Women Association (0.05%), Harari Samti Development Association (0.1%), Continental Micro and Small Business Development Services Consultant and Facilitators (0.1%), Alemeshem Yedoro Ena Ensesat Erbata(0.01%) and individuals (0.01%). The initial paid up capital of the institution was one million Birr.

2.6.2. Mission and Objectives of HMFI

The institution has the mission of strengthening the economic base of the low income self-employed of Ethiopia in the Harari region through increased access to lending and saving services. Given with this mission, the institution has the following objectives:

- I. Creating access to financial services to economically active poor people with the focus on women.
- II. Increasing the productivity of farmer and other people engaged in the informal sector.
- III. Assisting the people of the region both in the urban and rural area by creating/enhancing self-employment opportunities.
- IV. Allowing micro-entrepreneurs to optimally utilize the available economic opportunity in the region.
- V. Stimulating the habit of modern saving in the region and thereby to play a role of financial intermediaries that could help maximize the resource employment opportunities in the region.
- VI. Implementing a sustainable customer driven service through a self-sufficient and sustainable institutional set-up.

2.6.3 Services and operational modalities of HMFI

The institution provides loan products of different kind which include group lending, MSE business loan, consumption loan, and small business loan. According its report of March 2013, the institution disbursed a total loan amount of 13,261,648.50 million to 5735 out of which 66% were for group based borrowers.

Table 2.1: Total number of client served by HMFII on various loan products

Loan Product	Number of Client	Gender		Percent of Female
		Male	Female	
MSE	370 (association)	905	422	33
Group loan	1919	535	1384	72
Consumption loan	1255	401	854	68
Business loan	234	148	86	58
Total	3868	1989	2746	58

Source: HMFII (2013)

The institution has no consumption and business loan clients in the rural woreda's. out of the total 1919 group loan clients in the region 251 of them are from the rural woreda's and women accounts for 226(90.03). The institution also provides saving services that has three forms namely voluntary saving, compulsory saving and current account deposit. According to the quarterly report of March 2013, the institution mobilized total saving amount of Br. 10,958790 of which voluntary saving accounts for Br. 3,304,230 and compulsory saving accounts for Br. 2,139,450. It charges interest rate of 12% on loan disbursed and pays 4% interest on saving

The major clients of the institution are urban people living in six urban *Woreda's* of the region. However, the loan repayment performance of the beneficiaries was found to very low, with an average loan recovery rate 68% for the last three years. This condition may result threat on the sustainability of the institution in the future unless proper measure is taken

To select client of group lenders, the institution first make announcement with the help of Woreda administration about the existence of loan for group lenders. Then sub- kebeles in each woreda's register the name of people who want to take loan. The people, who register for loan should be poor, should leave in the sub kebele at least for two years, their age structure should range between 18-65, they should have experience in small business activities and should have

good manner in the society. After the sub- kebele register people based on the previous criteria, the institution take the list and give training for them. Then after, group will be formed among the prospective borrower with minimum of 5 and maximum of 7 members and data on Socio economic characteristics will be collected from each member of group lenders by loan officers. Each member of group will fill loan application form to state the amount of loan they require for their business activities. After considering the information on socio-economic characteristics of borrowers and the maximum amount of loan allowed for borrowers, the loan officer will approve and disperse the loan to borrowers (HMFI, 2013).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Description of the Study Area

3.1.1. Physical features

3.1.1.1. Geographical location and Administration Structure

Administratively the Harari Regional State is divided into urban and rural settings with the dominance of single city in population and economic terms. Harar Town, the capital of the Harari People's National Regional State, is located at the western edge of the Region on an approximate geographical coordinates of 9⁰20'N' and 42⁰ 10'E, at a distance of about 526 km from Addis Ababa and 55km from Dire Dawa.

The town is bounded by Dire Teyara Rural Kebele in the north, northeast, and northwest, and by Sofi Rural Kebele in the east, southeast, south and southwest.

The town has six urban Kebele administrations namely Amir Nur, Aboker, Abadir, Shenkor, Jinella and Hakim. The total existing area of the town covers about 2184.77 hectares (excluding the nearby settlements of Miyayi and Deker) of which 1119.64 hectares or 51.25 per cent are built-up and the remaining 1065.13 hectares or 48.75 per cent is non-built-up area.

The State of Harari people is located in the Eastern part of Ethiopia, surrounded by the State of Oromia. The State's size is estimated at 340 square kilometres. (Harar Integrated Development plan project, 2008)

3.1.2. Socio-cultural and Economic Aspects

3.1.2.1 Population Size and Growth

As mid-year 2010, Harari Region had a total population of 198,294. Out of the total population 99,805 of them are male populations which are 50.3 and 98,489 of them are female, which is 49.7 percent of the total population. The result of the Third Population and Housing Census conducted in 2007 shows that the total population of Harari Region was 183,415 of which

99,368 or 54.2 percent was urban dweller and 84,047 or 45.8 percent was rural population. According to Harari Bofed (2011), currently in the urban areas of the region covers almost 5 percent of the total area and contains 54.2 percent of the total population while the remaining 45.8 percent the population are found in rural areas of the region that shares 95 percent of the total area of the region.

The region has the share of 0.24 percent from the Ethiopian total population. The growth rate is 2.6 percent per annum, or about five thousand persons will be added between 2009 and 2010. The total population of Harari region is estimated to be 257,174 in the year 2020, by medium variant. (Demographic and Socio-economic profile of Harari Region, 2011)

Table 3.1: Population of Rural Area Kebeles of Harari Region, 2007 and 2010

Rural Kebele	2007			2010		
	Total	Male	Female	Total	Male	Female
Dire Tayara	32,722	16,730	15,992	36,116	18,465	17,651
Sofi	20,257	10,185	10,072	22,358	11,242	11,117
Erer	31,068	15,674	15,394	34,291	17,300	16,991

Source: Population and Housing Result, 2007, CSA.

3.1.2.2. Topography and Climate

Harari lies 51 kilometers to the south east of Dire Dawa. It is located in the eastern wall of the Great Rift Valley looking over the vast Danakil desert to the north, the cattle rich savannahs to the south and fertile lands of the Harar Mountains to the east. It lies between two rivers, tributaries of the Erer, on the southern edge of a vast plateau. The surrounding mountains divide the Great Rift valley from the plains of the Ogaden. The climate of the State is one of the most pleasant in the country. Temperature is even between 17.1°C-20.2°C throughout the year. The coolest season (18.7°C) which is between June-September, coincides with heavy rains accompanied by storms and strong electrical discharges. (Harar Integrated Development plan project, 2008)

3.1.2.3. Tourism and Heritage

The origin of the walled city of Harar dates before the thirteenth century, the houses of the old city are constructed of stone and plaster, with flat roofs, Harar's strategic location made it an important centre of Islamic culture and commerce. With its 99 mosques Harar is considered to be the fourth most holy city of Islam.

The setting of medieval walls tightly embracing the ancient city, its rich and exciting market-place, its towering and majestic mountains, and its bracing cool air make Harar an exciting place to visit. The Rimbaud house, named after the renowned French poet, Arthur Rimbaud is also found in the vicinity of the walled city. (ibid)

3.1.2.4. Land Use

According to Harari people National Regional State Agricultural bureau, the total area of the region is 34,320 ha. Out of the total area, the total cultivable land is estimated to be about 16,355 ha/ 47.6 percent of which 12,725 ha or 37.0 percent / under the temporary crops and 3,630 ha/10.6 percent under permanent crops. On the other hand about 9,155 ha/26.7 percent of total area of Harari region land is used occupied by forest shrubs and bushes. The remaining 8,695 hectares of land is used different purposes such as urban houses and different economic purposes. (Harari Bureau of Agriculture & Rural Development, 2010)

3.1.2.5. Crop Production and Productivity

Mixed farming is the major agricultural characteristics of the Harari Region. A typical house hold in the rural area may grow food crops / sorghum, maize, horticultural crops etc. There is no specialization in the production of particular crops. The major annual crops of the region are sorghum, maize, wheat, groundnut etc. The total area under cultivation of annual crops ranged from 14,147 ha in 2006 to 12,610 ha in 2010. Total production ranged from a low amount of 61,733 quintals in 2006 to high amount of 134,669 quintals in 2010. Similarly, crop yield ranges from 7.4 quintals per hectare in 2006 to high of 14.6 quintals per hectare of 2010. These variations were mainly due to the fluctuation in the amount and distribution of rainfall and the agricultural input. (Harari Region Bureau of Agriculture & Rural Development, 2008)

3.3.2.6. Live Stock Population

Animal production in mixing crop production is one of the major characteristics of sedentary rural life of the region i.e., livestock production is the integrated part of crop production. The livestock population of the region is 108,205. Of the total livestock population, the share of cattle, sheep and goats were on the average 33,773/31.7 percent/5,152 /4.8 percent and 20152/ 19 percent heads respectively. The remaining 1860 /1.7 percent were draught animals consisting of asses and camels.

The annual average number of poultry and bee hives in the region were 37,376 and 772 respectively.

In the region, the cattle have a great share among the livestock which is 31.8 percent followed by goats in which its percentage contribution to the total livestock population of the region is 19 percent. (Bureau of agriculture & Rural Development, Harari Region, 2010)

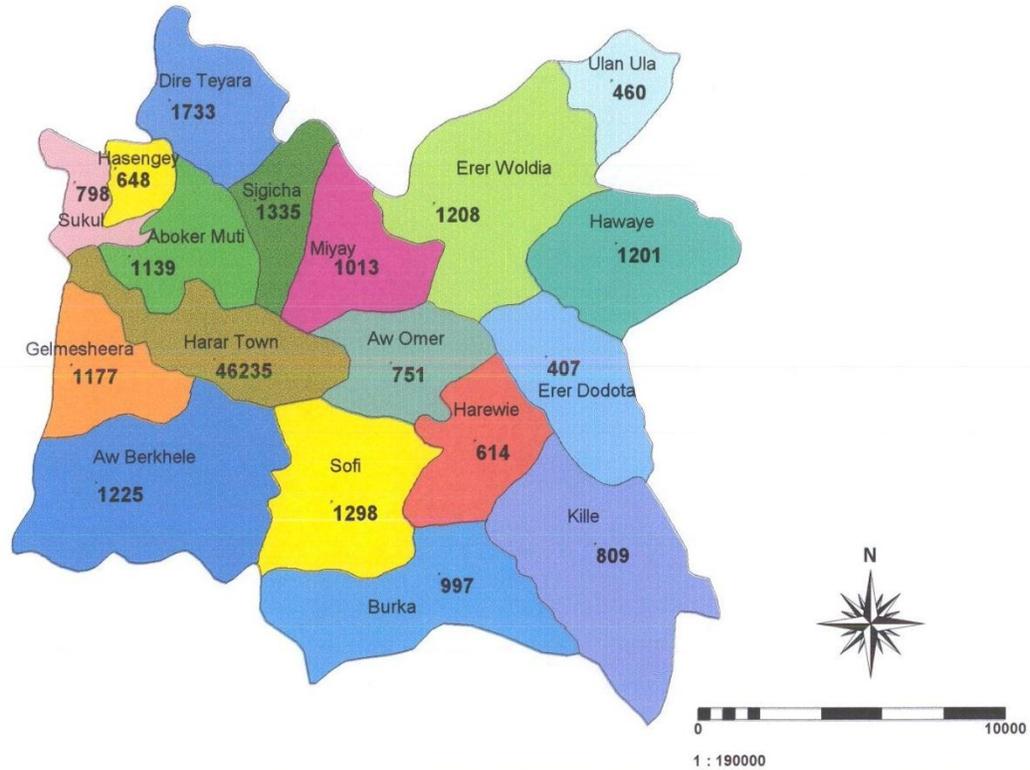
3.1.2.6. Economically Active and unemployed population

The 2007 Population and Housing census of the region shows that, population who were aged ten years and over was 134,919 of which 86,772 or 64.3 percent were economically active while the remaining 48,147 or 36.7 percent were economically inactive. Economically active population of the region is 86,772. Out of this economically active population 48,730 / 56.2 percent were male and the remaining 38,042 or 43.8 percent females.

Regarding the rate of unemployment in the Region, among the total of 9,957 total unemployed people 4,144 or 41.6 percent were male and the remaining 5,813 or 58.4percent were female. This shows the female participation in job opportunities is low in the Harari Region. (Population and Housing Census, 2007)

Figure 3.1: figure of the area

Harari Region Total Female Population



Source, BoFED, 2013

3.2. Data and Methodology

3.2.1 Data source and type

The estimation of the study uses mainly primary data primary data gathered by means of a structured questionnaire responded by HMFIs clients and non-clients in rural Woreda's of Harari region. Alongside, focused group discussions were also used with each category (client and non-client). In addition, separate interviews were conducted with officials and staff members of HMFIs at different levels i.e. at Regional (Head Office), and Woreda (branch Office) levels. Similarly, information was gathered from women who have case histories and from other relevant bodies through interviews, and discussions with Woreda Women's Affairs Office and

Woreda Agricultural Office. Discussions were also being conducted with male clients on the general operation of the HMFIs micro-finance program.

The study was also supported by secondary data obtained from various sources (books, occasional papers, journals, proceedings, reports, etc.). The study uses both quantitative and qualitative data.

3.2.2. Sampling Design and procedures

The study uses cross-sectional data. Harari region is having three rural woredas namely Dire Dawa, Sofi and Erer rural woredas. The study includes all the three rural woredas in the region. In two of the woredas (Sofi and Dire Dawa) programme placement exists and in Erer rural woreda programme placement does not exist. Among these rural woredas the study randomly selects three of the rural woredas where the majority of the microfinance users reside in. A total sample of 123 rural women is selected from 3 rural woredas of Harari region. The selection is done by selecting six Kebeles among the nine rural Kebeles where HMFIs provide microfinance services and three Kebeles from the Erer rural woreda where HMFIs do not provide microfinance service.

The sample Kebeles were selected randomly. Accordingly 6 Kebeles (3 from each woreda) from the 9 HMFIs programme Kebeles and 3 Kebeles from 6 Kebeles of non-program Kebeles were randomly selected. Sample women were selected randomly to group them in first-time microfinance users and those women using microfinance for at least more than two years using the roster of sub-branch offices, except non-clients which were selected from the total population of these Kebeles. From each of the programme Kebeles, 8 matured clients, 5 incoming (new) clients, and 5 non-clients were selected. Finally, a total of 123 fully recorded questionnaires; 108 from those in the programme Kebeles and 15 from those in the non-program Kebeles were considered for the present study².

² In this study, dropouts or ex-clients were not included in the study. Being the institution was started giving loans to rural clients before 5 years, it's difficult to include them in the study as most of the clients are currently on the way of repaying back the initial amount of loan they took from the institution.

Ideally, counterpart non-programme areas (i.e. control group) should be similar with program areas in other respects except availability of microfinance services. In this respect, the two groups of Woreda's share similarities in infrastructure availability, communication facilities and other socioeconomic characteristics, including literacy rate, topography, access to electric power, and presence of other development programmes.

The two programme woreda's that were selected have similar in: first, the study is a case study (conducted on two Woreda), therefore, it is not expected that there would be any significant natural heterogeneity between Kebeles that are situated within the same Woreda; second, the development activities encountered and the distribution of facilities are rather similar between them.

3.2.3. Empirical Model and Data Analysis

3.2.3.1. Conceptual framework: Analysis of women's Empowerment

Though the impression of women's empowerment has long been legitimized by international development agencies, what actually comprises empowerment, how it is measured, and which dimension it comprises is debated in the development literature. There has consequently been a proliferation of studies attempting to measure empowerment, some seeking to facilitate comparisons between locations or over time, some to demonstrate the impact of specific interventions on women's empowerment and others to demonstrate the implications of women's empowerment for desired policy objectives. However, not everyone accepts that empowerment can be clearly *defined*, let alone *measured* (Kabeer, 2001). Different authors and researchers define and measure empowerment according to the need of their work, place and socio – cultural situation of the area under study.

