THE PERFORMANCE OF WOMEN GROUP GUARANTEED LOANS PROMOTED BY MFI ON WOMEN WALFARE IN ZIROBWE SUBCOUNTY

CASE STUDY: BRAC MICROFINANCE

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REG NO. 2016-M302-20056

UMU ID CARD REG 16000502215

UGANDA MARTYRS UNIVERSITY

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DEDICATION

This thesis is dedicated to my parents Mrs Twinobusinge Olivia and Mr Muhwezi Fidel, late Vincent Ankwase(RIP), Mrs Tumusiime Faidah. Special thanks to Mr Lwanga Kigundu Mugerwa Joseph for tireless support and my son Larry Mugerwa. May you all live longer. Finally to the Almighty God for the guidance, peace and gift of life I have had during my studies.

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LIST OF ABBREVIATIONS

AMFIU	Association of Microfinance Institutions in Uganda
BCF	Business Culture Fund
BOU	Bank of Uganda
BRAC	Bangladesh Rural Advancement Committee
DFID	Department for International Development
FAO	Food and Agriculture Organization
GOU	Government of Uganda
MCAP	Matching Grant Facility for Capacity Building
MDIs	Microfinance Deposit taking Institutions
MFI	Microfinance Institution
MFSCL	Micro Finance Support Centre Limited
MOP	Microfinance Outreach Plan
MSCL	Microfinance Support Centre Ltd
MTCS	Medium Term Competitiveness Strategy
NAADS	National Agricultural Advisory Services
NGOs	Non-Governmental Organizations
PAP	Poverty Alleviation Project
PEAP	Poverty Eradication Action Programme
PMA	Plan for Modernization of Agriculture
RFSP	Rural Financial Services Programme
RMSP	Rural Microfinance Support Centre
SACCOs	Savings and Credit Cooperative Organizations
SSA	Sub-Saharan Africa
SUFFICE	Support to Feasible Financial Institutions and Capacity building Efforts
UBOS	Uganda Bureau of Statistics
UNDP	United Nations Development Programme
US	United States
USCU	Uganda Savings and Credit Union
WGGL	Women Group guaranteed Loan
WID	Women In Development
YES	Youth Enterprise Scheme

ABSTRACT

In Uganda, like in many developing countries, empowering women through micro-credit finance is viewed as a means of reducing women poverty, empowering them, reducing their vulnerability and improving their well-being. One way of empowering women has been through promotion of women group guaranteed loans (WGGL) by development partners such as BRAC, which enable client identification, saves time, no collateral and eases access to loans.

Despite women group guaranteed loans, women access to financial services is still low about 20%. In addition, even those who have accessed have not assessed the impact the loan product has on women's welfare. This study aimed at assessing empirically the performance of women guaranteed loan, with a focus on evaluating women group lending methodologies on household welfare, examining perceptions and attitudes of women towards WGGL microfinance services and determining the factors that influence women's willingness to pay back WGGL easily.

A random sample of 75 respondents consisted of 40 women guaranteed clients and the rest being women guaranteed loan non-clients were randomly selected. Descriptive statistics were used to display the findings as well as a multiple linear regression was used in analyzing the factors that influence willingness to pay back women guaranteed loans.

The results show that majority (98%) of the surveyed respondents were willing to pay back women guaranteed loans; nevertheless majority of clients reported that the loan duration period was too short. Further, this study revealed that access to women guaranteed loans had a great impact on women's welfare especially asset accumulation and food security status. The results further show that statistically ability and willingness to pay back women guaranteed loan product is significantly and positively influenced by family income, experience in business, and frequency of credit officer visits in a month, and frequency of trainings conducted in a year. However, willingness to payback women guaranteed loans is significantly negatively influenced by the number of people living in the household, total annual household expenses, loan owed to other credit providers and distance between residence and bank. Overall, the respondents were willing to pay back loans and thus there is need to promote and scale up access to women guaranteed loans in the communities at an interest rate that is affordable. The clients were confortable if interest rates were 6.5 % per annum at the same time if the loan grace period could be 1 month. Therefore interest and the duration of the loan should be given much focus as these affect loan recovery. Lastly, the socio economic characteristics like education, number of trainings and visits to clients should be given priority so as to improve recovery and proper utilization of women guaranteed loan.

CHAPTER ONE

INTRODUCTION

This section presents the background of the study, importance of microfinance in Uganda, constraints of microfinance, statement of the problem, justification, objectives and scope of study.

