

The Impact of Micro Finance on Asset Building, Savings
and Changes in Gender relation: A Case from Saving
and Credit Cooperative union in South Ethiopia

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By
Daniel Dessalegne
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Wageningen, The Netherlands

Larenstein, The Netherlands

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ACCRONYMS

ACSI	Amharic credit and saving Institutions
ACSI	Addis credit and saving Institutions
BTI	Bureau of trade and Industry
BoFED	Bureau of Finance and Economic Development
DBE	Development bank of Ethiopia
DECSI	Dedebit credit and saving Institutions
DFID	Department for International Development
FCA	Federal Cooperative Agency
FGD	Focus group discussion
MFIs	Micro Finance Institutions
MoFED	Ministry of Finance and Economic development cooperation
NGO	Non Governmental organization
OCSSCO	Oromiya credit and saving share company
PA	Peasant Association
PRA	Participatory rural appraisal
SDPRS	Sustainable development and poverty reduction program
SACCOs	Saving and Credit Cooperative Unions
SNNPRS	Southern Nation, Nationalities and people's regional state
SSA	Sub-Saharan Africa
RSACOs	Rural Saving and Credit Cooperative Unions
RUFIP	Rural financial intermediation program
URSACOO	Ufaysa Rural Saving and Credit Cooperative Unions
WRDA	Wonta rural development association

ABSTRACT

Sustainable provision of micro finance services is suggested to widen the income sources of the poor. Since the poor do not have access to formal financial services, micro finance is suggested as useful way out for financial constraints .The poor can resume productive activity or offset financial shortages.

This study hypothesises that the poor as development agent have way outs to resume productive activity if their capital constraints is tackled. This assumes that micro credit will solve micro level development constraints (lack of finance) for farming households/individuals. It also improves gender relation by increasing women to participation on decision making process at all household matters. Thus this study focuses on the analysis of the impact of micro finance (a case micro credit program)

The main objective of the study was therefore to assess whether access to micro finance services has brought significant improvement in livelihood at household level to members who received credit regularly vis-à-vis members who did not receive credit from RUSACCO and whether there are differences in access to loan between male and female members and gender relation. The impact of micro credit was investigated on asset ownership and building, on improving income and saving on coping with difficulties or stress, changes on gender relations and differences between male and female members to access the loan. Data for the analysis was generated from primary and secondary sources. Analysis was conducted by using table and average.

The impact of delivering financial service (micro credit) for members who received credit and members who did not receive credit was analysed based on modified livelihood frame work using indicators The investigations revealed that Ufaysa rural saving and credit union credit program has made certain impact on house hold income and saving, on asset ownership and building, on coping with difficulties and stress on and gender relation. Major problems encountered during the program were insufficiency of loan, timeliness of loan, market inaccessibility and repayment schedule,

From this investigation exciting micro finance at rural area could improve significantly house hold livelihood and changes on gender relation. For more impact sufficient capital to meet the demand of clients is the most crucial issue. Mobilization of local savings will provide URSACCO's reliable, inexpensive and sustainable sources of funds for lending .Broadening loan amount, revising disbursement criteria and repayment schedule, introducing local insurance scheme are major areas to be noted.

Key words: Micro finance, Impact, Livelihood, Members with credit and members with no credit.

Chapter one - Introduction

1.1 Back Ground

As part of its integrated rural development program Wonta rural development association (WRDA) local nongovernmental organisation (NGO), has established a community based saving and credit program in 1994 in Duguna fango district, Wolayta zone, southern nations nationalities and peoples regional state (SNNPRS) of Ethiopia. The central intention of the program was to bring about changes in the livelihoods of the poor and marginalise groups by actively involving them in the program. The program delivers micro credit enables the receivers to engage in income generating activities.

WRDA organised the credit and saving groups by setting up community based groups and by providing starting fund. More over identification and screening of the target households was made through participatory rural appraisal (PRA) wealth ranking technique. The groups were made up of 294 saving and credit groups consisting of 1759 clients. Once an individual voluntary joins the group, he/she contribute a compulsory saving of 0.50 per week. The group leadership committee appraises the credit requests and the amount disbursed to each group. Each group contained six to seven clients. Each group was eligible for the credit amount of 2,100 to 4,200 Ethiopia Birr. In the course the program was able to mobilise from the members and disburse the amount of Birr 150,000 up to Birr 245,000. The program employs a group collateral approach for disbursing the credit.

The government of Ethiopia has passed proclamation No 40/1996 prohibiting direct involvement of NGOs in microfinance delivery and proclamation 147/98 allows different types of cooperatives to be organised voluntarily. Following the proclamation 147/98, the saving and credit group should either be dissolved or perpetuate itself to another form. Through the support of WRDA, the local government, zonal and district cooperatives office, the saving and credit group reorganised itself into six independent primary saving and credit cooperatives. It started operation in six peasant associations in the area. The cooperatives formed Ufaysa rural saving and credit union (URSACCO).The union has almost adopted the objective of preceding program, and it has used the initial fund from WRDA.

The new saving and credit cooperatives have started formal operation in October 2005 by obtaining legal entity from the cooperative office of SNNPRS. Currently the cooperative comprises 1632 members and those drooped out are because of their willing. From these members, 1502 have stayed from the commencements and the remaining 130 are new entrants.

The URSACCO has general assembly which comprises the three representatives of each primary cooperative society .The leaders of each primary cooperative assume automatic members of the general assembly. Two of the member was selected by the general assembly. The general assembly is the supreme body of the cooperative union .The URSACCO has a board of directors and controlling committee .The board has seven members and the controlling committee has three members. The day to day activities of the URSACCO is led by an employed manger, accounts and other staffs. The Manager is account able to the board of directors and board of directors and controlling committee are accountable to the general assembly

Members of the union have supposed to own at least one share of the association. The value of a single share is 5000 Birr and registration fee is 500Birr.A member can purchase more shares but not greater than ten percent of the total share. This allows

the members to access more loans and increase cooperatives equity. Each cooperative has its bylaws, internal laws, and loan policy. After the restructuring of the primary cooperatives and URSACCO; it is open for any voluntary new comer. However the potential members need to fulfil the criteria of the respective cooperatives. The source of working capital for cooperatives were from initial injection of WRDA, clients savings, registration fee, interest income, and money collected from the sales of shares.

Micro-credit is defined in this study as a small credit (500 to 3000ETH.Birr or EUR; 1Eth.Birr = 0.067 €) given for farming and petty trading to contribute towards improving the livelihood. Micro credit is assumed that the amount of finance delivered by micro finance institution like URSACCO for their clients. Microcredit is a component of MF in that it involves providing credit to the poor.

The concept of livelihood is widely used in contemporary writings on poverty and rural development. To understand the determinants of poverty in all its dimensions, it is helpful to think in terms of people's assets, the returns to these assets, and the volatility of returns. Livelihood assets including human, natural, physical, financial and social assets are considered as main tools or poverty reduction factors that can be used to attack poverty and to achieve sustainable livelihood objectives (DFID, 2000).

From the elements of livelihood as defined by DFID; asset ownership and building, income and saving, are used for this study, thus some factors to focus on the impact of MF on livelihood assets at house hold level are as follows. 1) Increase in members household budget planning and financial management skills, this enhances self-confidence; respect each other (husband and wife) and influence of female over the decision-making process as a result of their increased contributions to the household economic portfolio, 2). Accumulated financial assets will express expanding business and diversifying sources of income; create opportunity for employment creation securing necessary protection against consumption and production failure through savings, easily exchanging cash to cope with vulnerable contexts timely, 3) Expansion of natural assets (agricultural land and homestead), 4) Social assets through establishing and promoting cooperatives, based on participating in joint-liability group activities, members' social assets will accumulate learning from each other; improving membership and trust, enhancing public speaking skill; group solidarity and mutual help; and 5). Linking with the members to business and personal relationships and help the household to own physical asset that they use their profits or savings buy household assets and create employment opportunity for household members.

From the above factors number 4 and 5 are most likely related to the study, because the main objective of this study was impact of micro finance on asset building and saving at household level coping with difficulties and stress, changes in gender relation and creation of employment opportunity for household members. Thus; this study assessed the impact of micro credit in terms of changes in household income and saving, asset ownership and building and coping with difficulties or stress. The study also assessed factors that plays major role in asset control, decision making role and gender relations at house hold level.

1.2 Problem statement

The emphasis for solving the problem of the poor was on large investments on physical capital and infrastructure (1950s and 1960s), on improvement of health and education (1970s), improvement of economic management and liberalizing market forces (1980s), promoting opportunity, facilitating empowerment and enhancing

security (1990s) (world bank 2000/01). Despite changes in the development paradigms and policy practices, the promise to bring wellbeing to all human being remained unfulfilled. The incidence of poverty increased; 1.2 billion people in the world live under a dollar a day (latfee2003)

The sub Saharan Africa (SSA) countries posses 290 million poor people(UNESCO,2003).the in SSA is assumed to increase from 300 million in 1999 to 345 million in 2015(world bank,1999).this situation of poverty in its population number and the vulnerability context at the Global/National/Local levels is expected to increase rapidly.

In Ethiopia, the poor are growing in number, and studies show that 44% of the Ethiopian population survives by less than one dollar a day (MoFED, 1999) and in SNNPRS, 45.5% of the population survives by less than one dollar a day (BoFED, 2003). Thus, poverty is a crucial social, academic and policy issue at national/local levels in Ethiopia. Micro finance program gained a worldwide acceptance and popularity since 1980s. This scheme was widely practiced in providing financial services to the poor in Ethiopia. This was assumed to solve the constraints of starting capital for the poor. The poor will thus resume productive activity, improve income and increase welfare.

In realising this, the Ethiopian government has created legal and policy environment for establishment and expansion of Micro Finance Institutions (MFIs) and saving and credit cooperatives (SACCOs) in Ethiopia. To this end, there is unprecedented growth in financial institutions. Several MFIs and SACCOs relatively in short time in the country showed high need for financial services. It also showed the critical role that credit can play in improving the situation of the poor (Asefa, 2005). A summary study in Bangladesh, Kenya, Ghana and Mali (veronica, 1999) has shown that micro credit positively impacts on livelihood of the clients.

Thus the government and donor agencies are funding an increasing number of micro finance projects in low income countries like Ethiopia (Hege and Marguerite, 1999). Many studies have been conducted to look into the pioneer and bigger MFIs in Ethiopia. These studies focused on Dedit credit and saving institutions (DESI), Amhara credit and saving institutions (ACSI), Oromia credit and saving share company (OCSSCO), and Addis credit and saving institutions (ACSI). These institutions are affiliates of regional governments in the country. The themes of these studies have essentially focused on growth, sustainability and empowerment of MFIs.

However, very limited studies concentrated on impacts of these institutions on the livelihood of their members at household level. Impact assessment of micro finance is necessary to demonstrate the positive impacts of donor's intervention. It is also necessary to provide information that allows MFIs and SACCOs to improve their services (Anton, 2001).

In particular to URSACCO, neither institutional nor impact research was done. This is because the selected URSACCO is located at marginalised geographic area; it works with smallholder farmers in remote rural areas.

1.3 Objective of the study

The study attempted to assess whether access to micro finance services has brought significant improvement in livelihood at household level to members who received credit regularly vis-à-vis members who did not receive credit from URSACCO and whether there are differences in access to loan between male and female members and changes in gender relation.

The specific objective: To investigate whether access to Ufaysa RSACCO micro credit services brought impacts:

- On asset ownership and building,
- On improving income and saving
- On coping with difficulties or stress
- Changes on gender relations.
- Differences between male and female members to access the loan.

1.4 Research Question

In order to achieve this objective the research inquires the following questions:

1. How did the credit provided by Ufaysa RSACCO bring impacts on improving livelihood at household level for male and female members who received credit regularly vis-a-vis members who did not receive credit?
 - 1.1. How has the credit provided by URSACCO brought impact on asset ownership?
 - 1.2. How has the credit provided by URSACCO brought impact at household income and saving?
 - 1.3. What are the changes in gender relation after the credit provided by URSACCO?
 - 1.4. How has the credit provided by URSACCO assisted on coping with difficulties or stress?
 - 1.5. What are the changes in employment opportunity after the credit provided by URSACCO?
2. How do male and female members access loans from the cooperative?
 - 2.1. What are the procedures and conditions for both male and female members to access loans?
 - 2.2. What are the constraints encountered by female members when accessing loans?

1.5 Hypotheses of the study

In order to conduct the impact research and to address the main objectives in this particular study, the following hypothesis was developed.

Hypothesis: Access to micro credit likely improves the livelihood of the rural poor by improving asset ,income, saving, employment creation engaging in income generating activities, coping stress and change in gender relation in the study area.

1.6 Significance of the study

Carrying out such an empirical research would serve both academic and practical purpose. The outcome of this study may serve as an input for MFIs, SACCOs, policy makers and other beneficiaries' .Above all, this research may help the staffs managers and donors of the program to improve their services. In addition the research may serve as an eye opener and a pointer towards further study as it is the first empirical research in the area on the impact of micro credit on clients.

1.7 Scope and limitations of the study

The scope of the study was limited to three primary cooperatives in three peasant association at Duguna Fango district of Wolayta zone. However given the socio economic situation of the study area, it could fairly represent the zone. Therefore this research will give insights for project implementation and policy makers.

It is notoriously difficult to measure the impact of MF programs on lively hood because the time and, while the definition of livelihood is a complex issue with various dimensions, and found difficult to fully investigate changes in gender relations. Therefore, the study focused on some accessed effects of MF on asset building and saving at hose hold level in relation to the impact had assisted the members to cop stress and difficulties and has brought changes in gender relation. Limitations pertaining to the research include shortage of budget

1.8 Organizations of the paper

This research paper is organized into six parts. The first chapter deals with background, statement of the problem, objectives of the study, research questions, and scope and limitations &of the study.