The frequently used Gender Empowerment Measure (GEM) is a composite measure of gender inequality in three key areas: Political participation and decision-making, economic participation and decision-making and power over economic resources (HDR: 2003 cited in Femida, 2004). It is an aggregate index for a population and does not measure Empowerment on an individual basis. It is made up of two dimensions: Economic participation and decision-making (measured

by the percentage of female administrators and managers, and professional and technical employees), and political participation and decision-making (measured by the percentage of seats in parliament held by women). For these purposes GEM is limited and does not capture the multidimensional view of women's empowerment. It cannot be assumed that if a development intervention promotes women's empowerment along a particular dimension that empowerment in other areas will necessarily follow. A number of studies have shown that women may be empowered in one area of life while not in others (Hashemi et al. 1996; Malhotra and Mather 1997; Kishor 2000b).

Friedmann's (1992 cited in Nazrul Islam et.al) model of empowerment involves local self-reliance, direct participatory democracy and experiential social learning. He suggests that external agents can play a role in providing support in ways that encourage the disempowered to free themselves of traditional dependency (ibid). Comparable components of empowerment are also included in the eight indicators by Hashemi (1996): mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major decisions, and relative freedom from domination by the family, political and legal awareness, and involvement in political campaigning and protests.

Several different efforts have been made in recent years to develop comprehensive frameworks delineating the various dimensions along which women can be empowered (Malhotra et.al. 2002). A study conducted by Mark M. Pitt, et.al. (2006) in Bangladesh and a study conducted by Sara Noreen (2011) in Bahawalpur Pakistan uses score index to measure empowerment and, In their approach, answers to different questions are weighted and summed to form one universal "score" that represents empowerment. For example, a "yes" answer to each of 10 questions may be coded as one and a "no" as zero; then these ones and zeros are added to produce an index with a minimum of zero and a maximum of 10.

Building on the works of Hashemi et.al, (1996) and Amin Becker and Bayes, (1998), Malhotra, et.al, (2002), the study will use a four comprehensive component of dimension of women's empowerment, economic empowerment index, household (family) empowerment index, political empowerment index and personal empowerment index that draws from many authors mentioned

earlier, as their work is more relevant with the rural areas particularly with rural woreda's of harari region.

3.2.3.2. Dimensions of Women Empowerment

Kishor (2000) argues that capturing the empowerment process with cross-sectional data requires indicators that evaluate the end product of the process (i.e., indicators that measure *evidence* of empowerment), as well as indicators of women's access to different *sources* of empowerment and of women's location within an appropriate *setting* for empowerment. In their study, Malhotra et al. (2002) synthesized and listed the most commonly used dimensions of women empowerment. They categorized women empowerment into six dimensions such as economic, socio-cultural, familial/interpersonal, legal, political and psychological. But due to lack of data on the aforementioned variables and lack of complete measures of women's empowerment used the study will use the economic empowerment index ,political empowerment index, personal empowerment index and family empowerment index as a dimensions of women's empowerment. As Economic empowerment dimension is similar with the Decision making power of Malhotra et al. (2002)³, Household empowerment dimension is also related with the works of Agency of Kabeer⁴ and Access to Resources of malhotra, Personal and Political Empowerment dimension is also similar with Achievement dimension of Kabeer (1999).

³ From their inventory of universally used dimension and indicators, they found that the most universally used indicators are decision making power and access to resources.) find that the variable of decision-making is generally measured by looking into women's decisions on finances, resource-allocation, spending, expenditures, social matters and domestic matters and child-related issues. Women's access to resources is generally measured by considering women's access to and control of cash, household income, assets, unearned income, welfare receipts, household budget and participation in paid employment.

⁴ According to Kabeer (1999), the ability to make strategic choices has three dimensions: resources, agency and achievements. Resources can be seen as the pre-conditions for making choices. They include access to and control over physical assets, but also access to social assets such as education and social networks. Agency is the process dimension of empowerment. It is the "ability to define one's goals and to act upon them". The agency dimension has often been measured as decision-making ability of women, for example decisions on purchases, children's education and health, working outside the home, family planning and marriage of children. The third empowerment dimension, achievements, may be measured as a reduction in violence against women, increased freedom to move

Economic empowerment: women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit. When women control decisions regarding credit and savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect (Mayoux, 2005).

The study was measure economic empowerment by making an index on the basis of question comprised of Sale or exchange of land/house/livestock, Purchasing children's clothes, Education expense of children, Purchasing Medical treatment of family, house repair construction, Control the saving for use, Routine household spending, women's access to formal sector employment, Borrowing from relatives or informal sources, Own and control household valuable and Borrowing from relatives or informal sources. Economic empowerment would be an increase in women's control of household resources or an increase in women's access to borrowing in the financial markets (Frederiksberg, 2008). 1 point were given for all the indicators if the respondent answer for the question was 'jointly or decides herself' and 0 for if 'husband' response. A score of 8 and above is classified as better empower economically and additional point were be given if the purchase is made by the money earned by respondent herself.

Personal empowerment: refers to the freedom of women to move to their necessary places without being escorted. Several studies have revealed that promotion of women's freedom of movement is necessary to make them capable of making their own choices, to change their attitudes, to improve their social networks and to reduce their level of poverty. According to Parveen and Leonhauser (2004), the lack of women's physical mobility deprives them of getting better livelihood opportunities. Here the study were measure personal empowerment by making an index on the basis of question comprised of whether they can go Local market for purchases, Local health centre/doctor's clinic, Neighborhood for gossip, Home of relatives/ friends, Other city or village, Cinema, festival or village fair etc., and Helping your family with your money. 1 point were given for every 'yes' and 0 for no response. A score of 4 and above is classified as better empower personally.

Household (family) empowerment: Family (household) empowerment refers to the extent of women's ability to participate in formulating and executing decisions on domestic affair, child welfare, own health care and family planning in coordination with other male family members. The increased role in household decision making would enable women to improve their self-determination, control over resources, self-esteem, autonomy, and status and power relations within households (Ismail and Golam, 2011). Measurement of family (household) empowerment in household decision making will be calculated on the basis of the indicators such as women's buying family daily food, expenditure of Children's education in school, Family day-to-day expenditures, buying respondents traditionally (traditional equipment for herself), Medical treatment, Entertaining guests, buying Favorite things, their participation in discussion on family planning and their participation in children's marriage. 1 point were given for indicators if "respondent" only decides, half point were given if "jointly" decides and 0 point were given if "husband or any other body" decides on the indicators of family dimension. Additional point is given for each category if the purchase was made at least in part with money earned by the respondent herself.

Political empowerment: Political empowerment is defined as increasing the participation of women in legislative assemblies, their decision power in these assemblies, the ability of women to publicly voice their opinions and to affect the composition of legislative assemblies. (Frederiksberg, 2008). Voting according to own decision, Awareness of any political issue, Participating in any public protest, Campaigning politically and Standing for elections are indicators used to measure women's empowerment politically. 1 point was given for every yes and 0 for no response. A score of 4 and above is classified as better empower politically.

The cut off point for the empowerment index to consider the women's as empowered is if the women's are empowered in three of the dimension out of four dimensions put in the present study to measure commulative women's empowerment.

3.2.4. Data Analysis

The empirical analysis of the present study is used both descriptive statistics and regression analysis. Result discussion based on descriptive statistics is made by using measures of dispersion like mean, standard deviation, variance and the like. In addition, ratios, percentages, tables and maps are also used. The regression analysis is based on binomial logit model, one of the models to deal with dichotomous dependent variables

3.2.4.1. Specification of the Logit Model

Once the factors that determine women's empowerment were identified the logistic regression model is employed to show the functional form and relationship of those factors with the Women's Empowerment. The relationship between microfinance and women's empowerment is predicted based on the assumption that, if rural women's get access to loan from microfinance, their empowerment level is also increase economically, socially, personally and politically.

The Logit model was applied in determining women's empowerment since the empowerment indicator, i.e., the dependent variable (women's empowerment) is dichotomous. The observable variable, women's empowerment, was used as a proxy to judge whether or not empowerment actually exists that is unobservable to the researcher. If we state the regression equation as:

$$Y_i^* = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \dots \dots \dots (1)$$

$$Y^* \text{ is unobserved but } Y_i = 0 \text{ if } Y_i^* \leq 0 \\ 1 \text{ if } Y_i^* > 0 \dots \dots \dots (2)$$

β 's are the parameter to be estimated; X_i is the independent variable; and μ_i is the unobserved error term. With this formulation, for the independent variables (most of them are dummy in our case) which are not normally distributed, the Logit maximum likelihood estimators are consistent and more robust (Maddala, 1999:27).

In qualitative response models the dependent variable is an indicator of a discrete choice (Greene, 2003). Women empowerment is a dichotomous dependent variable, takes the value of 1 if the respondent were empowered otherwise, 0.

The probability of women respondents to be empowered (P_i) can be given as:

$$P_i = \Pr (Y = 1) = E (Y/X_i) = 1 / (1 + e^{-(\beta_1 + \beta_2 X_i)}) \dots \dots \dots (3)$$

if $y = 1$, women who are empowered

if $y = 0$, women not empowered (not empowered); $E (Y/X_i)$ is the expectation that a woman respondent were empowered given the values of exogenous variables (X_i), where betas are the parameters to be estimated.

The value of β (the coefficient) determines the direction of the relationship between the explanatory variables X_i and the dependent variable Y_i . When β is greater than zero, larger (or smaller) X_i values are associated with larger (or smaller) of Y_i . Conversely, if β is less than zero, larger (or smaller) X_i values are associated with smaller (or larger) of Y_i (Peng et al, 2002).

However, the parameters of the model, β are not marginal effects as is the case in linear regression models. In discrete choice models like the logit model, where most of the explanatory variables are dummy, it requires to calculate the marginal effects of the variables separately. The calculated marginal effects must not be also interpreted as ‘a small change’ of X_i , since it is rather the effect of change in a dummy variable (say from 0 to 1) or change of state (Greene, 2003).

In the studies involving qualitative factors, usually a choice has to be made between logit and probit models. According to Amamia (1981), the statistical similarities between the two models make the choice between them difficult. However, Maddala (1989) and Kmenta (1986) reported that many authors tend to agree on the logistic model since the cumulative normal functions are very close to the mid-range but the logistic function has slightly heavier tails than the cumulative normal functions. It is also argued that the logit and probit formulations are quite comparable, the main difference being that the former has slightly fatter tails; that is, the normal curve approaches the axes faster than the logistic curve.

3.2.5. Formulation of Empirical Model and Description of the variables

Women Empowerment (Economic empowerment, personal empowerment, household empowerment and political empowerment) will be used as a dependent variable. These dependent variables are among the most commonly used dimensions of women empowerment) synthesized and listed Malhotra et al. (2002) and used by various authors to measure women's empowerment. Among the four dimensions the women is considered as empowered if she scores 3 or more and coded as 1 otherwise coded as 0. The general model of women empowerment is therefore

$$WE = f(\beta_0 - \beta_1 \text{agem} + \beta_2 \text{age} - \beta_3 \text{mars} + \beta_4 \text{paidwrk} + \beta_5 \text{accmed} + \beta_6 \text{hhincom} + \beta_7 \text{eduwom} + \beta_8 \text{headfam} + \beta_9 \text{rregion} + \beta_{10} \text{nonforedu} + \beta_{11} \text{fam} + \beta_{12} \text{incom} + \mu)$$

Where the dependent variable “we” represented for women's empowerment (Economic empowerment, personal empowerment, household empowerment and political empowerment) and *agem*, *age*, *eduhus*, *nsons*, ..., *numwife* are the determinants of women's empowerment and μ is error term (N (0, 1)). Here negative and positive signs of the coefficients β_0 , β_1 , β_2 , ..., β_{19} will reveal that they increase and decrease women's empowerment. The t-test (p-value) was performed to test the significance of each of the explanatory variables at alpha levels of one, five and ten percent. The statistical criteria like chi square, generalized likelihood ratio test, pseudo R² the overall explanatory power of the (equation) regression, and CC (Coefficient of Contingency) that used to measure and check whether there is multicollinearity or not among the continuous explanatory variables were also uses in the study.

3.2.6. Definitions of Variables and Working Hypothesis

After the analytical procedures are clearly delineated, it will be necessary to identify the potential explanatory variables that would influence women's empowerment. Review of literatures, past research findings, experts and author's knowledge on the women's empowerment situation of the study area were used to identify the potential determinants of women's empowerment. Therefore, assigning the women's empowerment as the dependent variable, the following variables are selected.

Demographic and Socio –Economic Variables

Age at marriage (agm): Age at first marriage is a very useful demographic variable and it is measured in the age that the respondents marry her husband. The formation of first marriage brings important changes in a women's family situation and in her future expectations and opportunities. Singh and Samara (1996) have noted that a women's age at first marriage may be a useful indicator of her status. Ismail and golam (2011), in their study pointed out that Empowerment level in economic decision making is comparatively higher for the women who got married after 20+ years of age but inconsistent results were found for other groups. Thus the study hypothesized that empowerment level is high or having significant effect on women's empowerment for women who got married after 18+ years of age.

Age of Respondent (age): It is a continuous variable. Thus, Age of woman is included in the model as completed years. It is theorized that age of respondent negatively influence the women empowerment. Older women have no independence and empowerment than younger women as they have housewife, and also aged women's have not decided on the decision of the household.

Household head (headfam): head of household/family is a dummy variable taking "1" if women respondents are head of their family and "0" otherwise. In most rural areas of the country majority of women's are depended on their husband socially and economically, the degree to which of women's are head of their household have positive effect on women's decision. Thus, it is hypothesized that the head of household affects women empowerment positively. If women's are head of their household, they are bargaining and give them self-confidence in taking decisions at the household level. The empirical study conducted by Tariq et.al. (2008) on socio-cultural milieu on women's empowerment support this argument.

Marital status (mars): it is a dummy variable indicating "1" if the women is married and "0" otherwise. The marital status of the women is ultimately connected with the interaction with parents (in the case of single), parents in laws (in the case of married), probably with weaker bond with parents (in the case of divorced or separated), and in the same intensity, with in laws

and parents (in the case of widow) (Rana and Sara, 2011). It is expected that marital status of women have negative effect on the women's empowerment in the study area.

Doing any paid work instead of domestic work (paidwrk): It is treated as a dummy variable which is measured as "1" if the women's is involved in any work instead of domestic activities, "0" otherwise. A study conducted in Rural Pakistan reveals that today access to supplementary non-farm source of income is a necessity rather than a luxury, because the core economic sources (farming and livestock) are not able to sustain the peasants on a stable basis and have positive impact on women's empowerment (Imran and farhana, 2009). Women's carrying out these income generating activities always look for new income generating activities. So, they readily join MFIs to use the financial products generated to expand the non-farm activities they are running. Thus, doing any paid work instead of domestic work is hypothesized to influence positively the women's empowerment.

Household income (hhincom): it is a continuous variable, household income determines the status of family and levels of living has an ample significance over women empowerment process. It is expected that higher-income households will be more likely to involve the mother in the decision-making process, particularly as there would exist greater resources with which to send children to school (Rachel A., 2011). The household income is thus speculated as the positive factor for women empowerment.

Years of schooling of women (eduwom): it is a continuous variable, refers for the education level of the women's. if women's have more schooling their confidence in household decision will also increase, thus the years of schooling of women is speculated as the positive factor of women empowerment. It has been argued is one of the indicators of empowerment (Malhotra, et.al., 1997). Indeed, many of the variables that have traditionally been used as proxies for empowerment, such as education and employment, are better described as "enabling factors" or "sources of empowerment" (Kishor 2000).