1.1 Background of the study

Uganda boasts of a relatively buoyant economy and social economic infrastructure. Uganda's economy which is largely dominated by agriculture is controlled by smallholder peasants (Matovu, 2006). Uganda has experienced impressive economic growth rate averaging 6.5% per annum since 2013/12014 (MoFPED, 2015). At the same time, the structure of the economy has been changing positively as a result of donor sponsored macro-economic policies. Despite the macroeconomic reforms and relatively high growth rates, Uganda remains one of the poorest countries in the world. The country has made little headway in the fight against poverty and there a general consensus is that over 50% of the population lives below the poverty line.

In order to mobilise capital, the Uganda government has realised the need to develop capital markets. Financial services do not only play an important role in an economy but also the pace and pattern of rural development are influenced by the efficient functioning of markets.

The role of the financial sector from the financial markets perspective is crucial because it encourages productive use of resources and to enforce contracts. It helps to mobilize and allocate resources, coordinate savings and investments. It is widely believed that both the formal and informal financial institutions represent one of the most important institutional infrastructures necessary for the effective operation of the markets. The existence of efficient financial markets is a security against future shocks and vagaries of nature (Matovu, 2006). It facilitates and intermediates between investors and savers leading to capital formation both in group and at individual levels. Matovu (2006) argued that financial markets in developing countries are largely underdeveloped and therefore lacking in depth, highly inefficient in their operations, concentrated in urban areas and dominated by a few, often foreign-owned commercial banks. The formal financial institutions are not attracted to service small borrowers and savers due to high transaction costs and they do not provide insurance options through state contingent contracts.

On the other hand according to Beijuka (1999) the informal financial sector consists of a large number of small, non-registered micro-finance service providers, including loans to relatives and friends, money lenders and a network of savings and credit cooperatives. Providing the poor the financial services is one of the ways to help them increase their incomes. The formal system requires collateral and it has complex legal and operational procedures, involving lot of paper work. Credit disbursement is time consuming and the stigma attached to the poor people so that the bankers do not think them credit-worthy and their recovery rate unsatisfactory. This has left the poor with little room for manoeuvre.

Microfinance programmes mobilise and organise women at the grassroots levels. It is generally argued that micro-credit plays a vital role in bringing about changes in the rural women's standard of living. It is widely believed that an empowered woman would be one who is self - confident, who critically analyses her environment and exercises control over decisions that affect her (Nabayinda, 2014). Many women's organizations in Uganda have included credit and savings, both as a way of increasing women's incomes and bring women together to address wider gender issues (Mayoux, 2002; Liljefrost, 2005).

In Uganda Women Guaranteed Loans (WGGL) product is promoted for its positive attributes namely ease of clients' identification, time saving, no collateral and ease of access to loans. Consequently, the donor community, GOU, and other grass root-based development agencies took microfinance high on their agenda. In spite of this WGGL appeal in microfinance business , there is a persistent low access to microfinance services by women in Uganda (FinScope, 2008).

Studies in Uganda indicate that women who need finance, only 20% have access to this finance service. This is mainly caused by poor education, low earning activities, restrictions from husbands, improper bank systems and inappropriate bank products. Reports from Dfcu (2008) further show that there is an increasing trend of women clients who are failing to pay their loans in time. Cases of asset attachment are on the increase in Uganda, women businesses have closed and some are performing poorly because the women traders use what they could have earned as profit to pay back high interest rates.Apart from losing property, many people are languishing in prisons for failure to pay borrowedmoney.

1.2 Trends and evolution of microfinance in Uganda

The government is aware and concerned with rural poverty. It is concerned about lack of savings mobilization and credit needed to cater for the needs of the poor in rural areas. In Uganda the government has in the past relied on state-owned banks to extend rural credit and microfinance services; for example the Rural Farmers Scheme in 1987 was run by the Uganda commercial Bank (Table 1). It has been argued that the government failed to realise its objective because cheap loan disbursements were made to the politicians instead of the poor and as a consequence the scheme collapsed. The defunct Uganda commercial bank was a government owned commercial bank that initiated the link between microfinance and community livelihood in the mid-1980s. It created rural farmers scheme. This was a special credit scheme for rural farmers to increase production and thereby improve the livelihood of the households. It failed in the mid-1990s due to many reasons amongst which were the boom in production leading to a drop in farm gate prices. There was also a general misconception by the household borrowers that the loans were a windfall gift from the government for having supported them during the liberation struggle that brought them to power in 1986. Since then, there have been a variant of schemes to promote community livelihood either directly by the government or through the civil society organizations. The latest and on-going programme by the government of Uganda is the creation and support of one SACCO per Sub County, to ensure extensive "rural financial infrastructure" This was started in 2007 and its success and impact are yet to show, AMFIU (2008).