The second chapter focuses on pertinent literature and relevant empirical case studies to the research. Chapter three describes the research methodology applied in the study. Chapter four deals with the findings and result, chapter five deals with the analysis of the findings and chapter six is conclusion and recommendation part of the study

Chapter Two - Conceptual Framework

This chapter presents some of the theoretical and empirical literature related to the impact of microfinance on the lives of the poor and changes in gender relation. The first part of the chapter provides highlights on the concept of poverty and livelihood, which essentially characterised the target groups incorporated in the study. This is followed by review of empirical impact studies.

2.1 Conceptual Definitions

Poverty

There have been many different definitions of poverty. Each definition depends on the causes of poverty, the social economic condition of different countries as well as the specific approach. Food and income are not enough for well-being measurement because capacity and assets of the poor that help them access to resources are the root of poverty. Therefore, according to Amartya Sen (1999) “poverty must be seen as the deprivation of basic capacities rather than merely as low income”. Also the World Bank assumes that the approach to poverty reduction must be multi-dimensional, including issues of low levels of income and consumption, poor health and lack of education, and other nonmaterial dimensions of well being, as well as the gender gap, insecurity, powerlessness and social exclusion (World Bank, 2000). In short, poverty is that people have not met their basic needs yet; thus, main reasons that hinder them to access the basic needs must be focused on rather than only income.

In the study, based on the feedback from local people and the above definitions, the core concept of poverty is lack of choices and opportunities to access basic human needs and enhance their livelihood assets. Lack of choices focuses on the high risks of losing one or few assets due to natural disasters, sickness, or production failures, and a lack of access to productive resources such as skills, formation, land, credit, or productive assets. Lack of opportunities is due to discrimination, in which women are emphasised in the study. Therefore, poverty reduction focuses on choices and opportunities to improve their livelihood strategies rather than the poverty of only income.

Microfinance

MF is the provision of a broad range of financial services such as deposits, loans, savings, payment services, money transfers, and insurance to the poor and low-income households and their micro-enterprises who are excluded from the formal financial systems (ADB, 2000). Credit is using a sum of borrowed money today and it is returning in small agreed instalments. Savings is putting away money in small instalments and using it when one needs money. Insurance is putting away small agreed sums of money and getting the money when the insurance matures or when the risk occurs. To access MF effectively, clients have to establish joint liability groups, attend training courses, participate in monthly meetings, and receiving both loans from program and group savings.

The terms microcredit and MF are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. According to Sinha (1998) expresses that “microcredit refers to small loans, whereas MF is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance, pension, payment services)”. Therefore, microcredit is

a component of MF in that it involves providing credit to the poor, but MF also involves additional non credit financial services such as savings, insurance, pensions and payment services (Okurut, 2005). To meet the demand of the poor, microcredit is not enough while MF provides necessary services for the poor. MF take part of rural financial institutions that is defined as delivering financial services (offer Microcredit and savings) and used in rural areas by people of all income levels.

Rural finance covers the savings, lending, financing and risk minimizing opportunities and institutions in rural areas. Rural financial markets tend to be fragmented and consist of formal, semi formal and informal financial intermediaries. In this study, MF is main concept used for measuring accumulations of livelihoods assets of the poor households. It not only enhances the access to credit but also goes further than the access to credit in considering how money is used, how savings are done, and how trust and solidarity among members are strengthened.

Livelihood

The word livelihood is used in many fields, but its term in the Sustainable Livelihood Guidance Sheet is understood as follow: "A livelihood comprises the capacities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capacities and assets both now and in the future, while not undermining the natural resource base" (Chamber and Conway, 1992).

It differentiates between poverty and vulnerability because poverty measures are generally fixed in time, poverty is essentially a static concept. On the contrary, vulnerability is more dynamic and better captures change process as people move in and out of poverty (World Bank, 2002). Two dimensions of vulnerability are sensitivity that is the magnitude of system's response to an external events and resilience that is the ease and rapidity of a system's recovery from stress. According to Moser (1998), vulnerability is related to assets ownership. The means of resilience are the assets and entitlements that households or communities can mobilize and manage in the face of hardship. Therefore, vulnerability is closely linked to asset ownership. To reduce vulnerability, coping and management strategies are often mentioned. Coping is a short-term response to an immediate and in habitual while adapting is a permanent change in the mix of ways (Moser, 1998).

Gender relations

There are social relationships between men and women. Gender relation is simultaneously relationship of cooperation, connection, and mutual support and of conflict separation and competition of difference and inequality. Gender relation is concern with how power is distributed between the sexes. They create and reproduce systematic difference in men's and women's position in a given society. They define the way in which responsibilities and claims are allocated and the way in which each is given a value. Gender relation vary according to time and place (Oxfam1999). Women who have access to credit more opportunity to contribute additional income to their family and this creates opportunity to participate on decision making of different matters at household level. Therefore Micro credit has impact by bringing changes in gender relations. Women who have access to credit more opportunity to contribute additional income to their family and this creates opportunity to participate on decision making of different matters at household level.

2.2 Impacts of Microfinance on Poverty Reduction

The situation, depth, intensity and distribution of poverty are becoming worse in the third world economies (Todaro, 1995). The economic growth does not match with the population growth. The human power is not developed to effectively manage the resources. In addition to the shortage of capital to generate sufficient income, protection against shocks and vulnerability contributes to acute poverty in developing countries (Todaro, 1995). To change this situation, one of the interventions is improving the delivery of financial services to the poor through SACCOs and MFIs in rural and urban area. The poor need a variety of financial services, not only just loans. Just like everyone else, poor people need a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people need not only credit, but also savings, cash transfers and insurance.

Over the last decades, empirical evidence has shown that around the world poor households save in various forms and for various purposes, the general agreement is that they will deposit part of their saving if appropriate financial institutions are available, however, little progress has been made to establish full-fledged microfinance institutions (MFIs) that provide both credit and saving facilities (Harper, 2003).

For this reason credit delivery when combined with saving facility help in smoothing the income of the poor. In this connection Fidler and Webster (1996) argued that the saving services enable the poor to accumulate surplus that can be used at a later date to ride out dips in income or respond to emergencies. They also argued that inclusion of saving in the MFIs can help in the generation of local funds for small enterprise development and contribute to the sustainability of MFIs.

MFI credit program is a significant source of finance for low income people in countries like Ethiopia. Many studies indicated that participation in MFI programs resulted in improvement on clients' household income. Improvement in the households' living standard can be understood and observed from the point of increased income.

Microfinance is a form of financial development that has primarily focused on alleviating poverty through providing financial services to the poor. It also has a broader perspective which also includes insurance, transactional services and importantly, savings (Barr and Michael, 2005). Microfinance gives access to financial services to low-income people, who wish to access money for starting or developing an income generation activity. The rural poor in less developed countries are in desperate needs of credits, microfinance programs are supposed to make available this credit needs and keep the poor to increase their living standard.

Hulme and Mosley (1996) argued that well-organized programs can improve income of the poor and help them escape from poverty. They stated that the impact of a loan on a borrower's income is related to the level of income as those with higher incomes have a greater range of investment opportunities and so credit schemes are more likely to benefit the middle and upper poor. However, they also showed that when MFIs such as the Grameen Bank provided credit to very poor households, those households were able to raise their incomes and their assets (Hulme & Mosley, 1996). Wright (1999) argued that by increasing the income of the poor, MFIs are not necessary reducing poverty. It depends on what the poor do with this money, so focusing only on increasing income was not enough. The focus needs how to help the poor sustain a specified level of well-being (Wright, 1999) by providing them a variety of financial services to their needs so that their net wealth and income security can be improved. In addition, Johnson and Rogaly (1996) showed examples whereby savings and credit schemes are able to meet the needs of the very poor.

Micro finance services are one of the financial options. Micro finance services benefit the poor by increasing the disposable income, increase asset ownership and cushion consumption in food deficit periods (Wolday, 2002). It is a way out to the poor who are normally excluded by conventional financial institutions (Ibid). Micro finance institutions function at the grass root level. They reach micro level development constraints of the poor. They are capable of involving large segments of the population. They likely build both human and productive capacity of the poor (Shannon et al, 2005). Micro finance strategy may deliver inclusive financial service to the poor if augmented by large financial sector policy (Wolday 2005).

Lack of saving and capital make it difficult for many poor people who want jobs in the formal and informal sectors to become self employed and to undertake productive employment generating activities and it is the only means for providing credit seems to be a way to generate self employment opportunities for the poor.

In the last two decades, Governments, NGOs, donors and other development actors have given the attention to establish, expand and provide micro finance services to the poor in the rural and urban area. Thus this study situates its argument in this context of augmenting the poor by micro in rural areas in Ethiopia. It is important to know by how much, by what and for whom impact was brought by micro credit intervention (Johnson and Ben Roglary 2002). The analytical framework of this study will be developed from the concept of poverty and its relation to households in improving their Livelihood. The study in brief will define under impact of micro finance on its role in improving household asset ownership and building, income, saving, decreasing vulnerability and improvement on the gender relation in rural community at house hold level.

2.4 Impact of Microfinance on Livelihoods

A popular definition of livelihood is that provided by Chambers and Conway (1999:7) wherein a Livelihood comprises the capabilities the assets (natural, physical, financial, human and social capital), the activities required for a means of living. (Ellis, 2000:7). It is about the individual in house hold, and his/her capabilities and means of earning a living, including income and assets (an asset could be property, livestock, equipment, or the availability of natural resources). (www.humanitarian-srilanka.org/Livelihood/index.php).

DFID brief livelihood assets as follows: Natural capital refers to the natural resources (land, forest, marine etc.), Physical capital refers to basic infrastructure and producer goods needed to support livelihoods, Human capital refers to skills, knowledge, ability to labour and good health, Financial capital refers to stock of cash that can be accessed in order to purchase either production or consumption goods, and access to credit included in this category, Social capital refers to the social networks and connectedness, membership of more formalised groups, relationship of trust, capacity and exchanges in which people participate and from which they can derive support that contributes to their livelihood.

According to Hege and Marguerite, 1995, MFIs and SACCOs can be a means to improve livelihood of the clients. However the same authors argued that measuring the impact of microfinance intervention and performance on clients' livelihood remains difficult, challenging and complex. The first challenge is the fungibles of household expenditure and asset mobilisation patterns and the heterogeneity of rural households (Johnson and Roglary 2002). This assumes that the impact of the micro credit could hardly be isolated from the contribution of various interventions (Ibid). Clients may have multiple income sources and the credit may be fungible (Anton, 2001 & Johnson and Roglary, 2002).

Thus combining a range of tools, triangulating information and learning lessons from different perspectives and approaches of micro credit provision is useful to control rigors (Anton 2001).

The impact of MF on livelihoods was focused on the changes of livelihoods assets and the use of livelihood assets to cope with vulnerability. The provision of MF can assist the poor the means to protect their livelihoods against shocks and to build up and diversify their livelihood activities (Johnson & Rogaly, 1997). Chowdhury, Mosley and Simanowitz (2004) argued that if MF is to fulfil its social objectives of bringing financial services to the poor, it is important to know the extent to which its wider impacts contribute to poverty reduction. Social networks play an important part in helping clients escape from poverty. Access to social networks provides clients with a defence against having to sell physical and human assets and so protect household assets. A study of 16 different MFIs from all over the world pointed out that having access to MF services led to an enhancement in the quality of life of clients, an increase in their self confidence, and has helped them diversify their livelihood security strategies and thereby increase their income (Robinson, 2001).

MF also contributes to building up physical assets. According to Marconi and Mosley (2004), clients reflected significant increases in ownership of livelihood assets such as livestock, equipment and land. They stated that this should not be surprising as poorer clients are more risk adverse and less likely to invest in fixed capital and so are more vulnerable to having to sell productive assets in the event of a shock (Marconi & Mosley, 2004). MF creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty (Otero, 1994). Concerning financial assets, MF contributes to enhance financial capital of livelihoods assets, which can be converted into other types of capital and be used for direct achievement of livelihoods outcomes (DFID, 1999). Loans are associated with an increase in assets, when borrowers are encouraged to invest in low risk income generating activities and when the very poor are encouraged to save; the vulnerability of the very poor is reduced and their poverty situation improves (Hulme & Mosley, 1996).

In summary, under impacts of MF, members' livelihood assets have been accumulated in the interaction among five forms of capital that contribute to livelihood strategies of the poor in order to reduce poverty(Fig.1)

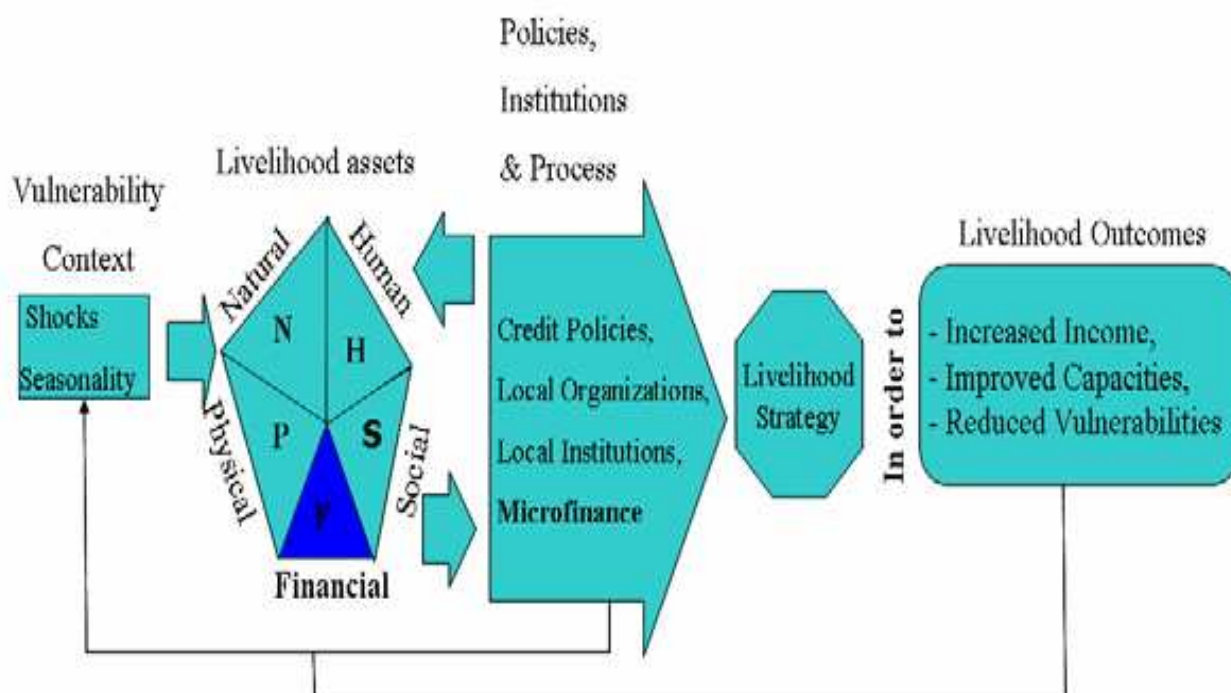


Figure 1: Modified DFID Sustainable Livelihood Framework (DFID 2000)

2.4 Impact of Microfinance on Gender relation

The impact of MF on the gender relation was another area of the study. The provision of MF can assist the women to participate on decision making process at household level and community. The loan can enable the women to contribute additional income for their family and by this the relationship of cooperation, connection, and mutual support can change and develop.