Religion (rlgion): it is dummy variable, indicating “1” if the respondent is Muslim and “0” for others. Religion refers to the religious affiliation of the respondent. Religious beliefs and practices may play a role in determining women’s status in society, There is a widespread assumption that Muslim women enjoy limited rights over resources within the household (Hirut, 2004). Several studies made in Ethiopia designate that Muslims women’s have less decision power than women’s following Orthodox religion. A study made by Getaneh (2010), support the above argument. However, the study conducted by Imran et.al (2009) and Ismail et.al (2011) Where the majority of respondents are followers of Muslim religion was find that religion of Muslim were positively affecting empowerment of women if the basic rights of women’s could not be controlled by others. Thus, the variable is hypothesized as influencing women’s empowerment negatively/positively.

Form of marriage (Fam): refers to the form or type of marital relation in which the female respondent is involved. The type of marital relation can be broadly divided into monogamy and polygamy, and women’s decision-making status within the household may vary depending on the marital relation they are in. Some studies suggest that women in polygamous households are primarily responsible for the consumption need of their households (Mandel, 2004 cited by Hirut, 2004). Moreover they maintain a certain level of autonomy within the household (Narayan et al., 1999; Baerends, 1994; Kandiyoti, 1988). Women in polygamous households can be depicted as *de facto* heads of household, with them getting little support (or interference) from their husbands. On the other hand, however, polygamous women are a far from homogenous group, because their status within the household may vary depending on seniority. We expect a positive and significant association between the variable polygamous form of marriage and a woman’s empowerment. The study made by Hirut Bekele, (2004) supports this argument. FAM is a dummy variable, indicating whether the woman lives in a polygamous (1) or a “0” if she lives in monogamous household.

Institutional variables

Access to media (accmed): it is dummy variable, indicating “1” if women’s have access to media and “0” if not. With a view to create gender awareness amongst women as well as men, it

is a prime need to disseminate information through influential media. Major concerning areas to combat gender disparity must include education, income, nutrition, health, dowry, early marriage, property and divorce rights. The electronic media (mainly, radio & television) can play a more proactive role in raising awareness by broadcasting dramas, folk songs, puppet shows and advertisements focusing exclusively on a positive image of women. Some other media such as posters, newsletters and booklets could also be effective for literate people (Shahnaj Parveen and Ingrid-Ute Leonhäuser, 2004). Thus, it is hypothesized that access to media have positively affect women's empowerment.

Non formal education (nonforedu): it is dummy variable indicating “1” if the respondent is having non-formal education or “0” otherwise. According to (James and Trail (1995: 18-27) cited by Ismail et.al, 2011), improving literacy skills of women have a beneficial impact on their socio-economic condition. Proper training and implementation of literacy programmes are essential for the empowerment of women and this could be one of the best solutions to rural poverty (parveen and Ingrid, 2004). Thus it is hypothesized that having non-formal education is affecting women's empowerment positively.

Membership duration (duration): it is a continuous variable collected in a number of years that a women's have been a member of a credit group and also represents the frequency that a respondent has been accessing a loan from the microcredit institution. With a large number of years borrowers are taking the loan they have a tendency to get more amount of loan from the institution and thus their empowerment level also increase. Thus, the study expects respondent's membership duration and women's empowerment have positive relationship.

Table .3.2: Summary of Variables included in the models

Variable		Description of Variable		
Dependent Variable				
WEI		Women's empowerment index = PEI +HHEI + EEI + PEI Where PEI = personal Empowerment HHEI= Household(family) Empowerment EEI= Economic Empowerment PEI = political empowerment		
Independent Variables	Description of the variable	Variable type	<i>Unit of measurement</i>	Expected sign
agem	Age at marriage	Continuous	number	+
Age	Age of the respondent	Continuous	number	-
headfam	Head of family	Dummy	"1" if women head of family or "0" otherwise	+
mar	Marital status	Dummy	"1" if married or "0" otherwise	-
paidwork	paidwork	Dummy	"1" if paid work, "0" other wise	+
Hhincom	Household income	Continuous	number	+
Eduwom	Education of women	Continuous	number	+
Rlgion	Religion of the household	Dummy	"1" if Muslim or "0" otherwise	+/-
fmrg	Form of marriage	Dummy	"1"if polygamous, "0" otherwise	+
accessmed	Access to media	dummy	"1"if access to media, "0" otherwise	+
nonforedu	Non formal education	Dummy	" 1" if non formal education or "0" otherwise	+
duration	Membership duration	Continuous	Number of years	+

3.2.7. Possibility of Self Selection bias

Hence, there might be a possibility of women's who was empowered, having more formal education were participated in the credit program. Such possibility is will exaggerate the effect

of credit program on cumulative women's empowerment. To solve such selection bias that comes due to participants of the HMFI are participated in the programme by them self.

To solve the problem of self-selection bias, propensity score matching were employed. Participants in the programme are matched against with the non-clients resides in the three rural woreda's. Duration of clients in the institution was also use to see the effect of the duration on the empowerment. After, common acceptance region is accepted and balancing condition is satisfied which are the basic assumption of Propensity score matching, the four different matching estimator were employed to show whether clients are empowered due to the credit provided to them by the HMFI or not.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. General Characteristics of the Sample Respondents

4.1.1. Household General Characteristics

The sample result shows that out of the 123 respondents, 20 (16.26%) of the sample respondents are in the age group of above 50 whereas majority of the respondents 45 (36.6%) of them are within the age group of 30 to 39. The minimum and the maximum age category of the sample respondents are 19 and 59 respectively. Accordingly, 23(19%) of matured clients are found within the age group of 40 to 49 and 13 (11%) of incoming clients are also fall under the age category of 30 to 39 and 16 (13%) of non-clients resides in both area are also within the age category of 30 to 39.

Table 4.1: Age category of respondents

Total respondents	Matured	Incoming	NCP	NCNP	total
Less than 18					
19 - 29	2	2	6	4	14
30- 39	16	13	11	5	45
40 - 49	23	11	6	4	44
Greater than or equal to 50	7	4	7	2	20

Source own computation sample survey

Regarding the education level of respondents, Out of the total 123 respondents 92 (73%) of them are illiterate, 27 (22%) of them are having primary education and 6 (5%) of them is having secondary level education and above. The mean education level for matured client and incoming clients is 1.291667 and 1.033333 respectively, with the mean difference of 0.2583333 between them. Comparing the two groups with education level, the p-value shows 0.6616 which leads us to accept the null hypothesis that is there is no difference between the two groups in education level. Concerning the mean education level for non-clients in both areas, the mean educational

level for NCP is 1.533333 and 1.666667 for NCNP with p- value of 0.8926 which shows there is no difference between the two groups.

Table 4.2: Education level category of respondents

Education category	frequency			
	Matured clients	Incoming Clients	NCP	NCNP
Illiterate	37	23	20	12
Primary	10	6	8	3
Secondary and above	1	1	2	2

Source own computation sample survey

Concerning the religion of the respondents, out of the 123 respondents 115(93.49%) are Muslim religion followers and 8 (6.5%) of them are followers of orthodox religion which shows that the area is mostly dominated by Followers of Muslim religion. Out of the total 115 Muslim clients 46 (37.4%) of them are in the category of matured clients, 27 (22%) were incoming clients, 27 (22%) of them are NCP area and 15 (12.20%) were NCNP area.

Regarding the form of marriage women respondents living with, 103 (84%) of women's live in monogamy and 20 (16%) live with polygamy form of marriage. The mean form of marriage for matured clients is 0.16667 and 0.2 for incoming clients, with the mean difference of 0.1794872. The p-value shows 0.7134 which implies there is no difference between the two groups. Moreover, there is no difference between NCP and NCP, between matured and NCP, between matured and NCNP, and also between incoming and NCNP with regards to form of marriage, as the p-value of all comparisons group above are insignificant even at 10 % significant level

The sample result shows that out of the total sample respondents 45(36.6%) of them are head of their family and 78 (63%) of sampled women families are headed by their husband. Hence out of the women's who are heads of their family 19 (15.4%) are widowed women and 2 (1.6%) of them are divorced respondents. Those married women who are head of their family reported that, they are head of their family because of their husbands are always in farming activities in farm land and their husbands are too old in their age due to such factors they decide most of the decision of the family. Accordingly, the mean head of family of matured and incoming client is 1.729167 and 1.733333 with the mean difference of -0.0041667 and p – value of 0.9702 which is

not significant even at 10 % significant level, showing there is no difference in heads of the family between the two client groups. Correspondingly, there is no difference between there is no difference between NCP and NCP, between matured and NCNP, and also between incoming and NCNP with regards to form of marriage, as there p-value are 0.8376, 0.2158, 0.2813 respectively. But there is difference between matured clients and NCP, the mean head of family for matured clients are 0.2916667 and 0.5 with the mean difference of -0.2083333. The p-value is 0.0653 which is significant at 10 % significant level, implying that most of matured clients are head of their family than NCP area.

Table 4.3: Head of family for matured clients, incoming clients and NCP and NCNP area

Head of family	matured	incoming	NCP	NCNP
women	14	8	15	8
husband	33	22	15	7
both	1			

Source, own computation from sample survey

The descriptive result also shows that 64 (52%) of the sample respondents are on average having six to eight family size and 27 (30%) of them are also having more than eight family size. The mean family size of matured clients is 3.041667 and 2.9 for the incoming clients. The mean difference between the two groups is 0.1416667 which is not significant at 1 percent, 5 percent, and 10 percent with p- value of 0.3958. The mean family size of the total sample respondents are 2.918699. The minimum and maximum family size of respondents is 2 and the 13 respectively.

Table 4.4: Family size of respondents

Family size	matured	incoming	NCP	NCNP
Two member	2		3	0
Three to five	6	8	9	4
Six to eight	28	17	12	7
Above eight	12	5	6	4

Source, own computation from sample survey

Concerning the main occupation of the sample respondents, majority of the sample respondents 83% of them have depended on agriculture and as a supplementary they were engaged in many

kind of business activities. Among the supplementary occupation traded by respondents, trading vegetables, trading chat, trading sugar cane are the main occupation traded by majority of the sample respondents. For matured and incoming clients of Harari microfinance organization though they are depended on agriculture as a main occupation, the agriculture income doesn't give them capable income being it is rain fed activities. But, after they take credit from the organization majority of them 18 (38%) is trading on peanut and onion while the remaining 11(23%) of them are trading vegetables and fruits and 11(23%) of them are also open small shop in their area.

Table 4.5: Summary of selected Variables

variable	Observation	Mean	Standard deviation	Min	Max
age	123	40.77236	9.047971	19	59
Edu	123	1.097561	2.558863	0	12
mars	123	.8292683	.3778133	0	1
rlgn	123	.9349593	.2476062	0	1
fmrg	123	.1788618	.405546	0	1
Headfam	123	.3658537	.4836387	0	1
agemr	123	1.593496	.4931897	1	2
accmed	123	1.634146	.4836387	1	2
Duration	123	1.398374	1.389302	0	2
inc	123	4086.179	3056.921	200	16500
nonforedu	123	.5934959	.4931897	0	1
Paidwrk	123	.6504065	.4787919	0	1

Source, own computation from sample survey

4.1.2. Household livestock Ownership

Concerning the livestock status of the respondents, the number of livestock that a family women respondent is living was recorded and tropical livestock is also calculated. Accordingly, the minimum and maximum livestock ownership of the sample respondent is 0 and 14.4 by tropical livestock unit.

The mean tropical livestock of matured clients is 2.892437 and 1.8933 for incoming clients. The mean difference of tropical livestock between matured and incoming clients 0.9991375 and p-value shows that 0.0936 which is significant at 10 % significant level.

Regarding the mean tropical livestock between matured and NCP, the mean tropical livestock for matured clients is 2.892437 and 1.600133 NCP. The p-value is 0.0504 which is significant at 5 % significant level with 76 degrees of freedom, showing that there is a difference between matured and NCP area. This is comes may be due to the loan that the matured clients took from the institution makes them more ownership of livestock than the NCP area.

The mean ox status of matured clients 0.8125 and 0.3 for incoming clients, the mean difference of ox between matured and incoming client is 0.5125 with p- value of 0.0368 which is significant at 5 percent. This shows that there is a difference between matured clients and incoming in ox ownership indicating that clients of Harari microfinance which took credit more than one year are having more ox than clients of HMFI who took the loan for the first time.

Most of Incoming clients are owned at least goat or sheep. The sample result of the study showed that, the mean goat and sheep ownership status of incoming client is 0.2296667 and 0.195. For NCP the mean goat and sheep ownership status is 0.1256667 and 0.0693333 respectively with 58 degrees of freedom. To see whether there is a significant difference between the two groups, the p-value shows that 0.0708 for goat and 0.0383 for sheep between the two groups which leads us to reject the null hypothesis, and there is a difference in goat and sheep ownership between the two groups which is significant at 10 % and 5% significant level respectively. Implying that incoming clients are having more goat and sheep than NCP area.

The mean cow ownership status of matured clients is 1.3125 and 0.9666667 for incoming clients with the mean difference of 0.3458333 with p-value of 0.2792 which is insignificant, indicating there is no difference in cow ownership between matured and incoming clients. The result from the sample respondents of the study shows that clients of Harari microfinance institution are more owned livestock with that of their non-client counterparts.

Table 4.6: Mean Livestock status for matured participants, incoming participants and Non participants in both groups in tropical livestock.

Group	Tropical livestock	difference	p-value
matured	2.892437		
Incoming	1.8933	0.9991375	0.0936***
Matured	2.892437		
NCP	1.600133	0.0504	0.0504**
	Ox		
matured	0.8125		
Incoming	0.3	0.5125	0.0368**
	Goat and sheep		
Incoming	0.2296667(0.195)		
NCP	0.1256667(0.0693333)	0.104 (0.1256667)	0.0708** (0.0383**)
	Cow		
Matured	1.3125		
Incoming	0.9666667	0.3458333	0.2792
Matured	1.3125		
Incoming	0.7	.6125	0.0795**

Source, own computation from sample survey

** and *** shows significant at 5 % and 10 % significant level

4.1.3. Institutional Factors

In relation to the institutional factors, from the total sample respondents 78 (63.4%) of them is having frequent access to media, 44 (35.7%) of them is having no access to any kind of media. Out of the 78 sample respondents who have access to media 51 (41.46%) of them is matured clients who is using microfinance for more than one year. The mean access to media for the total respondents is 1.634146.

In the study area there is also traditional way of association of women called Afocha⁵. In the sample area 105 (85.36%) of the sample women are a member of afocha for more than five years, while the remaining 18 (14%) are member of the association for less than three years.

⁵Afocha is the association of women's living in the same locality. The association is having its own rules bidding by the custom and religion of the society. They come together during wedding ceremony, mooring. They have also put some sort of money for the association when the women are come together.

By Woreda and kebele level there is also variation in microfinance clients where most of the credit users are resides in Dire xayara rural woreda of the region, which is the rural woreda more populous in the region.

The descriptive result reveals that, out of the total sample respondents 73 (59%) of respondents have received or attained non-formal education and 50 (41%) of them have no get or participate in any kind of non-formal education during their life. Among the respondents whose have non-formal education 53 (73%) of them are empowered and the remaining 20 (27%) are not empowered. Putting in the category of clients and non-clients, 36 (49%), 20 (27%), 12 (16%), and 5(7%) of matured, incoming, NCP and NCNP have non-formal education respectively. The mean non-formal education for matured client is 0.75 and 0.4 for NCP with p-value of 0.0017, which shows there is a difference between the two groups at 1% significant level implying matured clients are better access to non-formal education.

Regarding the paid activity of respondents, out of the total respondents taken for the study, 80 (65%) of them are engaging in the supplementary occupation to gain income and 43 (35%) of them are not engaged in paid income activity. Among the participants of the HMFI 57(71%) of them are engaged in paid activity, matured clients were took the main share by 35(44%). Majority of women's who are empowered are participating in paid income activity whose are 56 (70%) and the remaining 24 (30%) who are participating in the paid activity are not empowered. The mean paid activity for matured clients is 0.7291667 and for incoming clients 0.7333333 with p-value of 0.9683 which shows there is no difference between paid work activity between the two groups. But, there is a different between matured clients and NCP with the mean paid work for matured client 0.7291667 and 0.4666667 for NCP. This is significant at 5% with the p-value of 0.0194.