1.3 Uganda Government Policy, Microfinance Regulations and Guidelines

The ministerial policy statements during annual budgets, financial and banking regulations, socio-economic and political factors have moderating effects on the level of deployable loans. In the Uganda context, commercial banks are regulated by the Central bank which is Bank of Uganda (BOU) under the FIs Act (2003). BOU also regulates MFIs falling under Act (2004). The other operators of microfinance services are regulated under the Cooperatives Act.

In order to strengthen and expand rural financial services, the key undertaking during 2007/8 financial year was the development of an appropriate policy and institutional framework for delivery of financial services to the rural poor.

According to the Ministry of Finance, Planning and Economic Development (MoFPED) (2008), the institutional framework developed places responsibility for formation, strengthening and quality assurance of Savings and Credit Cooperative Organizations (SACCOs) with Uganda Savings and Credit Union (USCU) which is the apex organization for SACCOs. USCU was to be strengthened to perform on its mandate by creating regional networks of 15 branches throughout the country during 2008-9. The institutional framework was also to cover the delivery of wholesale funds through the Micro Finance Support Centre Limited (MFSCL). Similarly, during 2008-9, MFSCL regional offices was to be increased from 12 to 15, and strengthened to manage a loan line of credit of up to 500 million for disbursement to qualifying SACCOs.

The status of the distribution of SACCOs at sub county level as at December 2007 stood at 757 against a total of 1085 sub counties in the whole country. This means that additional 328 SACCOs have to be opened in the remaining sub counties. Strengthening provision of microfinance services to reach the rural poor is in line with Poverty Eradication Action Programme (PEAP), MoFPED (2004-7/8). The programme provides an over-arching framework to guide public action to eradicate poverty which is grouped under the five pillars of: (1) economic management, (2) production, competitiveness and incomes, (3) security, conflict resolution and disaster management (4) governance and (5) human development. Activities at the five pillars would require an integrated approach in order to improve the livelihood of the individuals.

A summary showing Uganda Government initiatives to strengthen microfinance services and institutions is on Table 1 below. The initiatives have been progressive over the period spanning from the 1980s to 2011.

Table 1: Government Initiatives

Programmes	**Focus/ Status**
Rural Farmers' Scheme	A special credit scheme for rural farmers to increase production and thereby improve their household economies. Started in the mid 1980s; Failed in the early 1990s
Entandikwa	Directly administered/ retailed government credit. Started early 1990s; failed mid 2000s
YES	A special government funded loan scheme for youths to start and sustain enterprises. Started and failed in the early 2000s.
NAADS	An executive arm of PMA tasked with helping farmers to develop their farm productivity and incomes
PEAP, PMA and MTCS	Economic growth, development and planning framework of the country with its main implementation strategies, all aimed and enhancing economic growth and reducing the incidence of poverty
PAP and RMSP	Government wholesale funding and capacity building. Heavy defaults and institutional failures checked progress and had to be redesigned
MSC Ltd	Government's MF wholesaling and capacity building company. Uses sound practices in lending though it is still unsustainable (funded by Fad)

SUFFICE	EU funded microfinance wholesale funding and capacity building project. Did have some success from 2000 to 2004 and then institutional challenges deteriorated its performance. Now closed.
MOP	Formerly the Government's systematic plan to assist outreach with market responsive microfinance services to rural and remote rural areas. Turned into RFSP, with a narrower focus on SACCOs, in 2007
MCAP	A component of MOP that was meant to provide matching grants for microfinance capacity building, focused on product development. Started June 2004; ended in October 2007.
BCF	A component of MOP that was meant to provide training and technical assistance to rural enterprise groups to improve their aptitude and productivity in business. Stared May 2006; ended October 2007
RFSP	Creation and support of one SACCO per sub county, to ensure extensive "rural financial infrastructure" This was started in 2007 and its success and impact are yet to show. Ongoing

Source; AMFIU (2008)

In Uganda, like in many developing countries, empowering women through micro-credit finance is viewed as a means of reducing women poverty, empowering them, reducing their vulnerability and improving their well-being or simply put their lives especially in rural areas. Scholars (Morduch, 2010; Armendáriz and Labie, 2011) who have conducted studies across the globe argue that microfinance has played a positive role in empowering women and alleviating poverty. A case in point is the work by Amin and Pebley (1994) in Bangladesh which showed that the membership of Bangladesh Rural Advancement Committee (BRAC) has had a positive impact on women in decision making as well as in gaining control of capital resources. BRAC has had enormous success stories in several parts of Asia and Africa. However, whether this applies to Uganda is an area of debate and this is what raises the researcher's curiosity.