Moreover, regarding women empowerment, it is a key objective of MF interventions. Women need empowerment as they are constrained by the norms, beliefs, customs and values through which societies differentiate between women and men. MFI cannot empower women directly but can help them through training and awareness rising to challenge the existing norms, cultures and values that place them at a disadvantage in relation to men, and to help them have greater control over resources and their lives (Kabeer, quoted in Mosedale, 2003).

MF projects can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that was not there previously (Hulme & Mosley, 1996). However, Chowdhury and Bhuiya (2004) found that violence against women actually increased when women joined the program, as not all men were ready to accept the change in power relations, and so resorted to violence to express their anger. The question is whether some constraints affected the accession to the MF program of women or not. By providing material capital to women, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1994).

Littlefield (2003) stated that access to MFI can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities.

According to Littlefield, Microcredit program of URSACCO helped female members in three ways. First, by providing independent sources of income outside home, microcredit tends to reduce economic dependency of the women on husbands and thus help enhance autonomy. Second, the same independent sources of income together with their exposure to new sets of ideas, values and social support should make these women more assertive of their rights. Micro credit programmes - by providing control over material resources - should raise women's prestige and status in the eyes of husbands and thereby promote intersperse consultation.

Hulme and Mosley (1996:128) also made this point when they referred to the "naivety of the belief that every loan made to a woman contributes to the strengthening of the economic and social position of women". MF projects can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that was not there previously (Hulme & Mosley,) It helps to empower women by supporting women's economic participation and so promotes gender equity. Based on various case studies, they show how MF has played a role in reducing poverty, promoting education, improving health and empowering women. Tsehay and Mengistu (2002) made an assessment on the impact of microfinance among poor women in Ethiopia and they argued that the microfinance interventions have brought positive impacts in the improvements of economic status and empowerment of microfinance programs beneficiary.

It is becoming more widely recognized that women can make good use of credit in their own right for activities that improve their own livelihoods and the income security of their family (Ellis, 1991). Thus the gender relation was assessed in relation to its impact on the asset building and savings of the members of RUSACCO.

2.5 Micro finance in Ethiopia

Ethiopia is the country which 85% of the population is living in rural area engaged with traditional farming system as the main livelihood strategy. Introducing modern agricultural farming system and promoting small scale income generating activities are considered as the means to improve livelihood. To promote such activities micro financial institutions are crucial for credit provision and other financial services especially in the rural area where other formal financial institutions are not available

The history of financial services in Ethiopia subsisted a relatively long period. Different regimes had varied level of dedications and policy directions for the developments financial institutions and saving and credit cooperatives. The basis was on Government development policies and macroeconomic programs.

In the imperial regime, the financial services were largely provided for the activities that are related to the governments' five year plans. The intervention on financial services took various forms. The allocation of credit was according to coordinated investment plan, use of different interest rate, and establishment of public commercial and specialised banks. The imperial regime gave priority for productive projects (private or public) using foreign credits. Public banks were supposed to mobilize resources channelling in accordance with the plan (Asefa, 2005)

During the Derge regime, the structures of financial institutions were changed in line with the political policy of the government. Credit policy was driven by ideology and give absolute priority to the socialized sector (public enterprise, state farms and cooperatives). This policy marginalised the private sector financing to depend on self

financing and non institutional credit(Assefa,2005).NGOs have been active in the provision of microfinance services to the poor since the 1984/85 drought (Gebrehiwot, 2005). The operation was first time under taken by the market town program of the World Bank. This program was implemented jointly with the development bank of Ethiopia (DBE) and the Bureau of trade and Industry (BTI). The second phase was assumed to spread the service to all major towns of the country (Tsehay and Mengistu, 2002) .As time moved ahead, so did the dynamics of micro finance development in Ethiopia.

In 1990s the Ethiopian government has promulgated various proclamations to facilitate micro finance services in Ethiopia. Following the promulgation of the proclamation NO.40/1996, several credit programs that were operated by NGOs or Government department were transferred into licensed MFIs. According to Ethiopia microfinance institutions performance analysis report, 2006 the decision of the government of Ethiopia to restructure the financial sector in 1990s has had a significant impact on the growth and commercialization of both banks and MFIs in Ethiopia

As of December 2006, there were twenty six legally registered MFIs in the country. These institutions rendered services for more than 1.5 million clients. They mobilised credit and savings and manage a loan portfolio of more than birr 2 billion and saving of more than birr 816 million (AEMFIs quarter report Dec, 2006).They have a net work of about 500 branches in different regions Amhara, Tigray, Oromya and SNNPR (Gebrehiwot, 2002).They are governed by board who is elected by the representative general assembly

Impact assessment of microfinance program is also an important tool that evaluates the success of the program in its major objective whether the program brings the desired benefits to the target group or not. Assessing microfinance impact has been the main concern of development specialists in order to know whether providing financial services to the poor has improved the living standard of the poor and has reduced the poverty. Studies on impact assessment of microfinance per institutions are very limited in Ethiopia and little was done as summarized below.

Daba (2004) in his study to examine the relationship between participating in microfinance and the improvement in living standards of the poor, he found that Oromia Credit and Saving Institution have made positive contribution towards improving the welfare of the program beneficiaries. Tsehay and Mengistu (2002) made an assessment on the impact of microfinance among poor women in Ethiopia and they argued that the microfinance interventions have brought positive impacts in the improvements of economic status and empowerment of microfinance programs beneficiary. Befekadu (2007) mentioned that studies on through two-phase assessment, found that the DECSI's program has had a positive impact on the livelihood of and as well enhanced the social and political position of many clients. The study further noted DECSI's heavy involvement in credit delivery in the region has more or less satisfied to most of the people with some exceptions in the urban area. In addressing the multifaceted financial problems of rural population, the MFIs plays role in delivering micro credit services

Micro fiancé institutions in Ethiopia are currently focusing their operation both in rural and urban area in line with SDPRS of the country. However the increasingly growing demands of microfinance services is not met. For instance, at household level, nine million poor households in Ethiopia need credit (Degefe 2004). Another source, (Eschborn, 2002) indicates that only 9% of the financial service demand is fulfilled in the country. Both studies indicate that MFIs render service for very small section of potential clients in rural and urban Ethiopia. Thus the demand should be assessed in relation to its impact on the livelihoods of the poor. This issue begs for investigation.

2.6 Saving and credit cooperatives in Ethiopia

In Ethiopia, Cooperatives are considered as a tool of bringing socio-economic development. Since 1960 up to 2008 25,525 primary and 255 secondary cooperatives (unions) are established and functioning in different types of activities such as agriculture, marketing, saving and credit, coffee, dairy, fishery, artesian etc. Saving and credit cooperative is given more emphasis than other cooperatives, it is considered as the best option of finance source to its members and it is a means to learn the value of savings and wise use of credit (FCA 2007/08). Saving and credit cooperatives are one of micro finance institutions that are engaged providing micro credit services for their members to promote their livelihood

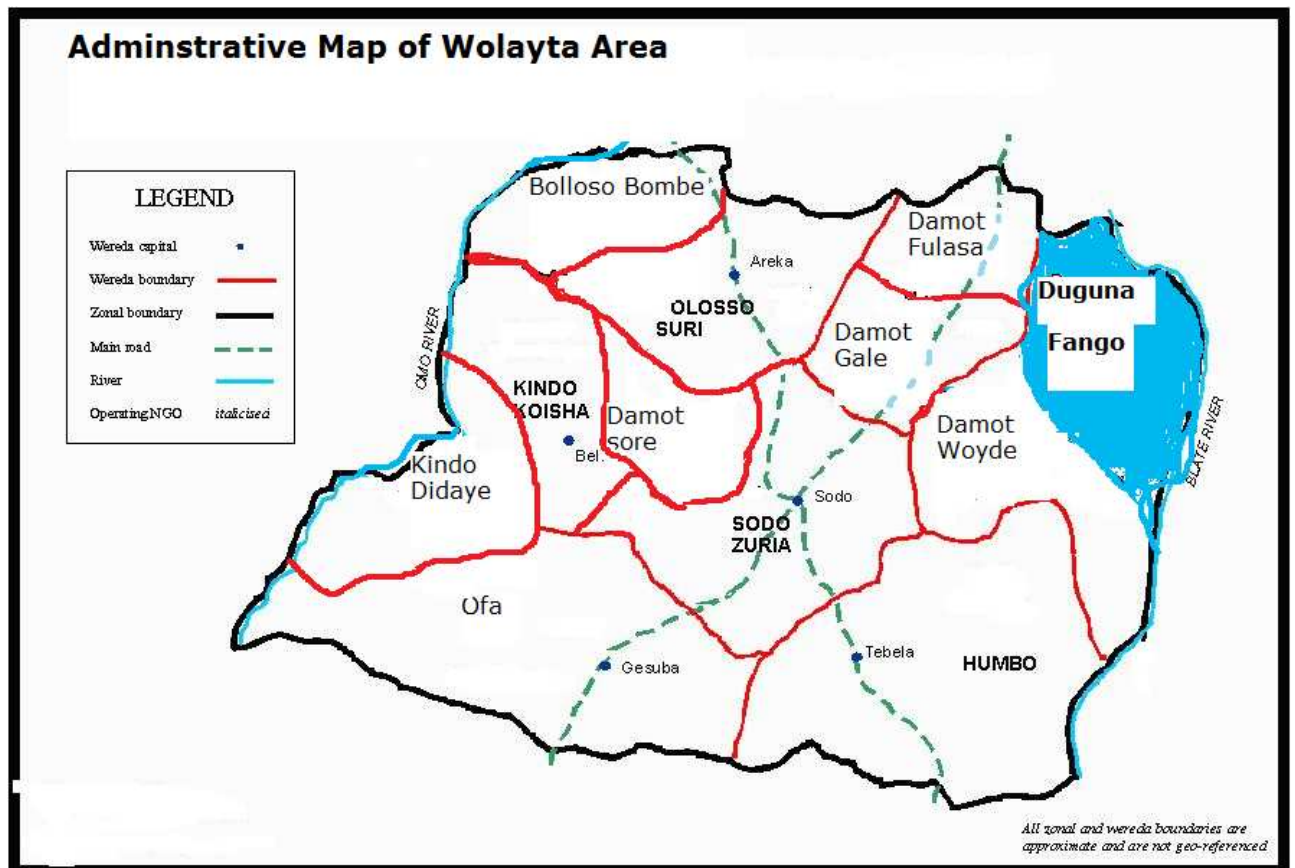
The first saving and credit cooperative society was established by employee of Ethiopian road authority in 1950(EC).Next to this, the employee of the Ethiopian airlines has founded in 1956 EC.(Dagnew 2004) Soon after, a number of SACCOs was established in Government as well as in private undertakings. The number of SACCOs increased from 35 in 1974 to over 5400 in mid 2006.Their aggregate membership during the same period increased from 8332 to over 381000 and their capital and saving from birr 2 million to almost one Billion. The decade between 1994 and 2006 has witnessed more than tenfold increase in the number of saving and credit cooperatives in the country with a corresponding increase in contribution and savings.

The sharp increase, both in the number membership of SACCOs over the last three years particularly in the rural area, where the rural Saving and credit cooperatives (URSACCOs) were recent phenomenon, is attributed to the ongoing rural financial intermediation program (RUFIP) (Mekonnen et al 2007). By the end of June 2006, there were 1166 RSACCOs which constitutes 21 percent of the 5437 saving and credit cooperatives in the country. The RSACCOs had 64655 members or about 17% of the total membership of SACCOs .The aggregate capital has also increased from birr 1.8million in 2004/05 to almost birr 9 million and their asset from birr 1.5 million. Similarly saving increased 1.7 million to 8.6 million and their outstanding loan from birr 1.9 million to 5.7 million in 2005/06 .Ufaysa rural saving and credit cooperative union is one of micro finance credit and saving cooperative operating saving and credit program in rural areas of Duguna Fango district of Wolayta zone.

Chapter Three - Research methodology

3.1 Study area

The study area, Duguna Fango district is one of the 12 districts of Wolayta Zone. Wolayta Zone is 380 km south of Addis Ababa. This study area is selected mainly because of no other study was conducted in areas related to micro finance program. Ufaysa rural saving and credit cooperative union comprise six saving and credit cooperatives located in six peasant associations.