Table 4.7: Comparison of respondents by General characteristics and institutional variables

Group	Form of Marriage	difference	p-value
matured	0.16667		
Incoming	0.2	0.1794872	0.7134
	Head of family		
Matured	1.729167		
Incoming	1.733333	-0.0041667	0.9702
matured	0.2916667		
Incoming	0.5	-0.2083333	0.0653 ***
	Non formal education		
Matured	0.75		
NCP	0.4	0.35	0.0017*
Matured	0.9666667		
NCNP	0.5333333	0.4333333	0.1955
Incoming	Paid work	0.3458333	0.2792
Matured	0.7291667		
Incoming	0.733	-0.00416	0.9683
Matured	0.7291667		
NCP	0.4666667	0.2625	0.0194**

*and** shows significant at 1 % and 5 % significant level

Source, own computation from sample survey (2013)

Table 4.8: Distribution of microfinance users by woreda's in frequency

Name of woreda's and their corresponding kebele's		Matured clients	Incoming Clients
Sofi woreda	sofi	25	18
	harawwee	20	9
	Awumer	15	12
	Deker	14	0
Dire Xayara	Abubeker muxi	22	8
	sigicha	25	12
	suqul	30	13
	Miyay	14	0
	Hassengey	20	6
Erer woreda	Erer weldiya		
	Erer dodota		
	ulanula		

Source, HMFII annual report, (2013)

4.2. Effect on Asset possession

In order to look the effect of the institution on the asset possession on the clients, clients were asked to indicate how much their level of effect on some household asset to indicate their position on the asset. Accordingly 15(31%) matured clients have their own radio, 12 (25%) of them have their own television and 3 (6%) of them have also their refrigerator. From incoming clients, 7(23%) of have radio, 4 (13%) of them have television and 1 client were also indicate that she have refrigerator. They indicate that they own such asset by engaging in the income generating activity after they participate in the credit the institution is given to them. 4 of non-clients also have radio and 3 of them have television.

On the other hand, house repair, expansion and improvement was also used as an indicator of asset possession. Hence out of the total respondents 1 non-client have no home and the remaining all have their own home which is made from korkoro. Accordingly, 26 (54.16%) of matured clients 6 (20%) of incoming clients, 2 (6.7%) no clients in programme area and 4 (26.75%) of non-client in non programme area were made repair, improvement, constructing additional house and expanding their existing home during the period of 2003 and 2004 E.C. Among matured clients 15 (31.25%) of them made such activities from their income activities financed by the loan, 4 (13.3%) were also made from the income activities financed by the loan. 2 (7%) of non-client in programme area and 4(27%) non-client in non programme area were also made such activities from their agricultural income and income get from their families. Hence, 9 (18.75%) of matured clients made such activities by combination of income activities financed by loan and from the income of the agriculture which is the main livelihood of most the respondents. From the sample respondents that the study was undertaken, 2 (4.16%) of matured clients and 1 (3.3%) of incoming client was made improvement in their home, repairing, constructing additional house and improving their house from the loan birr itself.

Table 4.9: Repair, Expansion, Additional and Improved for matured, incoming, NCP and NCNP

	Matured			incoming			Non clients			
	Loan burr it self	Income activitie s financed by loan	Incom e activiti es financ ed by loan and agri incom e	Loan burr it self	Inco me activi ties financ ed by loan	Incom e activiti es financ ed by loan and agri incom e	Agri inco me	Busin ess inco me	Selli ng livest ock	Fro m their daou ghte rs
Repair	6	11	1	3	3	0	4	2	0	0
Expansi on	1	7	4	1	2	0	3	0	0	0
Addition al	2	5	4	1	1	0	3		1	1
Improve d		3								

Source, own computation from sample survey

Accordingly respondents were asked how much their access and control over resource is increased after they participate in the institution. 25 (52.08%) of matured clients 7 (23.3%) of incoming clients report very high and they indicate that their access and control over resource was increased due to their participation in the credit provided by the institution. 17 (35.4%) of matured clients and 6 (20%) of incoming clients report high. 5 (10.4%) of matured clients and 15 (50%) of them indicate medium and 1 (2.08%) of mature clients and 2 (6.7%) of incoming clients report low access and control over resource. Thus, the result of the study indicates that, matured clients are more access and control over the resource than other comparison groups, this comes because of their participation in the credit provided by HMFI.

The non-clients in both areas were also asked how much their access and control over income is increase if they got the chance to participate in the institution. Accordingly, 11 (30%) of NCP and 2 (13%) of NCNP were rate “very high”. Majority of NCNP that is 10 (67%) rate their access and control over resource is increased “high” and 11 (30%) of NCP area also rate “high”.

Table 4.10: Women’s Access and Control over Resources for all respondents in their frequencies

How do you evaluate the impact of HMFI program to improve your access and control over resource	Matured clients	Incoming clients	Non clients	
			In programme area	In non programme areas
Very high	25	7	11	2
high	17	6	11	10
Medium	5	15	2	1
low	1	2		
Very low				
No impact			1	
Negative impact				
Don’t know				2

Source, own computation from sample survey

4.2.1. Problem of the society

In the area where the study was conducted, majority of them are Muslim society. All the respondents of the study clients as well as non-clients were asked the factors which hinder women’s empowerment in their area. Accordingly, 26 (54.1%) matured clients report lack of education, 14 (46.7%) of incoming clients and 20 (66.7%) of non-client in the programme area 8(53.3%) of non-client in non programme area report lack of education. 6 (12.5%), 6 (12.5%), and 6 (12.5%), of matured clients report that, Culture and tradition of the society, Lack of education and early marriage and early marriage respectively. 5(16.7%) of incoming clients and 2 (13.3%) of non-clients were describe early marriage that hinder women’s not empowered. The remaining of the respondents indicate, report lack of independent income, lack of opportunity to become self-empowered and Lack of training are the factors that hinders women’s not to become empowered..

Hence, the respondents were also answer for the question what are the main factors for women’s don’t participate in paid work in your area. 30 (62.5%) of matured clients and 15 (50%) of incoming clients and 18 (60%) of non-clients in programme area and 9 (60%) of non-clients in non programme area report lack of education. 9 (18.8%) of matured clients, 12 (40%) of incoming clients, 6 (20%) of non-clients in non programme area report early marriage. The rest

of the respondents report cultural problem, lack of awareness, and burdens that faces women's in the households are among the reason why women's don't participate in paid work.

4.3. Matured and Incoming Clients

Among the sample respondents those who took the loan from the institution for more than 1 year, 14 (29%) of them were in the credit programme for at least two years, 22 (46%) of them were in credit programme for 3 years and the rest of them 12 (25%) of them is in the programme for 4 years. There is no client in the Harari rural area that were taking credit for more than 4 years, this is due to the organization is new in the region and there is no awareness of using credit in the rural area mainly concerned with interest. (Arif, Head of HMFI).

The cumulative loan received by the sample clients from the institution is 250200 birr , the minimum loan received by the clients is 500 birr and the maximum loan received by the clients in a single cycle were 4000 birr. Among the 48 matured clients taking for this study, 43 of them are in the second loan cycle, 4 of them are in the 3rd loan cycle and the remaining of 1 client is in the 5th loan cycle. Regarding the distribution of the loan amount to the clients, 22 (51.16%) of matured clients who are in the 2nd cycle take the commulative loan amount of 3000- 5000 birr, and 3 (75%) of clients who are within the 3rd loan cycle took individually loan amount of 7000 to 9000 birr. All of the incoming clients in the study took 2000 birr individually.

Almost all of the matured as well as incoming clients report that, the loan given to them doesn't enough for the activities they need to undertake. 44 (92%) of matured clients report that their life is improved due their participation in the loan given to them by the Harari microfinance institution and 2 (4.16%) of them indicate their life doesn't change due their participation, among them 1 client faces repayment problem due to illness and the remaining 2 (4.16%) clients report they were not know whether participation in microfinance improved their life or not. Among the incoming clients who took loan from the institution, 26 (87%) of them report their life is getting better and improved due to their participation in the credit programme given to them by HMFI, 1 client report decreased in her life and the remaining 3 (10%) of incoming clients report no change in their life due to their participation in the institution. Concerning the group member of the clients, the average group member for the matured clients are 7 and 6 for incoming clients

Table: 4.11: The commulative amount of loan taken by matured clients by frequency

Cycle	No of clients	Commulative amount of loan							Min and max Loan size of each cycle	
		1000 - 1500	1501- 2000	2001- 2500	2501- 3000	3001- 5000	5001- 7000	7001- 9000	min	max
		2 nd cycle	43	1	20		1	22		
3 nd cycle	4					1		3	600	3000
4 nd cycle									600	4000
5 nd cycle	1							1	700	4000
6 nd cycle										
7 nd cycle										
total										

Source, own computation from sample survey

4.4. Non client in Programme and in non Programme area

In the programme area out of 30 non clients those taken for the study 24 of them is heard the service that microfinance organization is provided to its clients and the remaining 6 clients do not heard any kind of information regarding Harari microfinance institution. Those who heard about the institution indicate the reason why they don't participate like that lack of opportunity, lack of information, due to its interest and 96.6 % of them are indicate that they want to participate in the programme.

In the non programme area 8 (53.3%) non-clients heard about the services Harari microfinance and 7 (46.7) clients does not heard any information about HMFI and 4(26.7%) are interested to participate in the programme if the programme is available in their locality.

4.5. Effect on Saving of the Respondents

The sample result reveals that, among the 123 respondents 37 of them doesn't save their money in any kind of institution including in the informal equbb (quubii)⁶ saving mechanism and the remaining 86 of them is saving their money in the informal institution eqqub and kept their

⁶ Eqqub is a form of savings association in which every member is expected to contribute a fixed amount of money either weekly or bimonthly or monthly and a fixed sum is exchanged for the privilege of receiving a large sum at some point on rotational basis through a lot

money by their self in their home. Among the 87 (72%) respondents whose have access to save their money in the informal institution 36 (41%) of them is matured microfinance clients who is using credit more than two years and 27 (31%) of them is incoming clients.

The annual saving level of the sample respondents is 74973 birr. 18 (14.6%) of the respondents have annual saving of greater than 1000 birr, among them 12(9.7%) of them is matured clients and 4 (3.25%) of them is incoming client and the remaining 2 (1.62%) is non-client in the programme area. The reason why the clients of microfinance is having such kind of saving is that, they report that because of why they using the microfinance credit.

The mean annual saving of the matured client is 825.6875 birr, and 559.2 birr for incoming clients, 235.86 birr for non-clients in programme area and 176.67 birr for non-clients in non programme area. The descriptive result shows that matured clients have more saving than the other counter parts. Hence, 21 (43.75%) of matured clients are answered very high that is due to their participation in microfinance institution their level and saving were increased and 17 (35.7%) of matured clients were answered high and 10 (20.8%) of the remaining matured clients answered medium level. Accordingly, 2 (6.7%), 12 (40%), 13 (43.3%), 1 (2.3%) and 2 (6.7%) of incoming clients report due to their participation in Harari microfinance institution their saving level were increased and they rate very “high”, “high”, “medium”, “low” and “very low” respectively.

Regarding the non-clients in both programme area, both groups were also asked to indicate how much their saving level will increased if they got the chance to participate in the credit provided by the institution. Hence, 14 (47%) of NCP and 6 (40%) of them rate “very high” and 16 (53%) Of NCP area and 5 (33%) indicate their saving level will be “high” if they participate in HMFI.

Table 4.12: Saving level for Matured, Incoming, NCP and NCNP

Saving level	0-200	201-500	501-1000	1001-2000	2001-3000	Above 3001
Matured	8	20	8	8	3	1
Incoming	6	18	2	3	0	1
NCP	2	16	6	2	0	0
NCNP	9	6				

Source, own computation from sample survey

Accordingly, the Wilcoxon Mann – Whitney test is computed whether there is a difference in saving level between Matured clients, incoming clients, NCP and NCNP area.

a. Testing saving level of matured and incoming clients

	Observation	rank sum	expected
Matured	48	2084.5	1896
Incoming	30	996.5	1185
Combined	78	3081	3081

Unadjusted variance 9480.0

Adjustment for ties -37.64

Adjusted variance 944

Ho: income (matured==incoming) =income (matured==matured)

Z = -1.940

Prob > Z = 0.0524

There is a saving level difference between matured and incoming clients which is significant at 10 % significant level. That comes due to matured clients have participated in the programme for more than one years and they engage in different activities of income generation, which leads them to become save more than the new clients.

b. Testing saving level of incoming clients and non-clients in programme area

	Observation	rank sum	expected
Incoming	30	917	915
NCP	30	913	915
combined	60	1830	1830

Unadjusted variance 4575.0

Adjustment for ties -20.34

Adjusted variance 4554.66

Ho: income (Incoming==NCP) =income (Incoming==Incoming)

Z = 0.030

Prob > Z = 0.9764

There is no saving level different between incoming and non-clients in programme area, the p-value from the Wilcoxon Mann – Whitney test shows 0.9764 which helps us to accept the null hypothesis, which says there is no difference between the two groups.

C. Testing the saving level of non-clients in programme area and non-clients in non programme area

	Observation	rank sum	expected
NCP	30	819.5	345
NCNP	15	215.5	690
combined	45	1035	1035

Unadjusted variance 1725.00

Adjustment for ties -3.64

Adjusted variance 1721.36

Ho: income (NCP==NCNP) =income (NCP==NCP)

Z = -3.121

Prob >/ Z/ = 0.0018

Which is significant at 5 percent significant level showing there is saving level difference between non clients in programme area and non-clients in non programme area. The result also indicates that NCP area have better saving level than NCNP area, there is some significant effect to the eligible women's who are currently not clients of Harari microfinance institution resides in programme area.

4.6. Effect on Income of the Respondents

The see the effect of income on the clients of Harari microfinance institution the current yearly household income is recorded. Accordingly, 39 (37.7%) of matured clients have more than 3000 yearly income and 14 (11.38%) of incoming clients have yearly income of more than 3000 birr, 4 (3.25%) of non-clients in programme area and 3 (2.4%) of non-clients in non programme area is also having yearly household income of greater than 3000 birr.

Accordingly the mean household income of the all client category is recorded, 6291.667 birr is for matured clients, 3395 birr is the mean yearly household income of incoming clients and 2194.444 birr is the mean yearly household income for non-clients. Accordingly the non-client in non programme area is having 1986.6 birr mean yearly income.

Meanwhile, clients of Harari microfinance institution were asked to indicate the impact of the credit on their income due to their participation in the institution. Accordingly 16 (33.3%) of matured clients indicate that due to their participation in the institution their income level is increased very high, 24 (50%) of them indicate high and the remaining 8 (16.7%) of them indicate medium level. from incoming clients 4 (13.3%) of them indicate that due to their participation in the institution their income level is increased “very high”, 8 (26.7%) of them rate “high” and the remaining 14 (46.7%) of the incoming client also rate “medium” level due to their participation in the institution.

Table 4.13: Yearly Income of the respondents

Yearly income	0-1000	1001-2000	2001-3000	3001-5000	5001-10,000	Above 10,001
Matured	1	2	6	16	18	5
Incoming	1	4	10	11	3	0
NCP	5	12	9	4	0	0
NCNP	2	7	3	2	1	

Source, own computation from sample survey

Accordingly, the Wilcoxon Mann – Whitney test is computed whether there is a difference in income level between Matured clients, incoming clients, NCP and NCNP area.