1.4 Constraints of accessing Microfinance in Uganda

Uganda has a population of about 40 millions of which 7.5 million (40%) live below the absolute poverty line. Poverty assessment studies in Uganda indicate that the population that live below poverty line especially women rarely join or participate in formal microfinance institutions' activities and consequently are not benefiting from those services. Inhibiting factors for women participation include lack of collaterals (few assets, no land or has land that does not assure subsistence, and no livestock), low stocks of food and cash, unreliable, seasonal low and inadequate returns to the family labor. These situations make women so vulnerable that the family is especially prone to sickness and death. It is also socially isolated (lack of education, remoteness, being out of contact). Services cannot reach those who are remote, and illiterates cannot read information of economic value and have difficulty obtaining loans

In spite of large number of MFIs operating in Uganda, their biggest failing is that their products and services are geared towards the commercially successful male entrepreneurs and urban clientele. Consequently, these institutions are not providing appropriate services to micro and small enterprise and women in rural areas (Kitimbo Mugwanya, 1999; Opio Okello, 2000). Presently 150.000 clients are served by MFIs in Uganda compared to the 7.5 million people in need of such services. This has created a clear capital accumulation gap within the community which can only be overcome by involving the financial service provider and the poor members in designing and planning the financial product and services.

Another recurrent problem has been the high rates of repayment failures and attrition. Further analysis of the possible causes of payment failures indicate that clients obtained loans and used them for different purposes. When time payment occurred they lost out their collateral or went into hiding leading to loss of social networks. The two problems cited above namely; exclusion of very poor members of community and poor repayment were a consequence of poor knowledge of women needs by MFIs and poor training for loan recipients, respectively.

Group loan programs have been found to reach more women than individual loan programs. Advantages to the MFI include peer screening and monitoring, which diminishes problems of moral hazard and information asymmetry (Morduch, 1999; Niels and Lensink, 2007). This supports high repayment levels even in the absence of collateral (Ghatak, 1999; Ghatak and Guinnane, 1999).MFIs target borrowers of different characteristics regarding age, sex, and education, which may influence the outcomes of the programs.MFIs also have different policies regarding maximum and minimum loan size (AMFIU, 2011). Loan size may influence the willingness of clients to join a program and also the outcomes of the programs. Some loans may be too small to make contributions to poverty reduction. The success of microfinance also depends on the context in which a program is implemented (Kabeer, 2005; Chliova *et al.*, 2015).

1.5 Statement of the problem

Empowerment of women is one of the major issues confronting development practitioners.While it is noted worldwide that the population of women comprise the biggest proportion, their status and involvement in decision making is still very low. Women are constrained by socio-cultural structures. Nabayinda (2014), noted that women have not only been disadvantaged in access to material resources like credit, property and money, but they have also have been excluded from social resources like education and knowledge concerning some businesses.

A number of institutions including microfinances have come up to devise ways on how the situation of women can be changed. Although it cannot be argued that all barriers to women's empowerment can be addressed through access to micro credit, Cheston and Kuhn (2002) claim that when properly designed, microfinance programs can contribute to women's empowerment. As such women tailored loan products like Women group guaranteed loans have been promoted by microfinance institutions like BRAC. Additionally, as of 2011, BRAC microfinance had disbursed a total of 3000 women clients indicating a positive growth in the loan portfolio.

Despite a growth in the loan portfolio, microfinance institutions supporting women are saddled with an alarmingly high level of Non-Performing Loans which have adversely affected its net asset value and overall financial performance. For instance out of the 3000 women clients that were given loans in BRAC, only about 600 clients serviced their loans effectively representing 20% performance. This dismal performance has put under scrutiny the suitability of the loan products in addressing the women needs.

According to Duvendack, et al (2011), well-known studies which claim to have found positive impacts on poverty reduction are based on weak research designs and problematic independent variable (IV) analyses which may not survive replication or re-analysis using other methods. In addition, practitioners, regulatory authorities, and academicians are all interested in the measurements of the performance and impacts of MFIs. In the same breath, a framework for financial performance reporting and analysis of MFIs is still in its developmental stage. The vast majority of MFIs do not submit financial data on a uniform reporting format, which creates selection, consolidation and analytical problems. Thus analysis and conclusions from such data is therefore somewhat limited (Tucker and Miles, 2002).Given the conflicting state of affairs, the assessment of microfinance performance thus remains an important area of enquiries (investigations) to contribute to understanding the impact of WGGL in Uganda. There is generally paucity of empirical information on the impact of WGGL on welfare of women clients in Uganda. This study therefore, seeks to examine the popular microfinance product (WGGL) and its effects on women clients.