3.2 The study approach

Field research was undertaken in three primary saving and credit cooperatives (Rehoboth, Lemlemitut and Sarota) of Duguna Fango district. The field survey was initiated by group discussions and a household survey was used to collect data covering a variety of topics related to impact of micro credit on members of cooperatives and changes in gender relation. Information about credit is the main component including credit demand, sources and use of loans, constraints for female members in getting the loans from the URSACCO and level of borrowing compared to demand.

Various studies utilized different approaches; some employed clustering approach as used by (Tsehay et al.,(2003),Bamlak,(2004),Berhan (1998) and Doccy et al,(2005) The clustering in this works employed , first grouping the target male and female

members who did not receive credit from cooperative and who received credit from cooperative (frequent borrowers). The former cluster was the control group to verify the differences in the living standards of the borrowers. It compared clients who did not receive loans (control group) with regular clients who received loan from cooperatives (experimental groups). However, the clustering of sample was made regardless of their stay in the cooperative.

The second clustering was male and female members who received credit from cooperative. This methodologically supports the hypothesis that the clients who received the credit will show significant impacts, changes in gender relation at household level and change in the status of female members due to access to loan from cooperative, engaged in income generating activities and earn income for the household. The clustering of respondents is shown below:



Table 1 Respondents selected from primary cooperatives

No	Name of primary cooperative	Number of respondents with credit		Number of respondents with no credit		Total	
		Male	Female	Male	Female	Male	Female
1	Rehoboth	4	3	4	3	8	6
2	Lelemitu	3	4	3	3	6	7
3	Sarota	3	3	3	4	6	7
	Total	10	10	10	10	20	20

3.3 Indicators used to answer sub questions

In order to get relevant and tangible information from respondents, each sub question was 'broken down' into questions with indicators, as is shown in the table underneath.

Table 2 indicators of sub research questions

No	Sub questions	Indicators
1	How has the credit provided by URSACCO brought impact on asset ownership?	- Increased number of live stock -Increased farm land size(lease new land) -Improve house -Buy new household furniture's, agricultural input. -Investments done on new house contraction, electronics.
2	How has the credit provided by URSACCO brought impact at household income and saving?	-Capital adequacy -Diversification of business -Increase saving amount in cooperative

		<ul style="list-style-type: none"> -Increase saving amount at house. -Annual growth in profit -Diversification of business -Pattern of consumption -Improved diet
3	What are the changes in gender relation after the credit provided by URSACCO?	<ul style="list-style-type: none"> -Decision making role of Male and female at household. -Female more confident, more assertive, more likely to take part in family. -Respecting each other (husband and wife) and influencing of female over the decision-making process.
4	How has the credit provided by URSACCO assisted on coping with difficulties or stress?	<ul style="list-style-type: none"> -Portfolio at risk -Sale of their own properties -Stocks saved for future risk
5	What are the changes in employment opportunity after the credit provided by URSACCO?	-Increased number of participants on income generating activities at household level.
6	What are the procedures and conditions for both male and female members to access loans?	<ul style="list-style-type: none"> -Affordability(interest, collateral, procedure), -Accessibility(availability nearby) and - Appropriateness(training on financial management, removal of members from vicious circle of debt, suitable procedure for poor and illiterate) of loan for male and female members -Loan policy
7	What are the constraints encountered by female members when accessing loans?	<ul style="list-style-type: none"> -Amount of loan accessed for male and female -Availability of collateral for female borrowers. -Husbands unwilling to sign as partner while wife borrows a loan.

3.4 Data collection

3.4.1 Collection and review of secondary data

The secondary data was collected from district and zonal level cooperative offices including annual reports about the reports regarding the number of borrowers, the purposes of loans, and the kinds of loans, outstanding debts and repayment ratios of members from 2007 upto2009.

3.4.2 Focus Group Discussion

Two groups of 10 female and male members each were selected by the general manager, chair person of board of directors and chair person of primary cooperative society at primary cooperative level to discuss together within each group.

Focus group discussion participants were selected from URSACCO board of directors, the clients and leaders of loan committee. The participants of are 1 chair

person of board of directors two persons from board of directors (both of them are loan committee) six cooperative members from three primary cooperatives (three male and three female) and General Manager of from URSACCO staff members.

They were interviewed collectively because they had a common experience, coming from similar background. So they are seen as representing a wider population of the cooperative society. This method was used to collect data relating to (1) credit demand and purposes of borrowing (2) Their view about over all credit service programs of URSACCO. (3.) Saving and loan delivery, loan repayment and interest rate, (4) Loan procedures for male and female members, equal access of loan for male and female members to loan. (5) Impact of micro credit on household (income, saving, asset creation, house improvement, coping with stress). (6) Gender relation (women influence at house hold level) (7) Major constraints of the cooperative. (8) Barriers for women accesses to loan in of SACCO.

In this study, group discussion seemed appropriate for collecting data because (1) it was good for eliciting a lot of information quickly, identifying and exploring beliefs, attitudes and behaviours of cooperative members (2) it provided in-depth information about how people think about their credit status, reasons and factors of being credit constrained households,(3) it suggested a guidance in setting up a framework for oriented research and constructing an appropriate questionnaire for the household survey.

3.4.3 Household survey

The purpose of household survey was to collect specific information of each household for gaining an in-depth understanding of the human resource, assets, social position, financial resource, credit status, changes in gender relation, and income sources of households. In this study, a household survey was used as a major method to collect data on a range of core topics including

Household sample survey was undertaken by directly interviewing clients using semi structured questionnaires (Appenix1). Data collection included basic information on household economic information (income, expenditure and asset), conditions/criteria to loan, access to loan and loan utilization, coping with difficulties or stress, control and decision making role and gender relation. Informal information's obtained from other sources.

Table 3 Data sources matrix for research sub questions

Sub question	Individual interview		Focus group discussion	Observation
	Men and women with credit	Men and women with no credit	URSACCO board of directors, loan committee, members and staff (two focus group)	
1	x	x		
2	x	x		
3	x	x	x	
4	x	x	x	
5	x		x	
6	x		x	x
7	x		x	x

Forty cooperative members (20 male and 20 female) were selected from three primary cooperatives from a list of 628 members. The list was provided by primary cooperative offices .All of the selected respondents was interviewed by the researcher.

3.4.4 Observation

Personal observation was used to bridge data gaps and verify information obtained from different used methods. This method was combined with all methods above in the process of collecting data.

The observation was focused on the asset creation and building such as new house construction and maintenance, number of drought oxen and cow, small ruminants and house equipments. Rather than this, able to observe gender relation at house hold level such as husband respecting his wife, the confidence of female respondents while interviewing and female members participation without shy during focus group discussion .

3.5 Data Analysis

The modified livelihood framework to make relevant to the research was used in analyzing the impact of MF on income at house hold level by using indicators shown on the above table 2. The impacts of MF on member's livelihoods were examined under the interaction among livelihood assets and external vulnerability context, employment opportunity and gender relation. Descriptive analysis was employed. The data in this set was presented in the form of tables and was conducted using average. All of these aimed to identify the impacts of MF on member's livelihood in poverty reduction and changes in gender relation.

Chapter Four - Results

This chapter provides the empirical findings accumulated from the data collected through focus group discussions and the household survey. Where, applicable data during the survey will be summarized in tables.

4.1 Loan History

4.1 Amount of Loan disbursed

The Provision of need based and sufficient loan is one of the interventions that would likely impact the livelihood activities, welfare and income of clients (members). According to the result from the study, URSACCO provided short term loans for its members in contract. The amount of loans disbursed for each member by URSACCO is shown below. Table 4 shows that the length of time in the cooperative members those who has no credit was 1.5 years while members those who has with credit have been for 6 years.

Average loan size disbursed for the male members was 800Birr for the first period of time (year), 1000Birr for second time (year) and 1200Birr for the third time (year) and for majority of female members was 500Birr for the first year, 700Birr second year and 900Birr for the third year. As indicated in the table 4 the number of women members who received similar amount of money was less compared to male members, this shows that there is difference in loan disbursement for male and female borrowers. But some of the female members who fulfilled the conditions to receive the loan have received the same amount of money as male members. This is according to the bylaw and loan policy of the URSACCO there is no different amount of loan to be disbursed for male and female members. Another indication is that the amount of loan size disbursed for members increased per year. (Table 4)

Table 4 Clients with loan history

Household type	no. of years in cooperative	first loan size (Birr)		second loan size (Birr)		third loan size (Birr)		Average cumulative loan size (Birr)	
		Male (n=10)	Female (n=7)	Male (n=10)	Female (n=7)	Male (n=10)	Female (n=6)	male	female
With no credit	1.5	-		-		-		-	
With credit	6	800	500	1000	700	1200	900	"1500"	1000

The participation of time in the cooperative for those who received credit in number of years is greater than the members who didn't receive credit from the cooperative. As it can be seen in the data members who stayed longer in the cooperative has an opportunity to have loans ,but the cooperative bylaws states that any person who stayed in the cooperative as member for more than six months and save regularly can apply for credit.

Table 5 Loan disbursed by the cooperatives for the last three years

years	Amount of loan disbursed	No. of members received loan
2007	355000	425
2008	408000	575
2009	465000	735

As indicated in table 5 the disbursement of loan is 355000 Birr for the 2007, 408000Birr for the year 2008 and 465000Birr for the year 2009.The number of members received loan were 425 for the year 2007, 575 for the year 2008 and 735 for the year 2009.As indicated in the above table the amount disbursed has increased from the year to year, and the number of members received the loan has also increased.

4.2 Impact of micro finance on member's livelihood

4.2.1 Impact of URSACCO credit program on income and saving

Micro credit programs are expected to generate by availing liquid cash to invest in different investment form so as to create more wealth. This assumes that households with more income have more choice to meet their basic needs and enjoy more opportunity. The table shows that the monthly income of the respondents who has received credit from URUSACCO credit program was found 528 Birr while respondents who have not received credit found 128 Birr (see table 6).

One of the respondent reported that *'I took 800Birr for the first time and I pay for labourers who dug a hole to harvest the rain water. I harvested the rain water for the first time and later at dry season. I sold the water for 1600 birr. I repaid the principal and interest. By the remaining money I bought an ox and fatten an ox .I sold for 1800Birr.Next time I took 1000Birr and bought an ox. I also harvested the rain water for the second and third year and sold for 2400Birr and 2800 Birr. I repaid the next loan from the sale of harvested water. I took 1200Birr for the third time and I bought an ox for fattening. I fatten an ox and sold for 2560Birr. I paid all of my debt. From the income I paid school fee for my three children, I bought cloth for me and of my family. I have two drought oxen to plough my farm, beside that I constructed the new house. So I can say that I am wealthy. The credit program was remedy for me and my family'*

Table 6 Monthly Incomes

Household type	Average monthly income		Total average
	Male N=10	Female N=10	
Members with credit	435	621	528
Members with no credit	79	49	128

The survey result (table 7) indicated that the average annual saving exhibited 120 Birr for both male and female members with credit and members with no credit. The monthly saving for members with credit and for members with no credit is similar, this

is in the cooperative bylaw the amount of minimum saving is regulated and any person who joined the cooperative has to save minimum saving of Birr 10 per month regularly.

In the focus group discussion, the discussants disclose the benefits of the program in saving that traditional experience saving in house that could be subject to theft, burnt or other kinds of loss. Some were saving with their relatives or friends where it was also much subject to denial or refusal to give back. But after URSACCO commencement they reported that they have been saving now in their cooperatives. Saving could be used even by their descendents in case of death. The focus group also stated that they liked saving because it renovates culture of saving in formal financial institution (URSACCO) which was not there before, building up social trust and help the members to think in a sense of business, because members earn an interest from saving and this is paid for them as divined at the end of physical year.

Table 7 Average saving in the cooperative

House hold type	No. of respondent		Amount of saving per month/person		Amount of saving per year/person	Total amount of saving in the year
	Male	female	male	Female		
Male and female members with credit	10	10	10	10	120	2400
Male and female members with no credit	10	10	10	10	120	2400

Similarly respondents were asked whether their monthly income improved, decreased or remained the same. The response is that the large majority of male respondents and half of female respondents have reported that their income increased due to good market and engaged in new business, while few male and female respondents indicated that their monthly income declined after credit. The most common reason for the decrease of monthly income was poor sale, health problem and bankruptcy. However, the remaining few male and female respondents reported that they experienced no change in their monthly income. So, the result concludes that income of the clients' increased after the intervention of the credit programs. (See table 8).

Table 8 Improvement of monthly income after loan

	Male with credit (n=10)	Female with credit (n=10)	Total (n=20)
No change	2	3	5
Improved	7	5	12
Decreased	1	2	3

4.2.2 Impact of URSACCO credit program on asset ownership

When asked about what impact the credits had had on their household assets, the respondents who had received credits answered mostly that they had improved house and/or bought furniture etc, or livestock. As indicated in the table 9 more male members were more likely to own more assets than female members. In table 9 and 10 the details can be found.

Source of money	Asset owned	No. of members (N=20)	
		Male	female
Micro credit	Chairs/table/bench	3	1
	Poultry	-	3
	Construct house	1	-
	Radio/tape recorder	2	
	Bed/mattress	1	2
	Oxen/cow	2	-
	Goat/sheep	2	1
	Horse/donkey	2	-
	Land lease	1	-
Crop/animal and other products sales	Chairs/table/bench	4	-
	Poultry	-	1
	Construct house	-	-
	Radio/tape recorder	-	-
	Oxen/cow	1	-
	Goat/sheep	-	1
	Horse/donkey	1	-

Table 9 Assets owned and source of money by members

Table 10 Impact on asset ownership the credit provided by URSACCO

	Members with credit		Total (n=20)
	Male (n=10)	Female (n=10)	
Increased number of live stock	2	3	5
Increased farm land size (lease new land)	1	-	1

Improve house	3	2	5
Buy new household furniture's	3	4	7
Investments done on new house construction, electronics	1	1	2

Table 11 indicates that a majority of respondents answered that their monthly income has improved after loan. However, the rests replied there is no change on their monthly income and some of the respondents replied that their monthly income had decreased due to different reasons such as poor sale, death of animals, household member who supports the family by farm and trade has been sick, poor agricultural season, unable to get input and unable to get sufficient loan for income generating activities.