- a. Test between Matured and non-client in non programme area

	Observation	rank sum	expected
Matured	48	1817	480
NCNP	15	199	1536
combined	63	2016	2016

Unadjusted variance 3480.00

Adjustment for ties -3.28

_Adjusted variance 3832.72

Ho: income (matured==NCNP) =income (Matured==Matured)

$$Z = 4.539$$

$$\text{Prob } >/ Z/ = 0.0000$$

The result of the Wilcoxon Mann – Whitney test shows that there is income difference between matured clients and non-clients in non programme area which is rejecting the null hypothesis that is there is no income gap between the two groups and there difference is significant at 1 % significant level. Implying matured clients have better income than NCNP area.

b. Income comparison test between incoming clients and non-client in non programme area

	Observation	rank sum	expected
Incoming	30	791.5	345
NCNP	15	243.5	690
Combined	63	1035	1035

Unadjusted variance 1725.00

Adjustment for ties_ -5.45

_Adjusted variance 1718.55

Ho: income (Incoming==NCNP) =income (Incoming==Incoming)

$$Z = 2.448$$

$$\text{Prob } >/ Z/ = 0.0144$$

The result shows that, there is a difference in income level between Incoming clients and NCNP which is significant at 5 percent significant level, which help us to reject the null hypothesis and accept the alternative hypothesis that leads us to accept the income difference between the two groups.

c. Income comparison test between non client in programme area and non-client in non programme area

	Observation	rank sum	expected
NCP	30	967.5	345
NCNP	15	337.5	690
Combined	45	1035	1035

Unadjusted variance 1725.00

Adjustment for ties_ -6.48

_Adjusted variance 1718.52

Ho: income (NCP==NCNP) =income (NCP==NCP)

$$Z = 0.181$$

$$\text{Prob } >/ Z/ = 0.8564$$

Which is insignificant and we accept the null hypothesis that is there is no income difference between non-client in programme area and non-client in non programme area.

d. Income comparison test between Matured clients and Mncoming clients

	Observation	rank sum	expected
Matured	38	2292.5	1896
Incoming	15	788.5	1185
Combined	45	1035	1035

Unadjusted variance 9480.00

Adjustment for ties_ -18.94

_Adjusted variance 9461.06

Ho: income (Matured==Incoming) =income (Matured==Matured)

$$Z = 4.076$$

$$\text{Prob } >/ Z/ = 0.000$$

There is an income difference between matured and incoming clients which is significant at 1 % significant level. This leads us to reject the null hypothesis and accept the alternative hypothesis that is there is a difference between the two groups.

4.7. Dimensions of Women Empowerment

4.6.1. Commulative Women's Empowerment

The respondents are empowered if they are empowered in 3 different dimensions out of the four dimensions taken as measure of empowerment level in the study. Accordingly, out of the total respondents taken for the study 72 (59%) of respondents are empowered and the remaining 51 (41) of them are not empowered. The mean matured clients whose are generally empowered and also empowered in dimension of economically is 0.84090909, and for incoming clients the result shows 0.73684211. Concerning, the mean NCP and NCNP clients whose are generally empowered and also empowered in dimension of economically are 0.65 and 0.65 respectively. (Table 4.14)

Economic empowerment:

In this study, if the respondent or jointly made decision on the indicators of economic dimension 1 point is given and if the husband of the respondent or any person is decided on the dimension of economic dimension 0 point is given.

Accordingly, out of the total 123 sample respondents 97 of them are economically empowered. Putting in category, 63 (66%) of them are clients of HMFIs and 32 (34%) are non-clients in both programme and non programme area. With regards to matured and incoming clients out of 63 economically empowered credit users 44 (46%) of them matured clients and 19 (20%) of them are incoming clients, hence out of non-clients which are economically empowered 24 (25%) and 8(9%) are NCP area and NCNP area respectively.

The sample mean results of matured clients who are economically empowered are .9166667 and .6333333 for incoming clients with the mean difference of .2833333 with p- value of 0.0017 with 76 degrees of freedom which is significant at 1 % significant level. Which means there is difference between Matured and incoming clients with respect Economic Empowered, that is matured clients are more empowered economically than the incoming clients, this is perhaps comes due to the duration of matured clients in the programme.

With regard to incoming and non-clients in programme areas, the mean result of incoming clients is 0.6333333 and 0.8 with the mean difference of -.1666667 with p-value of 0.1572 with 58 degrees of freedom, which shows that there is no difference between the two groups in dimension of economically as the p-value is not significant even at 10%. The mean result of non-clients in programme area with regard to economically empowered dimension is 0.8 and .5333333 for non-clients for non programme area. The mean difference between the two groups is .2666667 with p-value of 0.0651 which is significant at 10% significant level with 43 degrees of freedom. Showing NCP areas are empowered more economically than NCNP.

Personal empowerment:

Accordingly, the sample result shows that, out of the 123 sample respondents 63 (51%) of respondents are personally empowered. Accordingly, among 63 respondents who are personally empowered 44 (70%) of them are clients of HMFIs and the rest 19 (30%) are non-clients residing in programme and non programme areas. Henceforth, 22 (35%) of them are matured clients and 22 (35%) of incoming clients are personally empowered. From non-clients who are personally empowered, 14 (22%) of them are NCP areas and 5 (8%) of them are NCNP areas where HMFIs do not start giving group and individual loans.

The mean result of matured clients and incoming clients who are personally empowered are 0.5416667 and 0.7333333 respectively. The mean difference between the two groups is -0.1916667 with 76 degrees of freedom and 0.0928 p-value, which leads us to reject the null hypothesis and there is a difference between matured and incoming clients in relation to personal empowerment that is matured clients are more empowered personally than incoming clients at 10 percent significant level.

Between matured and NCP areas, the mean result of matured client is 0.5416667 and 0.3333333 with the mean difference of 0.2083333. To accept the null hypothesis that is there is no difference between matured clients and non-clients in programme areas the p-value is 0.5253 with 76 degrees of freedom, which leads us to accept the null hypothesis, that is there is no difference between matured and NCP in regard to personal empowerment. This is perhaps due, mainly the area is dominated by Muslim respondents, in such a case whether the respondent is

matured client or not to be out of home or to visit her parents the women needs permission from her partner.

Household (family) empowerment:

Accordingly, in this study 1 point is given if the respondent herself only decides on the indicators of household dimensions, 0.5 point is given if the respondent and her partner decides and 0 point is given if the partner (husband) decides on indicators of family empowerment.

Hence, out of the 123 sample respondents 61 of them are empowered in household or family dimension. Out of them 28 (46%) of them are matured clients and 13 (21%) of them are incoming clients who took loan for the first time. The remaining 14 (22%) and 6 (10%) are NCP and NCNP woreda respectively.

The result of the study also reveals that, there is no difference between matured clients and NCNP with respect to household empowerment. The mean household empowerment for the matured clients is 0.5833333 and for NCNP it is 0.4, with p-value of 0.2201 which leads us to accept the null hypothesis and reject the alternative hypothesis.

Political empowerment: Among the total respondents taken for the study, majority 107(87%) of them are politically empowered. Among them 42 of them are matured clients, 27 of them are incoming clients and 24 and 10 of respondents are non-clients lives in programme area and non-clients in non-client woreda respectively. This result comes due to when the sample was collecting in the rural woreda of the Harari region, the election of kebele and woreda level was undertaking, due to this majority of the respondents is informed and participates in the political sphere. Thus, the loan program is not as such influencing political empowerment of women's.

Table4.14: Frequency of commulative women's empowerment in all dimensions

	Matured		Incoming		NCP		NCNP	
	Emp	Not emp	Emp	Not emp	Emp	Not emp	Emp	Not emp
Politically Emp	42	6	27	3	24	6	10	5
Economically Emp	44	4	19	11	24	6	8	7
Household Emp	28	20	13	17	14	16	6	9
Personally Emp	22	26	22	8	14	16	5	10

Source, own computation from sample survey

Table4.15: Summary of commulative women’s empowerment in all Dimensions

		Matured		Incoming		NCP		NCNP	
		Emp	Not emp	Emp	Not emp	Emp	Not emp	Emp	Not emp
pol	Mean	0.857	0.167	0.481	0.333	0.625	0.1667	0.3	0.4
	Standard deviation	0.354	0.408	0.509	0.577	0.494	0.408	0.483	0.548
Eco	Mean	0.840	0	0.737	0	0.625	0.167	0.625	0
	Standard deviation	0.367	0	0.452	0	0.494	0.408	0.518	0
HH	Mean	0.1	0.45	0.923	0.118	0.857	0.25	0.833	0
	Standard deviation	.0	0.510	0.278	0.332	0.363	0.447	0.408	0
per	Mean	0.1	0.5	0.545	0.25	0.785	0.312	0.6	0.2
	Standard deviation	0	0.512	0.509	0.463	0.426	0.479	0.548	0.422

Source, own computation from sample survey

4.8. Results of logit model

Prior to see the result of logit it’s better to check the goodness of fit of the model, the problem of hetroskdestacity and multicollinearity. Accordingly, the problem of heteroskedasticity which is mostly occurring in cross-sectional data is solved by robustness of standard error.

The likelihood ratio index is used to measure the goodness of fit of the logit regression model. Accordingly, the model is fit as the λ_{LR} is greater than $X^2_{(n)}$. (Annex 6)

Regarding the problem of multicollinearity or relationship between the explanatory variables, the Coefficient of contingency for explanatory variables included in the model were computed to test whether there is strong collinearity between explanatory variables. The precision of estimating the coefficients of variables is reduced by the existence of multicolliniarity between variables that is if the explanatory variables are highly correlated it is difficult to distinguish the effects of one single explanatory variable on the dependent variable (Maddala, 1999,) Thus, the value of contingency shows that, there is no problem of strong collirelation between the explanatory variables included in the model as the value for all of the explanatory variables is less than 0.8. (Annex 7)

The results of the logit model indicate that, age of the respondents, Education status of the respondents, Marital status, Duration of clients in the microfinance institution, yearly income of

the respondents, age at marriage and non-formal education of the respondents are variables significantly affecting the commulative women's empowerment. Accordingly, religion of the respondents, form of marriage, head of family, head of family, access to media, paid work status of respondents are variables that are insignificantly affecting commulative women's empowerment in the area. Hence, the sign of all coefficients are as my prior expectations except the coefficient of form of marriage that women respondent's life with.

Religion of the respondent is insignificant to affect the commulative women's empowerment. This is may be because of the area is dominated by Muslim religion followers and the basic dogma of the religion doesn't allow women's to become bargain in the household issue, in personal issues. Though study conducted by hirut (2004), getaneh (2010) concludes that Muslim religion affecting empowerment negatively, here in the study area being more than 97 of the population is Muslim the finding of hirut (2004) and getaneh (2010) does not consistent with the area where majority of population are Muslim religion followers. Hence, the study conducted by Imran et.al, (2009), where the majority of the population is Muslim find that religion of Muslim is affecting commulative women's empowerment positively. Form of marriage is also another variable which is insignificantly affecting women's empowerment and also the coefficient of the variable are against my expectation, this is perhaps due to, women's who live in polygamy form of marriage mostly get or obtain they income from their partner and also they are dependent on every aspect on their husband and they become not decide on decision of household, on large purchases of household asset and they are not personally mobile. Furthermore it is also due to they have not their own income.

Head of family is also among one variable which is insignificant to affect commulative women's empowerment. This is mainly because of among clients and non-clients in both area, majority of them are not heads of their family being due to religion of them don't allow for them to become head of family in most cases, majority of respondents are illiterate and they are also depend on the income which comes mainly from the farm of their husband, being farm lands are belongs to their partner.

Access to media is also a variable which is insignificant at affecting cumulative women's empowerment. This is may be due to, whether women's have access to media or not they have

under the control of their partner. Accordingly, the result also indicate that most of women's are infrequent access to media, they don't have mobile phones and they watch TV or listen radio unfortunately and such kind of things does not increase their bargaining power in the household, freedom of personal mobility being most of the asset and form of media are controlled by their husband. Accordingly the result of the model reveals that, paid work is not significant in affecting empowerment of women's. this is may be due, though some clients of the institution is participating in the activities which generates independent income for them, majority of them don't participate in paid work activities which generates more income which have consistent for long period of time.

Table 4.16: estimates of Maximum likelihood of logit regression on Commulative women's empowerment

Variables	Coefficient	Robust Standard Error	Z-value (p-value)	Marginal effect
agenew	-0.0959274	0.0413137	-2.32 0.020	-0.0204877
edu	0.3369755	0.203709	1.65 0.098	0.0719695
mars	-3.815736	1.111199	-3.43 0.001	-0.4433592
rlgn	1.106808	1.485235	0.75 0.456	0.2634358
fmrgr	-0.964454	0.7819262	-1.23 0.217	-0.2241887
headfam	0.783341	0.7432386	1.05 0.292	0.1594118
agemr	1.028383	0.5552861	1.85 0.064	0.2196368
Access media	0.1696357	0.5919729	0.29 0.774	0.0362299
duration	0.4593436	0.2659358	1.73 0.084	0.0981043
inco	0.0003318	0.0001593	2.08 0.037	0.0000709
Nonforedu	1.603422	0.5926754	2.71 0.007	0.3477176
paidwork	0.4585788	0.5660005	0.81 0.418	0.1001745
No of observation= 123 Wald chi2(12) = 42.16 Prob > chi2 = 0.0000 Pseudo R2 = 0.4468				

Source, own computation

*, ** and *** indicating significant at 1%, 5% and 10% respectively

The results of variables which are significantly affecting cumulative women's empowerment are discussed below.

Age of the respondents: The results of the model indicate that, ages of the respondents are significantly affecting cumulative women's empowerment at 5 % significant level. This may be because of relatively aged women's have not decided on the decision of the household, they are not mobile from area to area being religion of also hinder them not to mobile from one area to another area without the permission of their husband. The marginal effect of the model also reveals that, as the age of respondents increase by one year the on average the probability of women to become empowered decrease by 2 % of marginal effect, *ceteris paribus*.

Education level of respondents: The result of the study reveals that, education levels of respondents are significant at 10 %. As the women's years of education increases in the formal education they become bargain in the household, participate on issues of large purchase of the household and they become empowered personally, being women's whose are having more formal education in secondary level or primary education level are considered in the study are as they are literate. The marginal effect of the model showed that, as number of years of schooling of women's increases by additional one year on average the probability of women's to become empowered increases by 7.1 % marginal change, keeping other things constant. The positive relation between educational level and women's empowerment were consistent with the findings of Parven et.al (2004) and Sara Nooreen, (2011),

Marital status: The marital status that the sample women are live with is hypothesized as negatively influencing women's empowerment at 1 %. This is due to, married women's have less power in the household as compared to widow and divorced women counterpart, have less mobile and less decision in large household purchases and sales than the widowed and divorced women's. Thus the result of the model reveals that, married women's are less likely empowered than the widowed and divorced women's keeping other variables constant.

Age at Marriage: Age at first marriage is a very useful demographic variable and it is measured in the age that the respondents marry her husband. The formation of first marriage brings important changes in a women's family situation and in her future expectations and

opportunities. Thus, the result of the model indicate that age at marriage is a significant factor and affecting women's empowerment at 10 %, the women's who married at their age of above 18 are more empowered than other who married at early years of their life. This is due to those who marry after their 18 years of old are matured in their thinking behavior, have also the capacity to bargain over household issues and also bargain on financial matters within their family than the women's who marry at earlier years of their age. A one year of increase to marry her partner on average the probability of women's to become empowered increase by 21 %, *ceteris paribus*. The result of the study is also consistent with the finding of Ismail et.al. (2011)

Duration of women's in HMFIs: The result of the model indicate that, duration of women's in the HMFIs is among the variables which is affecting women's empowerment at 10 %. This is due, the more women's are using credit from the institution the more they become bargain in the household issue, participating in finance and purchase and sale of household asset and the more they become personally mobile to involve in paid activities to generate additional income for their household. The marginal effect of the model reveals that, as the duration of women's increases the probability of them to become empowered increases by 9.8 % marginal change, keeping other variables constant. The result is similar with the findings of Hashemi, (1996).and Hirut, (2004)

Household income: Yearly household income of the respondent is also the variable that affecting women's empowerment at 5 %. This is may be due to, those women's whose household is having more income have more power in bargaining in the household, have the ability to participate more freely in the political sphere, and have more mobile in the communities. The result of the study is also similar with the findings of the study conducted by, Imran et.al, (2009).

Non Formal Education: The non-formal education is hypothesized to have positively affecting women's empowerment. Those women's having non-formal training, training related to illiteracy and political awareness have more bargaining power in the household regarding sale or buying household asset, more power share in the decision of the household and have the capacity to participate more in the political arena being participating in non-formal education is

considered in the study area as good and also women's having more non-formal education is also considered as literate and they become known in the area as negotiator in their area. The result of the model also indicates that, non-formal education is affecting empowerment at 1 %. The likelihood of women's having non-formal education to become empowered is 4.9 % odd ratio as the women's have move from having no non-formal education to having formal education. The result of the study is consistent with the findings of (Parveen and Ingrid, 2004)

4.9. Possibility of Selection Bias

There might be a possibility of women's who was empowered, having more formal education were participated in the credit program. Such possibility is causing exaggerating the effect of credit program on cumulative women's empowerment. To solve such selection bias participants in both groups is matched with non-participants by controlling for their age, education, religion, marital status, form of marriage, age at marriage and non-formal education.

After the propensity score result of the participants and the comparison group was calculated and the assumption of the propensity score matching is satisfied. That is balancing property is satisfied and the common support of the participants and non-participants is [.19467848, .91502233].

The result of comparing participants and non-participants to see whether the participants are empowered due to they participate in credit programme shows that in all almost all matching estimators participants are more empowered than non-participants because of the credit programme.

Matching clients with non-clients with Nearest neighborhood matching Estimator

The result of the model shows that, the microcredit program have a significant effect on women's clients to become empowered with the nearest neighborhood of matching. Clients of Harari microfinance clients are 33 % empowered than the non-clients. The t-statistics also shows that the impact of credit on clients to become empowered is significant at 10 %.

Table 4.17: Average treatment on treated for the outcome variable in all matching estimator

Outcome variable	Matching estimator	participants	Non participants	ATT	t-statistics
Cumulative women's empowerment	Nearest neighborhood	78	28	0.327	1.833***
	Kernel	78	43	0.289	2.373**
	Radius	11	13	0.370	1.791***
	stratification	77	44	0.399	6.076*

Source, own computation from sample survey

*, ** and *** shows significant at 1%, 5% and 10% significant level

Matching with kernel estimator

The result of the model is also shows that the microcredit program is significant to affect women have to become empowered. Matching with kernel shows that the impact of credit on clients to become empowered is significant at 5 %. The impact of the credit provided to clients to become empowered is 30 % for clients of HMFI.

Matching with radius estimator

Regarding matching participants and non-participants in radius matching mechanisms, the result from the model is also explain similar to what other matching mechanism is explaining. The micro credit programme have 37 % impact on women's who are participating to become empowered. This is also significant at 10 % significant level

Matching with Stratification estimator

The result from the stratification matching mechanism is also having significant effect on participants to become empowered at 1% significant level. Participants are 40% empowered than non-participants due to they participate in the Harari microfinance institution.

CHAPTER FIVE

CONCLUSION AND RECOMENDATION

5.1. Conclusion

Microfinance programmes targeting women becomes a major policy of most developing countries to empower women mainly rural women's and also have momentous potential for contributing to women's economic, social and political empowerment. Microfinance industry in Ethiopia is established after the mid 1990's with the issuance of microfinance by the Ethiopian government. Now a day it has made remarkable progress over the past decade, reaching almost two million clients in a country of around 80 million people. Accordingly, the microfinance in Harari region is new in its structure which began its operation in August 2006. With this the current study assesses the impact of microfinance on women's empowerment in rural woreda's of Harari region.

To conduct the study primary and secondary data were used along with structured interview, group discussion and interview management bodies of HMFI at different levels. The study used 123 respondents as a sample from rural woreda's of the region, among 123 respondents taken for the study 48 of them are matured clients, 30 incoming clients, 30 non-clients lived in programme area and 15 non-client respondents from non programme area was taken for the study. Henceforth, descriptive results and Binary logistic model were employed to analyze the result. Matching, P-value, t-test, and chi-square were also employed to compare the matured clients, incoming clients, non-clients in programme area and non-clients in non programme area.

Participating in the credit policy makes women clients to have better access and control over resource, contributing better improvement in their saving and income level. Accordingly, matured clients are better access and control over resource than other groups, and incoming clients were also better access and control over resource than non-clients in resides in both programme area. Concerning the saving and income level of respondents, Wilcoxon Mann – Whitney test was computed to see the difference between the groups. The result reveals, matured clients have better improvement in saving and income level than the other groups and there is

also a difference in saving and income level between incoming clients and non-clients lives both programme area.

Four different dimensions were employed to measure commulative women's empowerment. Economic empowerment, personal empowerment, household (family), political empowerment dimensions were employed to measure CWE and accordingly in each dimension there are indicators that measures dimension. The result of the descriptive analysis indicating that, out of the total respondents 72 of them are empowered and 51 of them are not empowered. Hence, in each dimension matured clients are better empowered than the incoming clients and non-clients reside in both programme and non programme area.

Binary logistic regression model were employed to see the effect of explanatory variables on the commulative women's empowerment. The result from the logistic regression reveals that, out of the total 12 explanatory variables 7 of them are significantly affecting comulative women's empowerment and the remaining 5 of them are insignificant. Age of the women's respondents, marital status of women's, education level of women's, age at marriage, their duration in the HMFI, income of the family, and non-formal education of women's are variables that are significantly affecting comulative women's empowerment. Form of marriage, head of the family, religion of respondents, access to media and paid work variables are the variables which can insignificantly affecting women's empowerment according to the result of binary logistic regression.

Propensity score matching were also employed to minimize the self-selection that may exaggerate the result. Accordingly, the result of four different matching estimators shows that women clients of HMFI are empowered more than the non-clients because of they participate in the credit programme.

5.2. Recommendation

Based on the findings of the study, the following recommendations are given.

- a. The Harari microfinance institution will give awareness, training and informing about the credit provided by them for women's who have not any kind of information about the

institution basically for non-clients lives in Erer rural woreda. Such broadening of its service in all almost all of the rural woreda will make the poor rural women's to be out of the root hidden poverty by increasing their income level. Beyond this, considerable change would be registered in women's empowerment if the majority of vulnerable rural poor women's have the access and opportunity to receive supportive micro-financing service. Furthermore, HMFI should provide in nearby rural woreda's by increasing its human resource and financial capacity to improve the awareness of the society.

- b. The result of the descriptive analysis shows that matured and incoming clients is better than the non-clients resides in both programme area in their saving level and access and control over resources. Thus, by cooperating with concerned woreda's level Administration body's the HMFI management bodies will create conducive environment and giving awareness about the institution, its mission, and how their saving level and access and control over the resource will increase for non-clients in programme and non programme area.
- c. Moreover, the results of the logistic regression shows that, income of the family were one of the variable which is significantly affecting women's empowerment. Thus concerned body of the region, concerned body of HMFI and woreda level Administration body's by cooperation will give attention to increase the income the population by giving them training how to mobilize their income and how they can boost their income. The concerned body of HMFI will also take in to consideration that his clients are better income and by taking this result as a bench mark and giving awareness creation for those non clients in the rural area how to increase their income level.
- d. Age of the women's are negatively affecting commulative women's empowerment, thus HMFI will enhance and mobilize relatively aged women about the importance of the credit provided by them to make them empowered in all aspects.
- e. Paid work activity job is the variable which is not significantly affecting women's empowerment according to the study. Thus, concerned body of HMFI will give awareness on the means of diversifying women's income generation activity. HMFI will also provide important directives which women's could easily implement by themselves in order to generate considerable change for themselves and for their family.

- f. Most of the non-clients in all of the rural woreda's are not participated in the credit policy mainly because of lack of guaranty. The women who have not any kind of guarantee are abstained from the group mainly those who are widow and divorced. Thus, the HMFI will open the option of including or participating such non clients by collaborating with the concerned body of woreda or kebele level administration body's to solve the problem. Accordingly, most of non-clients were not participating in the programme because of the problem related with interest rate. The Harari microfinance institution will also facilitate and open the channel in such away such non clients will participate in the credit programme.
- g. Accordingly, beyond financial support the contribution of microcredit is essential to empowering women's. More linkage should be made with institutions that are directly working on gender mainstreaming to empower rural women's along dimension of economically, household, personally and politically. furthermore the institution will see the factors which lead poor rural women's not to be empowered and providing a better lending strategy which is focusing on effective supervision, training and approval of appropriate loan size to empower women's.

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Annex

ANNEX 1. List of Microfinance Institutions in Ethiopia

1. Addis Credit and saving Institutions S.C (ADCSI)
2. Africa Village Financial services S.C (AVFS)
3. Agar Microfinance S.C
4. Amhara Credit and Saving Institutions S.C (ACSI)
5. Asser Microfinance Institution
6. Benishangul-Gumuz Microfinance S.C
7. Bussa Gonofa Microfinance S.C
8. Dedebit Credit and Saving Institutions S.C (DECSI)
9. Dire Dawa Microfinance S.C (Dire)
10. Digaf Microfinance S.C
11. Eshet Microfinance S.C
12. Gasha Microfinance S.C
13. Ghion Microfinance S.C
14. Harari Microfinance S.C
15. Letta Microfinance S.C
16. Meket Microfinance Institution
17. Meklit Microfinance S.C
18. Metemamen Microfinance S.C
19. Oromia Credit and saving S.C (OCSSCO)
20. Omo Microfinance S.C
21. Poverty Eradication and Community Empowerment Microfinance Institutions S.C
22. Specialized Financial and Promotional Institutions S.C (SFPI)
23. Shashimene Eddir Yelimat Agar S.C (SEYAMFI)
24. Sidama Microfinance S.C
25. Wasasa Microfinance S.C
26. Wisdom Microfinance S.C
27. Walko Microfinance institution S.C
28. Harbu Microfinance S.C
29. Gambela Microfinance S.C
30. Lefayeda Credit and Saving S.C
31. Dynamic Microfinance Institution S.C
32. Somali Microfinance S.C

Annex 2: conversion factor used to estimate tropical livestock

Ox, cow	1.0
Sheep and donkey	0.13
donkey	0.7
chicken	0.013

Source, Desale, (2008, cited in ferdisa, 2012)

Annex 5: Coefficient of correlation for dummy variables

	agenew	edu	mars	rlgn	fmrgr	Hdfam	agemr	accmed	durat	Inco	nonfor	paidwork
agenew	1.00											
edu	-0.35	1.00										
mars	-0.246	0.07	1.00									
rlgn	0.029	-0.28	-0.03	1.00								
fmrgr	0.08	0.03	0.08	0.02	1.00							
Hdfam	0.27	-0.08	-0.55	-0.005	-0.01	1.00						
agemr	0.1	-0.12	-0.15	-0.01	-0.08	0.07	1.00					
accmed	-0.26	0.14	0.01	-0.06	-0.16	-0.12	0.16	1.00				
durat	0.12	-0.18	0.13	0.05	0.01	-0.12	-0.04	0.11	1.00			
Inco	0.15	-0.11	0.24	0.12	-0.00	-0.08	-0.06	0.18	0.66	1.00		
nonfor	0.11	0.03	0.02	-0.01	0.005	0.04	-0.01	0.16	0.32	0.26	1.00	
paidwork	-0.168	0.09	-0.01	-0.05	-0.13	-0.009	0.08	0.22	0.22	0.26	0.26	1.00

Annex: 7

Goodness of fit of model is calculated by

$$\lambda_{LR}=2[\text{Log } L_u - \text{Log } L_r]$$

Where $\text{Log } L_u$ is the maximized unrestricted log likely hood function for the full model and $\text{Log } L_r$ is the restricted log likely hood function estimated with constant term only.

λ_{LR} is The $X^2_{(n)}$ distribution with (n) degrees of freedom where (n) is the number of independent restriction. The result of the model shows that $2[-46.515243 - [-83.455608]]$ which is equal to 73.88. which is by far greater than the critical value of 42.71 which is significant at 1% significant level. thus, the λ_{LR} is greater than $X^2_{(n)}$ implying we reject the null hypothesis that is the entire slope coefficients are equal to zero.

INTERVIEW SCHEDULE

Microfinance and Rural women's Empowerment in Rural Woreda's of Harari Region (Matured and Incoming clients)

(Please make use of ~ for relevant option/cell and fill in the blanks where necessary)

1. GENERAL CHARACTERISTICS

ID code	1.1. Age of the respondent	1.2 Religion 01- Muslim 02- Orthodox 03- protestant 04- catholic	1.3. Education level	1.4. Marital status 01- Married 02- Widow 03- Single 04- divorced
			0 for illiterate	

--	--	--	--	--

ID code	1.5. Is your husband living with you? <i>01- yes</i> <i>02 - No</i>	1.6. Marital Status <i>01 – Polygamy</i> <i>02- Monogamy</i>	1.7. If your answer for Question 1.8 is 01 (polygamy), do you pay land tax by your name? <i>01- Yes</i> <i>02-no</i>	1.8. Family size <i>01 – two</i> <i>02 – three to five</i> <i>03– six to eight</i> <i>04-Over eight</i>	1.9. Head of family <i>01 – myself</i> <i>02–husband</i> <i>03-Other specify</i>

ID code	1.10. number of children's <i>01 – no</i> <i>02 – two and less</i> <i>03 – three to five</i> <i>04 - six to eight</i> <i>05 – above eight</i>	1.11. Number of sons. <i>01 – one</i> <i>02 – two to four</i> <i>03 – five to eight</i> <i>04 – above eight</i>	1.12. Family structure <i>01 – joint</i> <i>02 - nuclear</i>	1.13. Age at marriage <i>02 – 13 to 18</i> <i>03 – 19 and above</i>	1.14. Job status <i>02 – house wife</i> <i>02–agriculture</i> <i>03- Business</i> <i>04-Govt Employer</i> <i>05-Private</i> <i>06-Laborer</i> <i>07-Other specify</i>

ID code	1.15Age of the husband	1.16 Age at marriage <i>01- 12 – 18</i> <i>02- > 19 and above</i>	1.17Education level	1.18Jobstatus/occupation <i>01- Farmer</i> <i>02- Military</i> <i>03-Government employee</i> <i>04- Laborer</i> <i>01- Job less</i> <i>06- Other (specify)</i>
			0 for illiterate	

2. FACILITIES AT LOCAL LEVEL

2.2. Would you attend any kind of training related with literacy, loan utilization, education and political awareness given in your locality?

01. Yes..... 02. No.....

2.3. Would you state distance to your nearest market.....?

3. PAID WORK OF WOMEN

3.1 Are you currently involved in paid work? 1-Yes 2-No

3.2 Do you think that women should be involved in paid work 1-Yes 2-No

3.3 Please give one main reason for non-involvement of women in paid job.....

.....

4. EXPOSURE TO MASS MEDIA

4.1 Do you have access to any kind of media?

01. No access..... 02. Infrequent access..... 03. Frequent access.....

If your answer for question 4.1 is no access you should have skip 4.2, 4.3, and 4.4

4.2 How frequently you use the following media

s.no	Types of media	Tendency of listening/watching/reading		
		Often	Rarely	Never
i	How often do you listen radio			
ii	How often do you watch TV			
iii	How often do you read news paper			

4.2 your favorite program

s.no	Types of media	Programs/topic		
		Entertaining	Informative	Women's related
i	Radio			
ii	TV			
iii	Newspapers/magazines			

4.2 to what extent the following media increases you knowledge

s.no	Media/Information source	To great extent	To some extent	Not at all
i	Radio			
ii	TV			
iii	Newspaper, Newsweek, etc.			
iv	Family, friends and relatives			
v	Social or health workers			

5. Women's access and control over resources

5.1. Did you have a house before you join the credit program?

01- Yes..... 02- no.....