The result indicated on table 9 that more male members have owned assets than female members. This also shows that not only male members have got more opportunity to receive credit and engage in income generating activities. This is assumed that female members have no right or not allowed to own valuable assets at household level.

In focus group discussion also consensus was reached about asset creation. They stated majority of the members start in buying chickens and raise, they sale chickens and then buy small ruminants, they raise small ruminants and sale, and then they buy cows/oxen level as an asset and buy house furniture, radio, tape recorder, bed mattress, equines. The focus group also stated that asset creation is one of the coping strategies for crop failure and also other house hold shocks in case of condolences and other shortcomings.

Table 11 Improvement of asset after loan

	Male with credit (n=10)	Female with credit (n=10)	Total (n=20)
No change	2	2	4
Improved	7	6	13
Decreased	1	2	3

4.2.3. Impact of URSACCO credit Programme on Gender relation.

Male and female respondents were asked about decisions made at house hold level such as, on amount of credit to receive, the type of business, type of school for their children, purchase of input, sale of agricultural products, sale of assets (land lease, oxen, cow), purchase of house furniture's, new house construction, and house hold expenditure for health, education cloth and food stuff. Female members who participated in micro finance credit services were likely involved with their spouse in decision making in their household due to change of attitude. With this assumption members with credit and members with no credit were asked about principal decision maker in their households. Among the members with no credit 17 has reported their husband was the decision maker, 3 has reported husband and wife.9 of the Members with credit, the joint decision making by husband and wife, and 11 members has reported the decision maker are husbands. There is an indication that there is increment in joint decision maker of those who has access to receive credit. (See table 12)

In this study during informal talk with female members, female member's respondents were also asked about whether their contribution on income for their household has improved their gender relation such as participation on decision making on different matters and their voice is heard, respect each other, cooperation among each other or not before and after the loan.

The result reveals that there was no contribution of income for their households before the credit intervention while after the intervention of the credit service they contribute additional income and this have improved their gender relation due to contribution of income for their household. As the result indicate the number of female members with credit have also still not be able to participate in decision making process at household level, this shows that there is still women subordination to their husband.

However the study found difficult that all the information provided was true; the assumption is that there may be reservation of female respondents at the time of interview because the researcher is male; the researcher had been working as head of cooperative office at zonal level, there is also people naturally do not want to talk private issue to outsider.

Table 12 principal decision maker in household

	Members with credit (n=20)	Members with no credit (n=20)
Male(husband)	11	17
Husband and wife	9	3
Female(wife)	-	-
Total	20	20

4.2.4 Coping with difficulties or stress

Since the URSACCO major share of the loan was targeting agricultural enterprise possibility to be affected by drought, the clients were asked on how they have been responding to stress like crop failure, livestock death and long time illness. The response summarised in Table13 reveals that the way of coping with difficult situations was more or less similar for both types of clients. out of20 respondents members with credit and 8out of 20 members with no credit sell personal property at time of different situation 5 members out of 20 with credit and 6 members out of 20 with no credit borrow food or cash from relatives without cost followed by 7 members out of 20 and 6 members out of 20 and members with no credit borrow with cost.

As the result indicated in both cases more female members from the family borrow food/ cash from family/relative/neighbour and sell their personal property than male. This indicates that female members are more concerned for the house hold; however more male members borrow food and cash at cost. This is also another indication of those male members has more access to get credit from neighbours or other persons nearby.

The focus group discussion disclosed that coping mechanism for both members with credit and with no credit is similar but the difference is that members with credit have more purchasing power than that of members with no credit. Because Members with

credit engaged in different types of business and have better opportunity to earn additional income.

Table 13 mechanism of coping stress

Coping stress	With credit			With no credit		
	male	female	Total	male	female	Total
Borrow food/ cash from family/relative/neighbour	2	4	6	3	3	6
Borrow food and cash at cost	5	2	7	4	2	6
Sell personal property	3	4	7	3	5	8
Total	10	10		10	10	20

4.2.5 Impact of URSACCO credit Programme on self employment creation.

One of the measures of loan effectiveness is its ability to create employment for its clients. Respondents of URSACCO credit Programme were asked to assess the impact of credit Programme on their employment, both initially and at the time of the survey.

Accordingly, the result of the survey indicates that the large majority of male and female respondents could improve their business and establish new business as result of the credit services (table 14). Whereas few male and female respondents out of 10 have reported that their employment status after the intervention of the credit remained the same / no change and decreased. This is due to drop out of household members who are engaged in business because of such cases like low access to market and lack of business skill.

Table 14. Impact of credit on self employment creation (Members with credit)

Household	Members with credit	
	Male	Female
No change	2	1
Improved	7	8
Decreased	1	1

By the same indication, access to micro credit enabled adult households to engage in income generating activities .In these regard members were asked to find how many persons in a household were engaged in income generating activities .The result (table 15) indicated that more persons were engaged from the members who have with credit. Thus the result shows the members who have access to credit have more opportunity to mobilise their household members to be engaged in different types of small business.

As the result indicates the average number of female engaged in income generating activities is more than male at house hold level, this is due females are more active by mobilizing even small amount of money in different petty trade at local open market in the area of their inhabitants. The other indication is that females are more concerned for household expenditure like for food stuff.

Table 15 number of Household members engaged in income generating activities

Household	Male average(n=10)	Female average(n=10)
Members with credit	2.3	2.8
Members with no credit	1.0	1.3

4.3 The procedures and conditions for male and female members to access loan

Respondents were asked the procedure and conditions of loans for both male and female members. In this regard all of the respondents were asked whether the credit was accessible for all male and female members, different conditions and criteria for male and female members to receive loan from cooperative, the credit was appropriate and affordable for male female members.

The result showed (table 16) that the large majority of respondents reported the credit was affordable, all male and female has reported that the credit is available and nearby their inhabitants, all reported that the loan procedures and conditions for male and female members was similar, the large majority of male and almost half of the female has reported the loan policy is suitable for both male and female members and all of the respondents reported that there is no different procedures for male and women members.

However half of the female respondents have reported that the loan policy is not suitable for them, this is due to unavailability of collateral and refusal of their husband to sign as partner. The other indication that the ceiling of the loan indicated in the loan policy is limited by these members cannot get the amount of loan according to their request.

In focus group discussion the discussants disclosed that the loan policy and other directives of the cooperative has to be amended otherwise they face difficulty to answer the questions of members, for example in the loan policy the upper limit of loan size is 3000Birr. In today's market, members can do nothing with this amount of money and the policy has to be changed. Female members sometimes face difficulties to get loan because of unavailability of collateral and refusal of their husbands to sign as partner.

During the survey both interviewees and focus group discussants were asked about what to be improved or done for URSACCO betterment. Majority of the male and female members both with credit and with no credit suggested that the importance of introducing insurance scheme, create evaluation and monitoring system, increase the credit amount (ceiling) for borrowers, sale additional share for members and accept new entrants to increase capital, adjust credit disbursement time, provide credit on their own interest and change management, while few respondents suggested to reduce interest rate. (Annex IV)

4.4 Constraints for female members while accessing loan

Table 17 presents indicators of credit-constrained for male and female members, the result indicated that majority of male and half of female members reported that equal amount of loan accessed for male and female members, the large majority of male members and a small number of female members reported that the collateral is available equally for both male and female members, and a small number of male and the large number of female members reported that refusal of their husbands while female members receive the credit. The other indication is that half of female members have reported no equal amount of loan was accessed for male and female members, majority of the female members has reported unavailability of collateral and refusal of their husbands while receiving the loan and all has reported that there is lack of fund.

Table 17 constraints of loan distribution for male and female members

	members with credit			
	Male(n=10)		Female(n=10)	
	yes	no	yes	no
Equal amount of loan accessed for male and female	7	3	5	5
Availability of collateral equally for female borrowers	8	2	4	6
Refusal of husband/wife to sign as partner	3	7	6	4
Lack of Fund	10	0	10	0

Chapter Five Discussion and Analysis

This chapter analyses on the findings got from the interviews, focus group discussion and informal talk carried out the field work of the study. The findings are related to the sub questions of the research. This followed by the interpretation and discussion about researcher's findings.

5.1 Loan History

The profile of the URSACCO program since 2007 shows that the amount of loan sizes is about 355,000 Birr and exceeded to Birr 465000 in 2009 (table 5). Although the members were provided by the URSACCO an average amount of money Birr 800 for the year 2007, 1000Birr for the year 2008 and Birr 1200 for the year 2009. (Table 4). Beside that the RUSACCO support the members with other support, including training courses, group monthly meetings, and savings.

There was difference in the amount of loan disbursed for male and some of female members. During the survey and data collected from the interviewee of male and female respondents, and URSACCO office indicated that the amount of loan for male was from 800Birr to 12000Birr while for the female members was 500Birr up to 900Birr. This was due to female members have a problem of bringing collateral to the large amount of money. In cooperative bylaw and loan policy there is no difference for male and female members unless he/she fulfils the conditions to receive credit. In the study it was found that in practice the URSACCO did not manage the loan disbursement according to by law and loan policy of URSACCO.

The loan size had been limited to maximum of Birr 3000, with a view to limiting it to the requirements of the members, however, some having credit from URSACCO has developed business skills, require loan size beyond this limit. With regard to loan size of URSACCO, the loan ranged from a minimum 500 Birr to maximum 3000 Birr; the average loan size was 1500 Birr. There were variations in loan average related to duration of participation in the cooperatives and the amount of savings and share in the cooperative. The survey found that the loan provided by the RUSACCO did not fulfil the demands of the members. The respondents reported that the low size was small compared to existing market.

On the other hand, the loan term also used to be limited to a maximum of one year. This has been one of the main problems, which limits the efficiency of the URSACCOs on the poor people who are largely engaged in small business which need more than one year to produce result.

As a matter of loan policy, all URSACCO loans were short loans. This was based on the loan policy of URSACCO therefore; such loans are repaid within less than or up to one year period depending on the cash flow pattern or type of activities of the micro-enterprises. The intervals of loan repayments depend on the type of micro enterprises.

Regarding the problems encountered by the members, not to repay the loan the beneficiary respondents in group discussion the discussants reported that facing market problems, hence, due to that reason they were unable to repay the loan on time. Further the discussants claimed that their business was profitable and the members make regular repayments successful, they repay the credit partly. This finding identify that the majority of the respondent repay the credit on time or regularly. However it does not mean that the amount of disbursed for the members was collected at the right time. There were some defaulters who do not pay back the credit received on time as contract with the URSACCO.

5.2 Impact of micro finance on member's livelihood

5.2.1 Impact of URUSACCO credit program on income and saving

Micro-credit is expected to generate income by availing liquid cash to invest in different investment form so as to create more wealth. This assumes that households with more income have more choice to meet their basic needs and enjoy more opportunities. The result in the table shows that the monthly income of the respondents who has received credit from URSACCO credit program was found 528 Birr while respondents who have not received credit found 128 Birr (see table 6). From the average monthly income for the members who has not received credit and members who has received credit found 400 Birr difference. The difference of monthly income earned by members with credit was significantly greater than that of members who has not received credit from the program. This was because of the members with credit were engaged in different types of petty trade and small business. By doing this, they were enabled to earn additional income.

The reflection from focus group discussion also confirmed that the income from the micro finance program enabled them in improving their income and modernising saving culture. They stated that the income of members with credit may not be only from micro credit, it can be other sources or the members income was higher before he join the cooperative and from the remittances. Thus, it is difficult to conclude that micro credit is the only source of income for the members who have with credit. The household may have saving from another source of income and remittances and also as the result indicated in the table 6 more or less members who did not received credit also have average annual income. This result states that only the credit program of URSACCO has not brought positive impact on income of the clients and access to micro credit increased house hold cash income.

One of the major objectives of the micro finance program was enabling the poor to generate enough income by investing in productive activities. Saving part of profits for future investment and improving the quality of the lives of the beneficiaries is also one of the objectives, According to (Ted 2001) lack of access to credit and saving facilities increases household vulnerability towards endogenous and exogenous shocks such as natural disaster. To minimize such shocks URSACCO has developed saving scheme for their members through time. The survey result (Table 7) indicated that the average annual saving exhibited 120 Birr.

However the result showed that there was no difference between members with credit and members without any credit in the amount of annual saving. The survey found that by the cooperative bylaw it is stated that every member who joined the cooperative has to buy one share and save minimum amount of 10 Birr per month. This is for all members who received credit and who did not receive credit and for male and female members. It is one of the conditions which are to be fulfilled by every person who wants to join the cooperative.

5.2.2 Impact of URSACCO credit program on asset ownership

The assets owned during the last three years and different sources of money to own these assets could be one of the indicators to assess the impact of the micro-credit service on household assets of the clients. Table 9 indicated male members who received credit own assets such as new house construction, home furniture, radio, tape records, poultry, bed mattress, oxen, cow, sheep, goat, donkey, etc by using the

cash they accessed from the micro-credit and female members owned assets such as home furniture's, poultry, sheep, goat, cow and donkey..

Another indicator of the impact of MFI program was asset creation. Ownership of durable asset such as land lease, radio, chairs and tables and so onward regarded as one of the most important indicators of improvement in the household's welfare.

This variable was mainly related to the use of income and saving for purchase of durable assets instead of investing in income generating activities. In this regard, respondents were asked to judge whether their household assets improved or not. As indicated in survey result (Table 10), majority of male and female respondents that their asset position is improved and some of the respondents reported that their asset position was the same (not changed) and some of them also indicated that their household assets decreased.