5.2. If your answer for Question 5.1. Is yes, what is the ownership status?

01-Personal..... 02-Rented.....03-Rent free.....

04-Government.....05-Joint..... 06-other (specify).....

5.3. If your answer for Question 5.1. is No, did you have a house after join the program?

01- Yes..... 02- No.....

5.4. If you have a house what is the condition of the house?

01- Poor quality.... 02- medium quality..... 03- good quality.....

5.5. If you have a house what is its market value before the loan? Specify in birr.....

5.6. During the program period, is there any improvements or additions made

To your home that costs more than birr 100?

01- yes..... 02- no.....

5.7.If yes, indicate the type of improvement (more than one answer is possible)		Year of improvement	Amount of expense in birr	What was the source of funds for improvements or addition		
				1.borrowed money	2.Income from business finance by loan	3.if other sources specify
type	mark					
House repairs or improvement (improved existing roof, floor walls...)						
House expansion (built new room, shed, attic, or fence...)						
Additional House(built new , Additions karkoro bet...)						
Improved water or sanitation system (new well, drainage!sewage system showers-latrines-wash Basin...)						
Lighting!electricity						
Others!specify						

5.8. The area of land that your families have.....hectars

5.9. Please indicate your asset before and after joining the program

Asset type	Acquired		Where the asset is used? mark				How the expense was covered? mark			
	Number of asset owned before the program	Number of asset owned after the program	Before the program		After the program		Before the program	After the program		
			For house	For business	For house	For business	Specify the sources	Borrowed money it self	Income activities financed by loan	If other specify
Ox										
Cow										
Camel										
Donkey										
Goat										
Sheep										
Hen										
Bee										
Garment										
Ornaments										

Plow										
Hoes										
Sickles										
Cooking										
Stoves										
Machinery										
Pushcart										
Bicycle										
Chair										
Table										
Radio										
Tape player										
Bicycle										
Frame bed w/ mattress										
Refrigerator										
Television										
Granary										
Stock room										
Kiosk										
Shop										
Motorcycle										
Car/pick-up truck										
Tractor										
Please list if she has any personal asset she can										

5.10. How do you evaluate the impact of HMFI program to improve your access and control over resources?

- 01- Very high 02- high 03- medium 04- low 05- very low 06- no impact
07-Negative impact 08- don't know

6. Credit facilities and credit group

6.1 When did you first join HMFI's program? Year..... Month.....

6.1. How did you first come to know about HMFI's credit?

- 01-HMFI staff..... 02-Household member's..... 03-Friends
04-Local administration
05-Others (Specify).....

6.2. Who initiated you to join HMFI credit group?

- 01-Self.....02-HMFI's staff..... 03-Husband..... 04-Friends.....
04-Local administration.....

- 05-*Others (Specify)*.....
- 6.3 How did you take the loan from HMFI?
 01- *In group*..... 02- *Individually*.....
 03- *Other specify*....
- 6.4. If it is in group, how many members are there in the group?_____
- 6.5. What is the relation of members to you?
 01- *Relatives*..... 02- *Neighbors*..... 03- *friends*.....
 04- *Both 01and02*..... 05- *Both 01 and 03*
 06- *Both 02 and 03*
 07-*all 3 4-others/specify*_____
- 6.5.In how many cycles did you take loan from HMFI?
- 6.7. Was the loan sufficient to undertake your intended purpose?
 01- *Yes*..... 02- *No*.....
- 6.8. Did you spend the entire loan on your intended purposes?
 01- *Yes*..... 02- *no*.....
- 6.10. Did you ever absent from group meeting?
 01-*Yes*..... 02-*No*.....
- 6.11. **If the answer for Question 6.6 is YES, why?**
 01-*Illness*..... 02-*Workload* 03-*Influence from husband*.....
 04-*Social commitment*.....
 05-*Other (Specify)*.....
- 6.12. Do you see any advantage from participating in group meeting other than accessing the loan?
 01-*Yes*..... 02-*No*.....
- 6.13. Did you ever borrow money before HMFI?
 01-*Yes*..... 02-*No*.....
- 6.14. **If the answer for Question 6.6. is YES, what was your main source?**
 01-*Eqquib*..... 02-*Freiends and relatives*..... 03- *Service cooperative*.....
 04- *Money lenders*..... 05- *Government projects*.....
 06-*Other (Specify)*.....
- 6.15. How much amount of loan you borrowed from HMFI.....ETB
- 6.16. Whose initiative was to take your last loan?
 01-*Self*..... 02-*Husband*..... 03-*Self and Husband*.....
 04-*HMFI's staff*..... 05-*Group members*.....
 06. *Other (Specify)*.....
- 6.17. How many years did you take loan since you joined the credit group/ HMFI
 01-*One*..... 02-*Two*..... 03-*Three*.....
 04-*Four* 05-*Five* 06-*Six*.....
- 6.18. Who made the decision on the amount/ size of your last loan?
 01-*Self*..... 02-*Husband* 03- *Self and husband*.....
 04-*HMFI staff*..... 05-*Group members*.....
 06-*Other (Specify)*.....

- 6.19. Who is responsible to repay the loan in your household?
01-Self..... 02- husband..... 03-Self and husband.....
04-Other (Specify).....
- 6.20. Did you ever encounter loan repayment problem? *01-Yes..... 02-No.....*
- 6.21. **If the Answer for Question No 6.16 is YES**, what is the major cause?
01-Low Profitability of business activity.....
02-Use of loan for consumption.....
03-Misuse of Loan by husband.....
04-Other (Specify).....
- 6.22. Did you ever engage in income generating activities to earn independent income before joining HMFI credit group?
01-Yes..... 02-No.....
- 6.23. For what purpose does your household often use HMFI's loan fund?
01-Economic activities..... 02-Education and clothing.....
03-Food consumption.....
04-Other (Specify).....
- 6.24. Who made the final decision on how to spend your last loan?
01-Self..... 02- husband..... 03-Joint (Self & husband).....
04-Other (Specify).....
- 6.25. Who is responsible to manage the loan fund in your household?
01-Self..... 02- husband..... 03-Self and husband.....
04-Other (Specify).....
- 6.26. Did you ever influence decisions on the use of the loan fund? *01-Yes..... 02-No.....*
- 6.27. Was there any conflict within your household on the use of the loan fund?
01-Yes..... 02 No.....
- 6.28. How much income you earned from your business or any other related activity that you use it after you borrowed the loan from HMFI.....
- 6.29. How much do you contribute to the family expenditure/expenses from your own earning?
01 – At all..... 02- Most of all..... 03- Half..... 04- None.....
- 6.30. When you are deciding to undertake business, what factors do you consider?(Multiple answers possible.)
 01- Work I am familiar with.....
 02- Whether the product or service appears to be profitable because there seems to be a high demand
 03 - How much working capital is needed/ whether I have enough money.....
 04- Whether I can do it and still take care of my family and other responsibilities.....
 05- To diversify overall business and/or income.....
 06 - Other (specify) -----
 08 - Don't know.....

7 Income and saving of respondent

I Income

Would you please State and list the sources of income and the average amount of yearly income for your family

Before the loan		After the loan	
Source of income	Amount of income in birr per year	Source of income	Amount of income in birr per year
Average yearly income		Average yearly income	

7.1a. If your sources of income are increased, do you think that it is because of the loan program that you got from HMFII?

01 - Yes..... 02 - No.... 88 - don't know

7.2a. If the amount of income is increased, do you think that it is because of the loan program that is provided to you by HMFII?

01 - Yes 02 - No 88 - don't know

7.3a. what happened with your overall household income during the last 1 year?

01 - Increased Greatly 02 - Increased 03 - Stayed the Same
04 - Decreased Greatly 05 - Decreased 88 - Don't Know

7.4a. If your house hold income increased at all, is that because of the loan programme?

01 - Yes 02 - No 88 - don't know

7.5a. what happened during the last 1 year with your personal income that you have been able to earn...?

01 - Increased Greatly 02 - Increased 03 - Stayed the Same
04 - Decreased Greatly 05 - Decreased 88 - Don't Know

7.6a. **If your answer for Question 7.5a is decreased at all, Why did your income decrease?**

(Multiple answers possible)

- 01- Household member has been sick/died
- 02- Household member has been married
- 03- Natural disaster (flood, earthquake...)
- 04- Poor agricultural season
- 05- Poor sales
- 06- Could not collect credit sales
- 08- Other (specify) _____
- 88 - Don't know

7.7a. **If your answer for Question 7.5a is increased at all, Why did your income increase?**

(Multiple responses possible)

- 01 - Expanded existing enterprise
- 02- Undertook new enterprise 03 - Good agricultural season
- 04 - Sold in new markets 05 - Increase in demand/sales

06 - Other (specify) _____

88. Don't know

7.8a. would you invest any of the last loan you took from the HMFI program into an income-making activity?

01 - Yes 02 - No 88 = Don't know

7.9a. **If your answer for Question 7.8a is yes**, in which kind of activity did you invest the last loan?(Multiple responses possible)

01 - Commerce/trade/retail (includes petty trade)

02 - Manufacturing (includes food processing, textile production, crafts, leather work)

03 - Service (includes hairdressing, restaurants, food stalls, shop, cleaning services)

04 - Agriculture (includes food or other crop production, animal raising)

05 - Business inputs (Machinery, fertilizer...)

06 - Did not invest the loan in an income-generating enterprise

88 - Don't know

7.10a. **If your answer for Question 7.8a is no**, in which kind of activity would you invest the last loan? (Multiple answers possible)

01 - Buy food for your household

02 - Buy clothes or other household items

03 - Give or loan the money to your spouse or someone else

04 - Keep money on hand in case of an emergency or to repay the loan

05 - To repay other debt

06 - For house/land improvement or purchase

07 - To spend on a celebration, like a wedding, etc.

7.11a. How do you evaluate the impact of ACSI program to increase your source and level of income?

01-very high 02-high 03- medium 04- low 05-very low

06-no impact 07-negatively affect 88-Don't know

7.12a. If negative, please explain;

II SAVING

ID Code	7.1b. Have you ever saved income before joining the credit group? 01-Yes 02-No	7.2b. If the Answer for Question 9.1b is YES , in what form? 01-In cash 02-In kind	7.3b. If the answer for question 9.2b is in cash (01) , where did you saved? 01-Equib 02-With husband 03-with relatives & friends 04-By myself 05-Other (Specify)
1			
2			

ID Code	7.4b. Do you currently have a voluntary saving account with HMFI? 01-Yes 02-No	7.5b. If the Answer for Question No.9.4b is YES , does your husband know about your voluntary saving ? 01-Yes 02-No	7.6b. If the answer for Question 9.5b is YES , what is the source of income for your voluntary saving ? 01-Own loan funded activity 02-Own none loan funded activity 03-Husband 04-Other (Specify)
1			

2			
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ID Code	7.7. If your answer for Question No. 9.4b is yes , during the last 12 months, has your personal cash savings...? 01- increased greatly 02 increased 03 decreased greatly 04 Decreased 05 Stayed the same	7.8. What is your current total amount of voluntary saving in birr? _____	7.9b. Where do you keep your saving? 01- HMFI branch 02 with friends/relatives 03 at home 04 at Bank 05 at village money lender	7.10b. What is the major source of cash for compulsory saving (5%) required before taking any loan? 01-Own business activity 02- husband 03-Other (Specify)
1				
2				

ID Code	7.11b. What is the source of income for the monthly installment of compulsory saving requirement (after taking the loan)? 01-Own loan funded activity 02-Own none loan funded activity. 03-Spouse 04-Other (Specify)	7.12b. Do you save income from loan- funded enterprise other than with HMFI (equib, relatives, etc)? 01-Yes 02-No	7.13b. If the answer for Question No.9.12b is YES , does your husband know about this saving account? 01-Yes 02-No	7.14b. For what purpose do you use your savings? 01-Food 02-Asset 03-expand business 04-Clothing 05-Other (Specify)
1				
2				

ID Code	7.15b. Who decided to use the savings in these ways? (indicate if there is joint decision) 01 My self 02 husband 03/father 04-son 05-mother 6/ other/specify with sex _____	7.16. What would you have done if you did not have these savings available? 01- sold household assets 02-borrowed from friends/relatives/neighbors (cost free) 03-borrowed at cost 04others/specify _____ 88-Don't know	7.17b. How do you evaluate the impact of HMFI program in improving your saving habit? 01-very high 02-high 03- medium 04- low 05-very low 06-no impact 07-negatively affect 88-Don't know	7.18b. If negative, please explain
1				
2				

8. ECONOMIC RESOURCE CONTROL AND EMPOWERMENT OF WOMEN

PART I ECONOMIC RESOURCE CONTROL

ID Code	8. 1 What is the main source of living for	8.2. what is the second source of living for	8.3. What is your (personal) 2 main
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	your household? <i>01-Agriculture</i> <i>02-Livestock Rearing</i> <i>03-01 and 02</i> <i>04-business and trade</i> <i>05. gov't employer</i> <i>06- labourour</i> <i>07-Other (Specify)</i>	your household? <i>01- Agriculture</i> <i>02-livestock</i> <i>03-business and trade</i> <i>04- gov't employer</i> <i>05- labourour</i> <i>06-Other (Specify)</i>	source of cash income (rank)? <i>01- Agriculture</i> <i>02-livestock</i> <i>03-business and trade</i> <i>04- gov't employer</i> <i>05- labourour</i> <i>06-Other (Specify)</i>
1			
2			

ID Code	8.4. Does your household have land registered in its name? <i>01-Yes</i> <i>02-No</i>	8.5. If the Answer for Question No 10.4 is YES, who has use right? <i>01-Self</i> <i>02-Husband</i> <i>03-Self and husband</i> <i>04-Family members</i> <i>05-Other (Specify)</i>	8.6. Does your household own any livestock? <i>01-Yes</i> <i>02-No</i>	8.7. If the Answer for Question No 10.6 is YES, to whom does it belongs? <i>01-Self</i> <i>02-Husband</i> <i>03-Self and husband</i> <i>04-Family members</i> <i>05-Other (Specify)</i>
1				
2				

ID Code	8.8. Do you have any livestock, which only belongs to you? <i>01-Yes</i> <i>02-No</i>	8.9. If the Answer for Question is No 10.8 is YES, how did you acquire the livestock? <i>01-Through HMFI's loan</i> <i>02-Gift from parents</i> <i>03-Gift from husband</i> <i>04-Other (Specify)</i>
1		
2		

PART II ECONOMIC EMPOWERMENT

8.10 Who have the final say in following?

s.no	indicators	wife	husband	both	others
i.	Routine household spending				
ii.	women's access to formal sector employment				
iii.	Purchasing gifts for relatives				
iv.	Control the saving for use				
v.	Purchasing clothes and make up articles				
vi.	Own and control household valuable				
vii.	Sale or exchange of land/house/livestock				
viii.	Borrowing from relatives or informal sources				
ix.	Purchasing children's clothes				

x.	Education expense of children				
xi.	Purchasing medical treatment of family				
xii.	House repair and construction				

9. political EMPOWERMENT

9.1 Who have the final say in following?

s.no	Indicators	yes	no
i.	Do you have awareness of any political issue?		
ii.	Do you discuss the problems of local people at any forum?		
iii.	Do you attend the speeches of election contestants?		
iv.	Do you vote to the candidate of your own choice?		
v.	Do you Voting according to own decision?		
vi.	Do you update yourself about the changing political situation?		

9.2. Awareness about rights

9.2.1. Please give answers to following statements

s.no	Statement/Indicators	yes	no
i.	Legally does daughter and son have equal share in their father's property?		
ii.	Legally does a wife get half of her husband's property after his death?		
iii.	Do you aware of the significance of registering marriage;		
iv.	Legally does a man has right of second marriage without permission of first wife?		
v.	Do you think that women has right to choose her life partner		
vi.	Do you have any knowledge about Women Protection Bill?		
vii.	Did your parents make any written agreement about your economic security, with your in-laws or husband at the time of your marriage?		
viii.	Do you think that there is a need to make such agreement (mentioned in part vii)?		
ix.	Do you intend get your share of property from your parents?		

10. GROUP PARTICIPATION AND WOMEN'S SOCIAL NETWORKING

10.1 Are you member of any women club/association/group 01-Yes 02-No

10.2 If your answer for question 11.1 How long you are a member it

01- One year 02- Two year 03- Three years 04- Four years
05-More than five year

11. WOMEN PARTICIPATION IN DISCUSSIONS and HOUSEHOLD (FAMILY)

EMPOWERMENT OF WOMEN'S

11.1 Who commonly make decision about following matters?

s.no	Indicators/Decision about...	Decision maker			
		Wife	Husband	Both	others
i.	Family health care				
ii.	Buying respondent's traditionally				
iii.	Making routine household purchases				
iv.	Children education				
v.	Family size				
vi.	Family planning services				
vii.	Job of women				
viii.	Entertaining guests				
ix.	Medical treatment of the household member				
x.	Children's marriage				

15. PERSONAL (MOBILITY) EMPOWERMENT OF WOMEN

15.1 How much you are mobile within your community, whether you need permission of husband/elders and with whom you are allowed to go out to following places

s.no	Indicators	Permission needed		You are allowed to go to.....			
		yes	no	alone	With child	With adult	Not at all
i.	Local market for purchases						
ii.	Local health centre/doctor's clinic						
iii.	Neighborhood for gossip						
iv.	Home of relatives/ friends						
v.	Other city or village						
vi.	Cinema, festival or village fair etc.						
vii.	Helping your family with your money						

16. WOMEN'S WILLINGNESS FOR CHANGE

ID Code	16.1. Is there any change in your life because of your participation in HMF Credit program? <i>01-Yes</i>	If the Answer for Question 16.1. is YES what are the changes in terms of your
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	02-No	16.2. Participation in economic activities? 01-Created self-employment 02-Expanded pre-existed business 03-Involved in new business 04-Other (Specify)	16.3. Work? 01-Increased 02-Decreased 03-No change	16.4. Responsibilities? 01-Increased 02-Decreased 03-No change
1				
2				

ID Code	If the Answer for Question 16.1 is YES what are the changes in terms of your		
	16.5. Access to independent income? 01-Increased 02-	16.6. Contribution to household income? 01-Increased	16.7. Participation in public sphere? 01-Improved
1			
2			

19.3 Describe the factors that you think hinders women’s empowerment in your area.....

INTERVIEW SCHEDULE (For Non-clients)

(Please make use of ~ for relevant option/cell and fill in the blanks where necessary)

1. GENERAL CHARACTERISTICS

ID code	1.2. Age of the respondent	1.2 Religion 01- Muslim 02- Orthodox 03- protestant 04- catholic	1.5. Education level 0 for illiterates	1.6. Marital status 05- Married 06- Widow 07- Single 08- divorced

ID code	1.5. Is your husband living with you? 01- yes 02 - No	1.6. Marital Status 01 – Polygamy 02- Monogamy	1.7. If your answer for Question 1.8 is 01 (polygamy), do you pay land tax by your name? 02- Yes 02-no	1.8. Family size 01 – two 02 – three to five 03– six to eight 04-Over eight	1.9. Head of family 03 – myself 02–husband 03--Other specify

ID code	1.10. number of children's 01 – no 02 – two and less 06 – three to five 07 – six to eight 08 – above eight	1.11. Number of sons. 01 – one 02 – two to four 03 – five to eight 04 – above eight	1.12. Family structure 01 – joint 02 – nuclear	1.13. Age at marriage 02 – 13 to 18 03 – 19 and above	1.14. Job status 04 – house wife 02 – agriculture 03 – Business 04 – Govt Employer 05 – Private 06 – Laborer 07 – Other specify

Profile of husband

ID code	1.15 Age of the husband	1.16 Age at marriage 01 – < 15 02 – 16 – 18 03 – > 19 and above	1.17 Education level 0 for illiterate	1.18 Job status/occupation 01 – Farmer 02 – Military 03 – Government employee 01 – Laborer 02 – Job less 07 – Other (specify)

2. FACILITIES AT LOCAL LEVEL

2.2. Would you attend any kind of training related with literacy, loan utilization, education and political awareness given in your locality?

01. Yes..... 02. No.....

2.3. Would you state distance to your nearest market.....?

3. PAID WORK OF WOMEN

3.1 Are you currently involved in paid work? 1-Yes 2-No

3.2 Do you think that women should be involved in paid work 1-Yes 2-No

3.3 Please give one main reason for non-involvement of women in paid job.....

.....

4. EXPOSURE TO MASS MEDIA

4.1 Do you have access to any kind of media?

01. No access..... 02. Infrequent access..... 03. Frequent access.....

If your answer for question 4.1 is no access you should have skip 4.2, 4.3, and 4.4

4.2 How frequently you use the following media

s.no	Types of media	Tendency of listening/watching/reading		
		Often	Rarely	Never
i	How often do you listen radio			
ii	How often do you watch TV			
iii	How often do you read news paper			

4.2 your favorite program

s.no	Types of media	Programs/topic		
		Entertaining	Informative	Women's related
i	Radio			
ii	TV			
iii	Newspapers/magazines			

4.2 to what extent the following media increases you knowledge

s.no	Media/Information source	To great extent	To some extent	Not at all
i	Radio			
ii	TV			
iii	Newspaper, Newsweek, etc.			
iv	Family, friends and relatives			
v	Social or health workers			

5. Women's access and control over resources

5.1. Do you own a house? 01- Yes 02- No

5.2. If yes, what kind? (In local language)

01-korkoro bet 02-yesar Gojo 03-01 and 02 04-others/specify.....

5.3. How much was its construction cost in birr?

5.4. How much is it's estimated value in birr? (with its appearance at the time you joined the program).....

5.5. Is there any improvements or additional made for your house which cost above 100 birr for the past three years period?

01- Yes 02- No

5.7.If yes, indicate the type of improvement (more than one answer is possible)	Year of	Amount of expense in b	What was the source of funds for improvements or addition		
			1.borrowedm	2.Income from	3.if other

type	mark	improvement		y	business finance by loan	sources specified
House repairs or improvement (improved existing roof, floor walls...)						
House expansion (built new room, shed, attic, or fence...)						
Additional House(built new , Adda korkoro bet...)						
Improved water or sanitation system (new well, drainage!sewage system showers-latrines-wash Basin...)						
Lighting!electricity						
Others!specify						

5.7. If you do not have house, do you think you will build or buy house in the near future?

01- Yes 02- No

5.8. If yes, what will be your source of fund?

5.9. Do you own any business?

01- Yes 02- No

If yes, what type?

If no, why

5.10. Do you own the following asset	Acquired		Where the asset is used? mark				How the expense was covered? mark			
	Number of asset owned before the program	Number of asset owned after the program	Before the program		After the program		Before the program	After the program		
			For house	For business	For house	For business	Specify the sources	Borrowed money it self	Income activities financed by loan	If other specify
Ox										
Cow										
Camel										
Donkey										
Goat										
Sheep										
Hen										
Bee										
Garment										
Ornaments										
Plow										
Hoes										
Sickles										
Cooking										

Stoves										
Machinery										
Pushcart										
Bicycle										
Chair										
Table										
Radio										
Tape player										
Bicycle										
Frame bed w/ mattress										
Refrigerator										
Television										
Granary										
Stock room										
Kiosk										
Shop										
Motorcycle										
Car/pick-up truck										
Tractor										
Please list if she has any personal asset she can										

5.11. If you would have access to microfinance program, to what extent it would improve your access to and control over assets?

- 01- Very high 02- high 03- medium 04- low 05- very low 06- no impact
07-Negative impact 88- don't know

6. Credit facilities and credit group

6.1. Have you ever taken loan from any MFI?

1=yes 0=No

6.2. Have you heard about the services of HMFI?

1=yes 0=No

6.3. if your answer for question 8.2 is yes from whom you heard?

- 01-Self motivation 02-HMFI's staff 03-Husband 04-Friends
04-Local administration 05-Others (Specify)

6.3 if you don't participate in the services provided by HMFI, what is your reason don't participate?.....

6.4. How much you are interested to participate if any MFI services would available in your kebele?

- 01-very high 02-high 03- medium 04- low 05-very low
06-no need 88-Don't know

6.5. Have you ever been take loan from other source other than MFI?

01-Yes

02-No

6.6. If your answer for question 8.5 is yes, from where you take loan?

01- Neighbors, Relatives, Friends (cost free)

02- Village money lenders (at cost) 03- Bank

04-Other development programs 05- others/specify _____

7 Income and saving of respondent

I Income

Would you please State and list the sources of income and the average amount of yearly income for your family

Before the loan		After the loan	
Source of income	Amount of income in birr per year	Source of income	Amount of income in birr per year
Average yearly income		Average yearly income	

7.1a. what happened during the last 1 year with your personal income that you have been able to earn....?

01 - Increased Greatly 02 - Increased 03 - Stayed the Same

04 - Decreased Greatly 05 - Decreased 88 - Don't Know

7.2a. If your answer for Question 7.5a is decreased at all, Why did your income decrease?(Multiple answers possible)

01-Household member has been sick/died

02-Household member has been married

03- Natural disaster (flood, earthquake...)

04- Poor agricultural season

05- Poor sales

06- Could not collect credit sales

08- Other (specify) _____

88 - Don't know

7.3a. If your answer for Question 7.5a is increased at all, Why did your income increase? (Multiple responses possible)

01 - Expanded existing enterprise

02- Undertook new enterprise 03 - Good agricultural season

04 - Sold in new markets 05 - Increase in demand/sales

06 - Other (specify) _____

88. Don't know

7.11a. How do you evaluate the impact of HMFI program to increase your source and level of income?

01-very high 02-high 03- medium 04- low 05-very low
06-no impact 07-negatively affect 08-Don't know

II SAVING

7.1b. would you have a saving account?

01-Yes 02-No

7.2b. **If the Answer for Question 7.1b is YES**, in what form? 01-In cash 02-In kind

7.3b. If the answer for question 9.2b is **in cash (01)**, where did you saved?

01-Equib 02-With husband 03-with relatives & friend 04-By myself
05-Other (Specify)

7.4b. what is your source for saving?

7.5b. **If the Answer for Question No.7.1b is no, what is your reason?**

01-lack of money to save

02-lack of awereness

03-no institution near by to save

7.6b. If any difficulties has happened in your household, how do you managed it?

01- Sold household assets

02-borrowed from relatives/ friends/neighbors (cost free)

03-borrowed at costfrom village money lenders

04-it did not happened

05- others/specify_____)

7.7b. Do you currently have any personal cash savings that you keep in case of emergencies or because you planto make a major purchase or investment?

01 -Yes 02 - No 08 = don't know

7.8b. If yes, during the last 12 months, has your personal cash savings...?

01 -Decreased Greatly 02 - Decreased 03 - Stayed the Same

04 - Increased 05 - Increased Greatly 08 - Don't Know

7.9b. What is your current total amount of saving in birr?.....

7.10b. Where do you keep your saving?

01-HMFI branch 02-with relatives/friends 03-in a bank

04-at home 05-other development programs 06-at village money lenders

07-others/specify.....

7.11b Why you are saving? (More than one answer is possible and please give rank)

01-for loan repayment 02-for safety of cash

03-for consumption 04-to earn interest

05-to buy household assets 06-to make improvement to the house

07-to withdraw during emergency 08-to pay school expenses

09-for Animal raising 10-to Reinvest in my enterprise

11-Other (specify)_____

08 - Don't know

7.12b. How did you use the savings?

01- pay off loan 02- invest in the business 03- give to spouse

04- pay school fees 05-pay medical bills 06-improve the house

07- Other (specify)_____

7.14b. What would you have done if you did not have these savings available?

01- sold household assets 02-borrowed from friends/relatives/neighbors (cost free)

03-borrowed at cost 04- others/specify_____ 88-Don't know

7.15. Did you save regularly?

01 - Yes 02 - No 88 - Don't know

7.16b. How do you think about the impact of HMFI/ other MFI programs, if available, to improve your saving habit?

01-very high 02-high 03- medium
04- low 05-very low 06-no impact 88-Don't know

PART II ECONOMIC EMPOWERMENT

8.10 Who have the final say in following?

s.no	indicators	wife	husband	both	others
xiii.	Routine household spending				
xiv.	women's access to formal sector employment				
xv.	Purchasing gifts for relatives				
xvi.	Control the saving for use				
xvii.	Purchasing clothes and make up articles				
xviii.	Own and control household valuable				
xix.	Sale or exchange of land/house/livestock				
xx.	Borrowing from relatives or informal sources				
xxi.	Purchasing children's clothes				
xxii.	Education expense of children				
xxiii.	Purchasing medical treatment of family				
xxiv.	House repair and construction				

9. political EMPOWERMENT

9.1 Who have the final say in following?

s.no	Indicators	yes	no
vii.	Do you have awareness of any political issue?		
viii.	Do you discuss the problems of local people at any forum?		
ix.	Do you attend the speeches of election contestants?		
x.	Do you vote to the candidate of your own choice?		
xi.	Do you Voting according to own decision?		
xii.	Do you update yourself about the changing political situation?		

9.2. Awareness about rights

9.2.1. Please give answers to following statements

s.no	Statement/Indicators	yes	no
x.	Legally does daughter and son have equal share in their father's property?		
xi.	Legally does a wife get half of her husband's property after his death?		
xii.	Do you aware of the significance of registering marriage;		
xiii.	Legally does a man has right of second marriage without permission of first wife?		
xiv.	Do you think that women has right to choose her life partner		
xv.	Do you have any knowledge about Women Protection Bill?		
xvi.	Did your parents make any written agreement about your economic security, with your in-laws or husband at the time of your marriage?		
xvii.	Do you think that there is a need to make such agreement (mentioned in part vii)?		
xviii.	Do you intend get your share of property from your parents?		

10. GROUP PARTICIPATION AND WOMEN'S SOCIAL NETWORKING

10.1 Are you member of any women club/association/group *01-Yes 02-No*

10.2 If your answer for question 11.1 How long you are a member it

*01- One year 02- Two year 03- Three years 04- Four years
05-More than five year*

11. WOMEN PARICIPATION IN DISCUSIONS and HOUSEHOLD (FAMILY)

EMPOWERMENT OF WOMEN's

11.1 Who commonly make decision about following matters?

s.no	Indicators/Decision about...	Decision maker			
		Wife	Husband	Both	others
xi.	Family health care				
xii.	Buying respondent's traditionally				
xiii.	Making routine household purchases				
xiv.	Children education				
xv.	Family size				
xvi.	Family planning services				
xvii.	Job of women				
xviii.	Entertaining guests				
xix.	Medical treatment of the household member				
xx.	Children's marriage				

15. PERSONAL (MOBILITY) EMPOWER OF WOMEN

15.1 How much you are mobile within your community, whether you need permission of husband/elders and with whom you are allowed to go out to following places

s.no	Indicators	Permission needed		You are allowed to go to.....			
		yes	no	alone	With child	With adult	Not at all
viii.	Local market for purchases						
ix.	Local health centre/doctor's clinic						
x.	Neighborhood for gossip						
xi.	Home of relatives/ friends						
xii.	Other city or village						
xiii.	Cinema, festival or village fair etc.						
xiv.	Helping your family with your money						

15.2 Describe the factors that you think hinders women's empowerment in your area.....

4 Name of enumerator _____

Signatures