Similarly respondents were asked whether their monthly income improved, decreased or remained the same. The response was that more male and female respondents had reported that their income increased due to good market and engaged in new business, while some of male and female respondents indicated that their monthly income declined after credit. The most common reason for the decrease of monthly income was health problem, poor sale and bankruptcy. However, the remaining of the respondents reported that they experienced no change in their monthly income. So, the result indicates that income of the clients' increased after the intervention of the credit programs.

However, another indication was that as indicated in table 6 some of the members owned assets from another source, so it is found difficult to conclude that increased amount of money of members who received credit was only from the injection of credit, because some of the members owned their asset from others sources like from animal sales that the members had before they join cooperative and crop sale.

As the result of survey indicated there was difference between asset owned by male and female members. Male members have owned more asset than female members. This indicates that male members have more opportunity to access loan than female members. Another assumption was that female members have less opportunity to own valuable asset at household level. The study also found that asset accumulation of male and female members was not similar this indicates that even if cooperatives were serving both male and female members equally, female members have less opportunity to access the loan.

In general the survey found out that the sample clients of URSACCO was displayed increase in asset accumulation after the participation of the credit program which, on the other hand implies that the clients purchasing power increased due to increase of the monthly income. Thus, the result identified that the URSACCO credit program has impact on asset accumulation of their male and female members.

5.2.3. Impact of URUSACCO credit Programme on Gender relation.

Micro finance program are supposed to improve gender relation by empowering women through increased role of decision making in the household and community, improving business skills, better income, greater self confidence and better social acceptance. Women who are participating in micro finance programmes are also assumed to be less marginalised, and have higher aspiration for their children's education and nutrition.

The other rationale that the members participated in microfinance service were likely involved their spouse in decision making in their household due to change of attitude. Apart from the socio-economic impacts, MFI is believed to boost the beneficiary's sense of self. This, according to Lidgerwood (1999), is personal or psychological

impact, which is one aspect of gender relation. Currently, much attention has gone to describing MFI might lead to bring changes in gender relation by empowering of the beneficiaries. In many cases, the focus is on women beneficiaries and changes in their status within the household and the community. With this assumption, both members who received credit and members with no credit were asked about principal decision maker in the household.

In this study, participation in URSACCO credit Programme was revealed to have positive impact on gender relation of the individual who receive and use the MFIs, particularly women clients, this changes on gender relation may take the forms of improved decision-making role of women clients in their community and household, income contribution to the household, as well as building of social and human capital due to their access to information and knowledge through Social intermediations offered by URSACCO. Accordingly, the survey results in this regard are summarized are the following.

5.2.3.1. Decision making

One aspect of targeting women in the MFI Programme is to enhance women's participation in the development process and the decisions that affect them. Participation on decision making at house hold level is one of commonly recognized indicator of women's empowerment. While there is evidence that MFI can have an impact on women's role in household decision-making, it has not occurred evenly in all contexts or in all areas of decision making.

The survey results indicated on table 12 that among the members with no credit, more decision was made by husband and about few members reported that husband and wife decide together. Among members with credit there indicated that there was more joint decision making by husband and wife. This implies that a gradual improvement in household's decision making that is power to decide over matters of households concern improved.

Accordingly, the above descriptive analysis portray that credit program was so doing well in improving women's relation at household level so that they could make decision as equally as their partner regarding on issues of their familiar interest.

This finding is consistent with a study made by Littlefield et al (2003). According to their finding, the women's empowerment program in Nepal found that 68% of its members were making decisions on buying and selling property, sending their daughters to school and planning their family, all decisions that in the past were made by husbands. The result mentioned above table, identified that participation of URSACCO credit Program has positive significant impact on decision making of its women clients.

In this reason, participation in URSACCO program was depicted to have positive impacts on enabling them to participate in decision making process which is one of empowering process of the women. Similarly, the result supports the finding of Littlefield et al (2003). They refer to studies in Ghana and Bolivia, which indicated that women involved in microfinance program, had increased self confidence and had an improved status in the community.

Generally the results conclude that women clients' ability to support family by participating on decision making after the intervention of the credit program has improved due to Women's with credit has better exposure to discuss with their friends outside while going to the market, cooperative meeting and has opportunity to get training on gender equality and by this, they can claim their right at household

level and in the community. Of course this may end up with conflict and violence at house hold.

5.2.3.2. Income contribution to their household.

Several studies establish the importance of a women's contribution to household income in their empowerment (Hashemi et al (1998) and Kabeer (1998) also found that empowerment changes are greater when women use at least some portion of their loans to enhance their own Contributions to household income. Loans have helped the women to meet their survival goals and put their households on a more secure basis, without compromising their dignity or self-worth.

On Focus group discussion, from the discussants female members reported that, every month we have joined monthly meetings that we discuss anything what we need. Sometimes we attended training courses organized by Wonta Rural development association with zonal and district cooperative office and URSACCO Union. Now, we feel more confident because the training and provision of credit improved our knowledge and skill and we can rise up opinion in cooperative meetings. We can naturally discuss with our husband about production and other household activities and our voice is heard.

According to the result found from the focus group discussion and informal talk, this indicates that URSACCO credit programme have positive contribution to be improved their gender relation by the contribution of income of the women. The result supports the arguments of Osmani (1998); he analyzed the impact of credit on the well being of Grameen Bank women clients and found increased women's autonomy in that they were able to spend family more freely than non clients is heard after the intervention of credit.

The results of discussion with focus groups and information gathered from informal talk showed that the URSACCO credit members are ahead of the members with no credit in all three indices of empowerment irrespective of residence in cooperative areas. Moreover, the members with credit in URSACCO programme areas show a better level of empowerment on the autonomy and authority indices than do the members with no credit in the comparison. Being empowered by their new sources of financial income and related credit supports, female recipients of URSACCO credits may have asserted their autonomy and authority vis-a-vis their husbands' restrictions and dominance in related household affairs. The results further indicate that education, house type, yearly income etc. tend to be positively associated with autonomy and authority indices. Also positively associated are duration of URSACCO membership and non-agricultural occupations.

The implications of all these findings are that URSACCO credit programmes in rural area are not only likely to bring about rapid economic improvement in the situation of women but also hasten their empowerment. The URSACCO credit members are reported to be more confident, assertive, intelligent, self-reliant and conscious of their rights.

While URSACCOs are doing a good job, it would perhaps, be too much to expect that the URSACCO could make all female members resourceful and empowered. Thus, as the result displayed, after the intervention of credit service to female members of URSACCO have brought changes on their gender relation due to income contribution for their household which implies that URSACCO has positive impact on change in their gender relation due to income contribution to their family

members. However the URSACCO has a lot to do, to give equal service of credit provision for female members equally to male members.

5.2.4 Coping with difficulties or stress

Microfinance program potentially reduces vulnerability enabling the clients to diversify or increase income, increase their savings, accumulate physical assets, increase expenditure on consumption and other related measures. Thus from this we can likely conclude that coping strategy against vulnerability, stress or damage was different for members who are with credit and members with no credit. This was the members with credit have more opportunity to be engaged in different types of business and has more opportunity to earn money to purchase food and sale their owned assets from the profit of the business. Even though there is differences both are experiencing similar methods this is due non existence of insurance schemes in the cooperatives and low saving capacity of the members.

According to the data (Table13) members with credit have significantly different coping mechanism than members with no credit. This implies that the amount of credit rendered by the URSACCO helped the members to engage in different income generating activities. In another indication focus group discussants disclosed that members with credit has better opportunity to earn additional income and own asset. This implies that members with credit sell their personal property which they gained from trading while members with no credit sells their properties which already they have.

5.2.5 Impact of URUSACCO credit Programme on employment creation.

The concern for job creation resonates increasingly in the microfinance industry itself. Major microfinance networks justify their work also with the expected impact on job creation. Moreover, employment in the informal economy is often sub-standard; unproductive and un-remunerated, lacking social production and economic security. By helping the poor to increase their income, microfinance has an immediate and lasting impact on employment creation and income generation. As business income increases, the business is able to expand, and the effect spreads beyond the family into the local community and contribution to the local economy.

By the same indication, one of the measures of loan effectiveness was its ability to create self employment for its clients. Respondents of URSACCO credit Programme were asked to assess the impact of credit Programme on their employment, both initially and at the time of the survey. Accordingly, the result of the survey indicates that majority of the respondents could improve their business and establishing new business as result of the credit services (table 14) Moreover, some of the respondents have the same or no improvement in their employment status after and before the participation, respectively. As the result revealed the participation of URSACCO credit program has positive impact on employment creation of its customers.

The result indicated in table that significantly more household members of the members with credit engaged in income generating activities. However there were more female members who were engaged on income generating activities thus micro

finance created more employment opportunity for female members than male members those who received credit.

5.2.6 The procedures and conditions for both male and female members to access loans.

One of the objectives of URSACCO was to provide and deliver credit services to the male and female members of the cooperative who shall engage in small-scale production, petty trade, service activities and similar income generating activities residing in the operation area of the cooperatives. The URSACCO has bylaws and loan policy by which it uses as a rule to disburse the loan for its members. The URSACCO serve its members based on the bases of the bylaws and loan policy. According to the data collected during the survey (table 16), there is no difference for male and female members to disburse loan.

During the survey from the profile of RUSACCO and focus group discussion the study found that different amount of loans were disbursed to the male and female members because of female members did not fulfil the criteria or conditions such as collateral for the amount of loan they requested.

URSACCO was organized and registered according to the cooperative law of the country and the cooperative law states that all members are eligible to get benefit from the cooperatives. Thus any member who fulfils criteria for loan have right to receive credit regardless of sex and other differences. Thus, the research found that the URSACCO was trying to serve its members equally without any difference. However, due to unavailability of collateral and refusal of their husbands female members were not getting equal chance to access to the credit from the cooperative and by this it is difficult to conclude that RUSACCO was serving credit program equally for its male and female members.

5.2.7 Constraints for female members while accessing loan

Cooperatives are people based organizations and their major objective was serving their members according to their need. Members in the cooperative have equal right to get benefit from the cooperative. In this study, the study found that there were some limitations on the amount of loan accessed for male and female members. (table17) the study revealed that unavailability of collateral for female members were more difficult compared to male members. Refusal of spouses to sign as partner was also some of the constraints to get loan for female members compared to male members. This indicates that female members has less opportunity to get loan from the cooperative due to unavailability of collateral and refusal of their husband.

5.3 Major constraints of the URSACCO program

Some of the major problem as the survey result indicated, the loan repayment system or procedure was not suitable for the members and members reported that their income generating activities affected by lack of sufficient and timely accessing loan followed by lack of sale due to limited market access. similarly members who didn't receive credit reported the problems encountered were lack of timely accessing loan, even though they stay more than one year in the cooperatives and fulfill the conditions to receive credit. The study also found that Lack of fund is one of the constraints of the URSACCO. (Annex III&IV)

Obviously micro finance institutions gives loans to individuals or group for investment in productive; generate income, and repay loans with interests within initially framed time schedule. If loan provision is not sufficient and timely available, it hampers the success of micro finance from various angles. As result the client might not engage in productive activity at the proper time via correct type of business. This in turn affects repayment of loan or holds back from timely repayment of loan.

Apart from survey result, the focus group discussion conducted was also gathered reflection in relation to the view and perception of clients about the URSACCO performance in area of the loan, savings, interest rate, suitability of repayment, conditions and constraints for loan, improvement in gender relation and other related issues. Both groups participated in the discussion liked their access to credit service, procedures and conditions for loan, affordability and appropriateness of loan. Nevertheless, encouraging impact of loan, the groups disliked the time of loan repayment. They also complained about the amount of credit insufficiency and not timely disbursement. The discussants pointed out market access limitation, absence of insurance and limited regular supervision and monitoring. In addition the discussants disclosed about shortage of total capital. It was reported during interview the amount of credit couldn't sufficiently finance enterprise of the members due to the criteria in place though the credit ceiling was limited to 3000 Birr. Likewise the clients thought about the business, and failure of some of the members due to individual and social calamities. More over they further noted that the remoteness of the area negatively contributed to attain intended impact.

Even though, the URSACCOs bylaws and other regulations states that all members have equal right to access loan ,due to lack of collateral and refusal of their husbands some of female have not get chance to get benefit from the credit program. Members' saving were only compulsory, voluntary and other types of saving was not started but there are members who can save a large amount of money but they were not encouraged to save in the program. The discussants suggested that also efforts have to be made to increase the size of compulsory savings. The management gap was also one the areas stressed by the group discussion. Another points indicated from the survey was that appropriate monitoring and evaluation system was not done in order to investigate the performance.

Monitoring and evaluation system was not developed and in place in order to investigate the performance level of URSACCO. URSACCO was not properly monitored and evaluated if it was delivering its service to members as planned or not. Even though training was provided by zonal and district cooperative office collaboration with WRDA. The study found that it was not sufficient and did not develop their entrepreneurship skill. The demand driven training was not given for board of directors and staffs. Beside this sufficient education was not given for members on importance of savings and credit utilisation

5.4 Issues members stated for betterment of the program

Getting idea or the way the way out from the members was indispensable to improve any stage of the program. The policy idea gathered from grass root level would have the big impact. Hence during the survey both interviewees and focus group discussants were asked about what to be improved or done for URSACCO betterment. Majority of the male and female members both with credit and with no credit suggested that the importance of introducing insurance scheme, create evaluation and monitoring system, increase the credit amount (ceiling) for borrowers,

sale additional share for members and accept new entrants to increase capital, adjust credit disbursement time, provide credit on their own interest and change management, while few respondents suggested to reduce interest rate.

The data portrays that the opinion of all members with credit and with no credit revealed similarly in introducing insurance scheme, this was due to members were facing difficulties by the death of drought animals purchased by the money received from the URSACCO and they suggested that if there were insurance scheme members they may be saved from such kind of problems and events.

So, policy implication could be paying due attention about insurance scheme and extend micro credit program. They also aware to change the loan policy and bylaws of the cooperative on credit ceiling, periodic evaluation, creating better terms of reference to assess the impact and progress of the cooperative program, support in marketing and refreshment training for board of directors and staffs. Educating members on importance of savings and credit utilisation are also most important.

Chapter 6 Conclusion and Recommendation

6.1 Conclusion

Microfinance is a powerful instrument against poverty. Access to sustainable financial services enables the poor to increase incomes, build assets, and reduce their vulnerability to external shocks. Microfinance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions, and children's health and education. For this reason, the major results of the survey reveal that when poor people have access to financial services; they can earn more, build their assets, and reduce themselves against external shocks.

Impact assessment of micro finance is necessary not only demonstrate to donors that their interventions are impacting positively, but also to generate information that allows micro finances to improve their services, and thus improve impact. In particular to the study area of URSACCO of this research, there is neither institutional nor impact research conducted. The study attempted to measure weather participation in the micro finance program has brought significance difference on livelihood of members who received credit. It attempted to measure improvement in gender relation with in the house hold of members who received credit compared to members who did not received credit. The study also attempted the core to find problems faced by the program in the course of program implementation.

URSACCO provided short term loans in contract which was limited to a maximum of one year. The loan size also had been limited to maximum of Birr 3000 which was insufficient and was not timely disbursed. This hindered the members not to participate on big business. There was difference in the amount of loan disbursed for male and some of female members. Lack of fund was one of the constraints of the URSACCO. If loan provision is not sufficient and timely available, it hampers the success of micro finance from various angles. As result the client might not engage in productive activity at the proper time via correct type of business. This in turn affects repayment of loan or holds back from timely repayment of loan.

Micro credit program enabled clients to generate income by availing liquid cash to engage in income generating activities. This assumes that household with more income have more choice to meet their basic needs and enjoy more opportunities. The study on URSACCO has clearly shown that the average monthly income for members with no credit and members with credit was 128 and 528 Birr respectively. The difference of income earned by members with credit was significantly greater than that of members with no credit. But the study found it difficult to conclude that micro credit was the only source of income for the members who have with credit. The household may have saving from another source of income and remittances and also as the result indicated in the table 6 more or less members who did not received credit also have average annual income.

The average annual saving for members with credit and members with no credit exhibited 120Birr. However the result showed that there is no difference between members with credit and members with any credit in the amount of annual saving. The benefits of the program in saving that traditional experience saving in house that could be subject to theft, burnt or other kinds of loss. Some were saving with their relatives or friends where it was also much subject to denial or refusal to give back.

But after URSACCO commencement they reported that they have been saving now in their cooperatives. Saving could be used even by their decedents in case of death. They also stated that they liked renovating culture of saving social trust building up and thinking in a sense of business.

The result of savings also indicated an increase in the number of members having personal saving account after URSACCO credit Program which suggests positive changes but there was only compulsory savings. This is attributed to the low saving culture and suspicious character of the members. Members who are wealthy can save a large amount of money if they are encouraged to save more and even the poor can save some amount money instead of buying chickens or small ruminants.

Members with no credit stayed more than one year without getting any benefit from URSACCO by only saving. Only saving without credit may affect the poor members who joined the program aiming to get credit and engage in income generating activities. Members may stop the saving due to inability to save or unwilling, or which in turn depends on a households disposable income and expenditure.

Majority of members who received credit owned assets such as home furniture, radio, tape recorder, bed mattress, oxen, cow, sheep, goat, donkey etc by using the cash they accessed from micro credit loan. Some of the members improved their house, lease land and constructed new houses. Income of the clients' increased after the intervention of the credit program. Asset creation was helped the members as one of the coping strategies for crop failure and also other house hold shocks in case of condolences and other shortcomings.

However, another indication was that some of the members owned assets from another source, so study found that it is difficult to conclude that increased amount of money of members who received credit were only from the injection of credit. Asset accumulation of male and female members was not similar, majority of male members owned assets such as oxen, cow, lease land and other valuable assets while female members owned small ruminants and house furniture. This is assumed that female members have no right or not allowed to own valuable assets at household level. In general the survey found out that the sample clients of URSACCO was displayed increase in some amount of asset accumulation after the participation of the credit program.

Coping risk was mainly by selling personal property for both members with credit and members with no credit. Members with credit have significantly different coping mechanism than members with no credit. This implies that the amount of credit rendered by the URSACCO helped the members to engage in different income generating activities. Members with credit sell their personal property which they gained from trading while members with no credit sells their properties which already they have. In the long run this may affect members with no credit by eroding their livelihood.

Furthermore, the study was attempted to assess the gender aspect of the program. The survey investigated the descriptive analysis that the credit program was so doing well in improving women's relation at household level so that some of them could make decision as equally as their partner regarding on issues of their familiar interest. URSACCO program was showing to have positive impacts on enabling them to participate in decision making process which was one of empowering process of the women. Generally the results conclude that some of women clients' ability to support family by participating on decision making after the intervention of the credit program. Women's with credit has better exposure to discuss with their friends outside while going to the market, cooperative meeting and getting opportunity to get training on gender equality. By this, they can claim their right at household level and in the community. This may end up with conflict and violence at house hold. As the result displayed, after the intervention of credit service some of female members of URSACCO have brought changes on their gender relation due to income contribution

for their household. This implies that URSACCO has positive impact on change in their gender relation due to income contribution to their family members. However the study found difficult that the data provided by female members was reliable. Female members may be reserved to give the real picture of changes in gender relation at household level. This is assumed that interviewer was male and female members may not want to talk their private issues to outsider

URSACCO was mainly male dominated despite conducive policies and legal environment at national and local level for cooperative establishment and membership of male and female equally. Thus there is a need for the URSACCO to encourage participation of female members by delivering the loan equitably. This will encourage female members' participation and will also lead to sustainable URSACCO. Mainstreaming gender in the training, exchanging experiences with other URSACCO and advocacy are fair alternatives.

During the survey from the profile of RUSACCO and focus group discussion the study found that different amount of loans were disbursed to the male and female members because of female members did not fulfil the criteria or conditions such as collateral for the amount of loan they requested.

Members improved their business and established new business as result of the credit services. More household members of the members with credit engaged in income generating activities. Micro finance crated more employment opportunity for female members than male members for those who received credit.

The credit was affordable, available and nearby their inhabitant's .The loan procedures and conditions for male and female members was similar, but the loan policy was not suitable for female members. The major problems identified were loan repayment system or procedure was not suitable, lack of sufficient and timely accessing loan followed by lack of sale due to limited market access and weak timely disbursement of the loan. Similarly members who stayed more than one year in the cooperatives and fulfill the conditions to receive credit didn't receive credit due to capital insufficiency. Even though, the URSACCOs bylaw, loan policy and other regulations states that all members have equal right to access loan ,due to lack of collateral and refusal of their husbands some of female members have not get chance to get benefit from the credit program.The management gap was also one of the areas stressed by the group discussion.

An appropriate periodic monitoring and evaluation system was not developed and in place in order to investigate the performance level of URSACCO. URSACCO was not properly monitored and evaluated, and no timely supervision was made by concerned body if it was delivering its service to members as planned or not.

Even though training was provided by zonal and district cooperative office collaboration with WRDA, the study found that it was not sufficient and did not develop their entrepreneurship skill. The demand driven training was not given for board of directors and staffs. Beside this sufficient education was not given for members on importance of savings and credit utilisation.

The study results clearly indicated that injection of micro finance to household's income set has a start to bring changes in their livelihoods and improve gender relation at house hold level. The overall findings indicate that micro credit provision has more or less impact on the livelihoods of the rural people even in the remote areas Duguna Fango.

To sum up, it can be noticed from the overall analysis that there is certain impact of URSACCO activities on improvement of the living standard of the family not only in economic term but also in social term. The relation between different factors of society and family became evident and clear, which were being neglected and not thought about during the period of existence of only conventional banking system. Finally, the study has come to the conclusions that there is a noticeable impact of microfinance activities on the asset building, change in gender relation and employment creation among the members.

6.2 Recommendation

The survey result of this study revealed that the credit program have certain positive impact on living standards of the participants but specific attention, needs to be given to the micro-credit delivery mechanisms and strategies that are in existing practices. In this regard, this part discusses suggestions and recommendations based on the empirical finding of the study. Based on the major findings of the study the following recommendations are suggested.

My organization (Zonal and district cooperative office) and the URSACCO management have to put incentive mechanism to solve the prevailing problem to make the program sustainable as business entity.

Accordingly to the survey results, most of URSACCO's clients have only compulsory savings. URSACCO can offer saving products such as compulsory savings, regular saving, time deposit, daily savings, educational savings, festival savings, health savings etc.

Hence, to expand the credit program to reach all members according to their need, there should be mobilization of saving. Mobilization of local savings will provide URSACCO's reliable, inexpensive and sustainable sources of funds for lending. Savings are important for both continued circulation of funds for the sustainability of credit programs. Strategies should be laid such that even those clients with relatively low incomes are encouraged to save.

Through saving it is possible to accumulate a substantial amount of cash and therefore broaden the resource base of the established saving institutions. In this regard, URSACCO management should make efforts to expand saving services. Therefore attention should be given by URSACCO to mobilize resources through savings. This task should be done with collaboration with zonal and district cooperative office. This is by increasing the amount of compulsory saving and encouraging members to start other the above indicated savings. To encourage the members for the saving the following are suggested:

- Regular and constant award of certificates, prizes, acknowledgements and any other forms of reward to the best and regular savers to motivate others to save.
- Payment of attractive interest rate or profit margin on savings products so that the savers can compensate for the opportunity cost of their deposits.
- Educate the members that the advantage of saving, savings for safe custody, to earn interest, to acquire a loan. Members have to learn to spend only when they must learn to avoid some wastefulness and more extravagancy.
- Exposure visit for board of directors and innovative male and female members to make them gain experience from other SACCOs and share for their fellow members.
- Organise cooperative day and show role-play/theatre on the importance of saving in cooperative rather than at home or any other places.

- Promote the importance of saving through local radio program.
- Prepare brochures and leaflets and distribute for literate male and female members and encourage them to teach their friends who are illiterate.
- Prepare poster and put on public places (SACCOS and peasant association offices, market place, schools, health center etc)
- Visit members house to collect savings; this may make members to think that they are well recognised.
- Make slight difference on loan disbursement for those who save more.
- Starting of income generating projects (side business) to act as sources of saving, for instance purchasing of grain during harvesting season and sell when the demand and price increases.

The zonal and district cooperative office and URSACCO management should make effort to introduce additional share sale by educating and encourage members by paying interest on capital and dividend on patronage from profit according to the bylaw.

Make available soft loans to meet the credit demand of URSACCO members and close the gap of financial scarcity of URSACCO. It is undisputable that self-financing of URSACCO from mobilized savings is compulsory for its healthy operation. However, the demand for loans cannot be solved from their internal source only. Therefore, an external credit is required to meet the loan demand and development needs. With this regard zonal and district cooperative office has to:-

- Facilitate credit program from rural finance intermediation program (RUFIP) which is structured under regional cooperative agency and under taking different activities. One of the main objectives of this program is support the rural SACCOS by providing finance through development bank of Ethiopia with limited interest.
- Facilitate credit from other urban SACCOSs with limited interest, whereby they have idle cash money in the other financial institutions (Banks) in current account without bearing any interest. By doing this the urban cooperative can earn income from interest and the URSACCO can solve its members problem by providing credit for its members according to their demand. The federal and regional cooperative law allows and stated that, cooperative societies can borrow from other sister cooperative society.
- Make credit available from regional rural finance fund which provides credit only for agricultural cooperatives with very low interest.
- Create linkage with food security program. In this regard multi-purpose cooperatives have participated for the last 3-5 years. But, URSACCO was not participated, since one of the objectives of URSACCO is transfer of money. By channelling different extension credit program through URSACCO, it can gain revenue from services and interest. This can help to accumulate capital.
- Facilitate additional fund injection from Wonta Rural Development Association (WRDA).

According to the survey results most of URSACCO's female clients did not receive credit equally with male members due to lack of collateral and refusal of their husband to sign as partner.

The URSACCO has to make the loan disbursement equitable for male and female members. By taking affirmative actions the female members can be encouraged and get better opportunity to get loan. Moreover it enables them to participate at all levels of power and decision making in cooperatives. Considering that women and men have different issues and interests, both should participate. This can be enhanced by having gender aggregated data that will assist in monitoring the level of participation of both men and women.

For this case Special consideration has to be given for female members while provision of loan. There should be a provision in the bylaw and loan policy which makes female members to access the loan easily. For this regard:-

- Intentionally involve female members in management body at URSACCO and primary cooperative level so as to improve gender relation and empower women
- Adjusting collateral requirements and encourage the registration of property in female members names. Deliver the loan on group collateral or provide the loan without collateral, many studies indicated that women's are credit worthy
- Make linkage with zonal and district level women affairs office to educate women's role and participation in cooperatives.
- Gender integration in RUSACCO and member cooperative societies during preparation of annual plan and at the time of implementation.
- Exposure visit for female members to gain experience from other cooperatives
- Award prize and acknowledge active participant female members which can make others motivate and develop competition

Increase amount of loan for male and female members that can create more employment opportunity for members and their house hold members.

Members have to be encouraged to use different mechanism to cop stress or difficulties. This is by saving on cash form which they can withdraw at any time they need.

The zonal and district cooperative office develop and set a structured and organized monitoring and evaluation system. The timely arrangement of monitoring and evaluation system enables to conduct continuous supervision and follow up. Monitoring and evaluation system assists to take corrective measures if any problems encountered on the services of credit. It helps to identify the strong side of the URSACCO and work for its sustainability.

The zonal and district cooperative office develop standard formats to be used to prepare business plans and conduct up to date monitoring and evaluation to see the progresses made so far. Besides, whether an appropriate recording should be in place and to examine the performances of URSACCO.

The URSACCO management should put emphasizes on credit management to serve the members according to the bylaw and loan policy sticking on revise the loan delivery time, loan accessing criteria, the loan size, and loan repayment system. The URSACCO needs to amend the bylaws and loan policy which hinders the members to borrow according to their need.

The zonal and district cooperative office put emphasis in supervision of credit. An appropriate and timely technical support is required for effective utilization of loans by borrower. Hence, loans should be supervised regularly for increased out come and proper utilization of resources.

The zonal and district cooperative office strengthen the URSACCO and its member primary cooperative societies management body to fill the gap of the management and to bring female members on management body so as to benefit both male and female members effectively according to the bylaw and other regulations.

To ensure entrepreneurship skill of members, the Zonal and district cooperative office and WRDA has to equip them with necessary skills to enable them use their loans effectively and productively. Thus training and skill development how to develop effective and efficient business etc are needed

The URSACCO needs to introduce local insurance scheme so as to build confidence of investment.

The URSACCO has to make assessment through its loan committee over all enterprise feasibility before providing credit to mitigate the business failure.

Based on the findings, the URSACCO the action plan was developed in order to solve the problems. The detail plan of action can be seen in the table below (Annex I).

Suggestions for further research:-

The research found that impact brought at house hold income and asset ownership was not only from the injection of micro credit but also it may be from other sources. For this instance further research is needed to investigate an impact brought by micro credit.

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Annex I Action plan

Overall objective:-To improve the service delivery of URSACCO to its members and make available of credit

Problems	objective	Expected result	Activities	Responsible organization/ Person	Time
1.provision of loan was not sufficient and timely available	To make loan available and on time	Members provided sufficient loan at the right time according to their need	1. Conduct meeting to brief the plan to the head of zonal agriculture and rural development main department for his support during implementation	zonal cooperative office	Nov.2009
			2. Conduct Meeting and brief the ideas to urban SACCOs management regarding the loan disbursement to URSACCO with limited interest	Zonal and district cooperative office and SACCOs	Nov.2009
			3. Prepare loan agreement format and provide for both parties.	"	Nov.2009
			4. Bring both parties together and make loan agreement.	"	Dec.2009
			5. Make available the loan from urban SACCOs	"	Dec.2009
			6. Prepare business plan and submit to RUFIP	Zonal cooperative office	Dec.2009
			7. Make loan available from RUFIP	"	Dec.2009
			8. Introduce additional share for sale	Zonal cooperative office and URSACCO	Dec.2009

problems	Objective	Expected result	Activities	Responsible organization/ person	Time
2 Lack of fund	To fill the capital gap and make loan available for members	Members provided sufficient loan at the right time according to their need	<ol style="list-style-type: none"> 1. Conduct Meeting and share the ideas with WRDA project management regarding additional fund 2. Prepare business plan and submit to WRDA 3. Make a fund available 	Zonal cooperative office	Dec.2010
3. Low members saving were only compulsory, no voluntary saving	To increase the size and amount of saving	Increased amount of savings thereby increased capital	1.Educate members the comparative advantage of savings	Zonal and district cooperative office and UR SACCO	Jan.2010
			2. Encourage members by awarding certificate and prize	UR SACCO	Jan.2010
			3. Increase the existing interest rate for savings to encourage members to save more	UR SACCO	Jan.2010

problems	Objective	Expected result	Activities	Responsible organization/ Person	Time
4. No equal chance for female members to get benefit from the credit program	To ensure the women participation in RUSACCO to take an active decision-making role.	Female members participate in RUSACCO management and other activities	1. Discus with the board of directors for equal legal rights of women in provision of loan and suitable revision of bylaws and loan policy facilitating female involvement in credit program and credit management.	Zonal and district cooperative office and URSACCO	Jan.2010
5. Loan procedure <ul style="list-style-type: none"> The loan procedure was not suitable for the members. Female members have no equal chance to get loan. 	To access loan for female members equally with male members	Female members provided loan according to their demand	2. Revise the bylaws and loan policy 3. Conduct meeting with all cooperative members to brief them revision of bylaws and loan policy 4. Approval of revised bylaws and loan policy by the general assembly 5. Approval and registration of revised bylaws and loan policy by the zonal cooperative office 6. provide loan according to the revised bylaws and loan policy	" "	Jan. 2010
				URSACCO	Jan2010

problems	Objective	Expected result	Activities	Responsible organization/ person	Time
6. The management gap	To fill the management gap	Male and female members served according to the bylaws and loan policy timely	<ol style="list-style-type: none"> 1. Conduct general assembly meeting. 2. Strengthen the management of RUSACCO and member cooperative society 3. Involve female members in management body. 	Zonal and district cooperative office and URSACCO	<p>Jan.2010</p> <p>Jan.2010</p> <p>Jan2010</p>
7. Monitoring, evaluation and supervision	To identify the weak and strong side of the URSACCO and work for its sustainability	corrective measures on problems encountered on the services of credit	<ol style="list-style-type: none"> 1. set a structured and organized monitoring and evaluation system 2. prepare checklist 3. make timely monitoring and evaluation 	Zonal and district cooperative office	Every month for supervision and every three month for evaluation

problems	Objective	Expected result	Activities	Responsible organization/ person	Time
8. Absence of insurance	To build confidence of members while receiving credit and investment.	Members benefited from insurance scheme	1. share experience from those who practiced local insurance organization	Zonal cooperative office	April 2010
			2. prepare insurance regulation which is suitable for the URSACCO		April 2010
			3. Discuss on the document with management and staff		April 2010
			4. Conduct general meeting and brief its importance and prepared document		April 2010
			5. Approval of insurance regulation by general assembly		Jun 2010
			6. Implement the insurance service		
9. In sufficient training and education for management and members on importance of savings and credit utilization	To improve managerial skill of RUSACCO management	Improved management skill	1. Prepare training proposal for budget allocation and time	Zonal cooperative office	Jun 2010
			2. Submit the proposal for agriculture and rural development main department for approval		Jun 2010
	To ensure entrepreneurship skill of members	Members developed effective and efficient business	3. Prepare training materials and venue		Jun 2010
			4. Conduct training		

Annex II. Survey Questionnaire

Subject: Questionnaire for survey on: *The Impact of Micro Finance on Asset Building, savings and gender relation: A Case from a cooperative credit union in South Ethiopia*

Instruction

Dear respondents,

I am a prospective graduating student from Van Hall Lareinstein University, master on management of development. In partial fulfilment of the program, I am undertaking the research on '*The Impact of Micro Finance on Asset Building, savings and gender relation:*

A Case from a saving and credit cooperative union in South Ethiopia. The research exclusively relies on data collected through survey questionnaire. Consequently this survey questionnaire aims to collect sufficient and valid data in order to comply with academic requirements. The findings of this research are expected to be used by policy makers, academicians and donors. Your respectful response to these questions thus will have a big impact on the result of the paper.

Finally yet importantly, I assure that all personal information obtained from you will be kept confidential.

Thank you very much

Questionnaires

1. Date of interview-----
2. Name of respondent-----sex-----
3. Main occupation
1=self-employed in nonfarm activities 2=casual worker 3=other specify
4. How long did you stay as a member of SACCO in months/years-----
5. How many times did you receive loan? -----
6. How much Birr did you receive in the first loan? _____
7. How much Birr did you receive in the second loan? _____
8. How much Birr did you receive in the third loan? _____
9. How much is the cumulative loan did you receive from SACCO? -----
10. After you became a member of SACCO how is the change in the level of your income. a. Increased b. Decreased c. No change
11. If "increased" for question number 3, what are the reasons?
12. . If "decreased" for question number 3, what are the reasons?
13. Did you invest any of the loans from the SACCO into income generating activity?
yes-----no-----
14. How did you invest the loan you took from SACCO? 1. Petty trade 2. Hand crafts and wood work3. Animal raising4.poultry 5. Others specify
15. Did you use any portion of the loan? (more than one answer is possible)
 1. Buy food for household? Yes-----no-----
 2. Buy clothes or other household item? Yes-----no-----
 3. Give the money to your spouse? Yes-----no-----
 4. Did you keep some money on hand to use in case of emergency? Yes-----no-----
 5. Repay other debt? Yes-----no-----.
 6. for house/ land improvement or purchase? Yes-----no-----
 7. To spent on celebration? Yes-----no-----
16. Are you engaged in income generating activities? Yes-----no-----
17. If the answer is, yes

Type of activities	monthly income
Petty trade	-----
Hand craft	-----
Livestock production (milk and milk products)	-----
Fattening animals	-----
Fattening Small ruminants	-----
Poultry	-----
Others	-----

18. Monthly income 1. Crop sales-----2. Livestock sales3. Trade-----
19. How much was your monthly income from all sources?
20. What is the trend of the income of the house hold over the last three years?
1.decreased 2.stay the same 3.increased
21. If decreased, why?
 1. One of the household members has been sick yes-----no-----
 2. Poor sale yes-----no-----
 3. Poor agricultural season yes-----no-----
 - 4 Unable to get input yes-----no-----
 - 5 Unable to get loan for income generating activities yes-----no-----
 - 6 others specify

23. If increase,
1. Expanding existing income generating activities yes-----no-----
 2. Undertook new income generating activities yes-----no-----
 3. Increase in sale. Yes-----no-----
 4. Others specify yes-----no-----
24. During the last three years, in what way did you use the profit from your income generating activity? 1. Buy food 2.buy cloth 3.pay school expense 4.pay health related costs 5.Buy items for the house. 6. Buy livestock animals 6 .Save 7.others specify
25. Have you acquired assets during the last three years after receiving credit from cooperative? Yes-----no---
26. Which of the following assets did you own?
- | Assets | value |
|---------------------------|-------|
| Chairs/table/bench | |
| Bed | |
| Stove | |
| Radio/tape recorder | |
| Bed/mattress/oxen and cow | |
| Sheep and goat | |
| Mule | |
| Donkey | |
| Horse | |
| Poultry | |
| Lease land | |
| Others specify | |
27. During the last three years, did you face shortage of food due to stress or difficulties?
28. How many months did this period last? -----
29. What did your house hold do to get this difficult situation? 1. Sold personal property 2. Use stock saved for future use 3...use own saving from cooperative 4.recieved credit to Buy food 5. Others specify
30. Before being a member with SACCO, who makes decision with regards to use of household income, buying food/ cloths and sending children to school:
 A. women alone c. both women and men
 B. men alone d. other (specify) _____
31. After being a member with SACCO, who makes decision on issues such as: children education, use of household cine buying food/clothes.
 A. male alone b. female alone _____ c. both male and female
32. After being a member with SACCO, who makes decision the amount of loan from the SACCO?
33. After being a member with SACCO, who makes decision on the type of business?
34. Before being member of SACCO did you contribute income for your household?
 A. yes _____ B. No _____
35. What pre-condition set for accessing credit by SACCO for borrowing the loan?
 a. Group guarantee. b. Quarantine of individual having permanent assets. Guarantee of individuals. D.amount of saving deposited e. Others (specify)
36. Do you think that the amount of the loan allowed by SACCO is sufficient to run your intended business?
 a. Yes. B. No.
37. If "No" for question number 36, how money should be sufficient to run your business?
38. Is the interest rate of SACCO? a. Low. b. High c. Moderate

39. Do you have previous access to loan from other financing institution before you became member of SACCO? A. Yes. B. No.
2. If “yes” for question number 1, what was the source of loan? A. *Iqub (merry go-round)*. B. Bank. C. Money lenders. D. friends. E. others (specify)
40. If “yes” question number 1 the amount of loan was birr
41. What are employment opportunities after member of SACCO?
42. Currently do you have saving at SACCO?
a. Yes b. No
5. If “yes” for question number 42, the amount of savings in SACCO?
43. What do you like and do no like from the program
- 44 what do you suggest to be improved or done for URSACCO betterment.

Annex III Check list for Focus group discussion

1. Your view about over all credit service programs of SACCO. Saving and loan delivery, Loan repayment and interest rate, Loan procedures for male and female, equal access of loan for male and female members to loan.
2. Impact of micro credit on your house hold (income, saving, asset creation house, improvement, coping stress.)
3. Gender relation (women influence at house hold level)
4. Has SACCO achieved impact on poverty reduction
5. Major constraints of the cooperative.
6. What they liked and do not liked from the program
7. What do you suggest to be improved or done for URSACCO betterment?
8. What are the barriers for women accesses to loan in of SACCO?

Annex IV. Reasons for client dissatisfaction

Name of things the members dislike	N=20 Members with credit		N=20 Members with no credit	
	male	female	male	female
We could not get credit when we need	4	7	10	10
There is no insurance service	10	10	6	4
High interest rate	3	2	-	-
Management problem	7	4	7	4
No evaluation and monitoring system	6	3	8	6
Members do not pay back credit in contract	4	5	6	4
Loan do not meet our need	10	10	-	-

Annex V Issues clients stated for betterment of URSACCO

Issues members state for change or betterment	N=20 Members with credit		N=20 no credit Members with	
	male	female	male	female
I will facilitate for the availability of insurance	10	8	6	3
I will create evaluation and monitoring system	8	4	6	2
I will change management	6	2	8	3
I will increase the credit amount(ceiling) for the borrowers	8	7	7	3
I will sale more share for the members	10	3	10	4
I will adjust credit disbursement time	19	7	10	5
I will reduce interest rate	2	0	-	
I will start long run credit service	8	0	-	
I will provide credit on their interest	10	7	9	8

Annex VI. Major problem of the members

Major problems by the respondents	N=20 Members with credit		N=20 Members with no credit	
	male	female	male	female
They don't give loan as my plan	8	5	10	10
Lack of sales due to limited market access	3	2	-	-
Loan activity was not profitable	2	1	-	-
Low income	3	4	7	6