1.6 General objectives

This study explores effectiveness of social and financial performance indicators of women group guaranteed loans on women welfare in Uganda.

Specific objectives are;

i. To identify the socio-economic characteristics of women who utilize WGGL finance services
ii. Review existing micro financial practitioners approaches to social and financial performance indicators
iii. Evaluate women group lending methodologies on household welfare
iv. Examine perceptions and attitudes of women towards WGGL microfinance services.
v. To determine the factors that influence women’s willingness to pay back WGGL

1.7 Research questions

i. What socio-economic characteristics are possessed by women who utilize micro finance services such as Women group guaranteed loan?

ii. What perceptions and attitudes are held by women towards micro finance services?

iii. What ways has micro finance contributed to financial literacy of women in Zirobwe?

iv. What ways has microfinance services socially empowered women in Zirobwe?

v. What factors influence women's willingness to pay for women guaranteed loans?

1.8 Significance of the Study

The Uganda Gender Policy 2007 provides "a clear framework for identification, implementation, and coordination of interventions designed to achieve gender equality and women's empowerment". The policy outlines avenues aimed at improving the earning potential of women and how responses should to be designed that address the diverse livelihood needs of women.What is not clear however is whether the monitoring and evaluation of the policy has been undertaken to mainstream gender and if so, whether there has been any impact on the economic transformation of the economy in terms of participation at grassroots level, decision making, and well-being. Therefore the findings of this study may help inform and remind policy and or policy makers or implementers appreciate that;

i. Supporting women has a multiplier effect as it is expected to benefit entire households because anecdotal evidence indicates significant effects of women borrowing on household consumption and child nutrition and general livelihoods.

ii. Women have generally been underserved by MFIs because of different socio-cultural barriers yet access to microfinance services can increase the income from self-employment and in the long run should lead to poverty reduction.

iii. The research will also help to suggest policies in promoting microfinance in the country.

iv. Furthermore, the data gathered from the study will serve as a baseline for other researchers interested in examining the effects of microfinance interventions within the country. It can ultimately add on the pool of knowledge on the shelves of university libraries.

v. Donor organizations and NGOs can also benefit by using the data for international comparison, and fill a gap in the research of linking institutional capacity to a positive change in the lives of the recipients.

1.9 Justification of the Study

Many women in Uganda live in rural areas. National statistics show that 13.5 million and 4.1 million women were living in rural and urban areas, respectively (UBOS, 2013). Furthermore, approximately 5.3 million adult women of working age, aged 18–65, reside in rural areas, while 1.95 million live in urban areas. However, women constitute a large percentage of the poor in many communities (Fletschner, 2009). This is because financial, social and economic inequalities limit their participation in formal markets (Meyer, 2013). Yet women make significant contributions to the welfare of their families and households. They play significant roles in economic production, social reproduction, care and community activities (Niehof, 2015). In most cases, livelihoods lack control over vulnerability. It is further highlighted in the DFID sheets (1999) that in order for the poor livelihoods to be less vulnerable boost in their assets is

needed. We can take an example of helping the poor gain more access to financial services; improve their knowledge and skills. Support for the poor to get out of their impoverished states is a core objective of many MFIs. Access to financial services and the subsequent transfer of financial resources to poor women enables them to become economic agents of change. Women become economically self-reliant, contribute directly to the wellbeing of their families, play a more active role in decision making and are able to confront systematic gender inequalities and ultimately improve their livelihoods. This is enshrined in Uganda's vision 2040 which states that achieving gender equality and women's empowerment has been identified as a prerequisite for social economic transformation and as a woman and a stakeholder I feel obliged to, hence the desire to undertake this study.

1.10 Scope of the Study

1.10.1 Geographical scope

The study was conducted in Zirobwe, a sub county in Luwero District in the Central Region of Uganda. Zirobwe is approximately 51 kilometers by road, north of Kampala, Uganda's capital. This is approximately 37 kilometers, by road, southeast of Luwero, the site of the district headquarters.

1.10.2 Content Scope

This study focused on the effectiveness of women group guaranteed loans on women livelihoods, a case study of Zirobwe sub county and specifically handled the socio-economic characteristics of women who utilize micro finance services, examine perceptions and attitudes of women in Zirobwe towards microfinance services, establish how women guaranteed loans have contributed to women social empowerment as well as determining factors that influence willingness to pay back women guaranteed loans.

1.10.3 Time scope

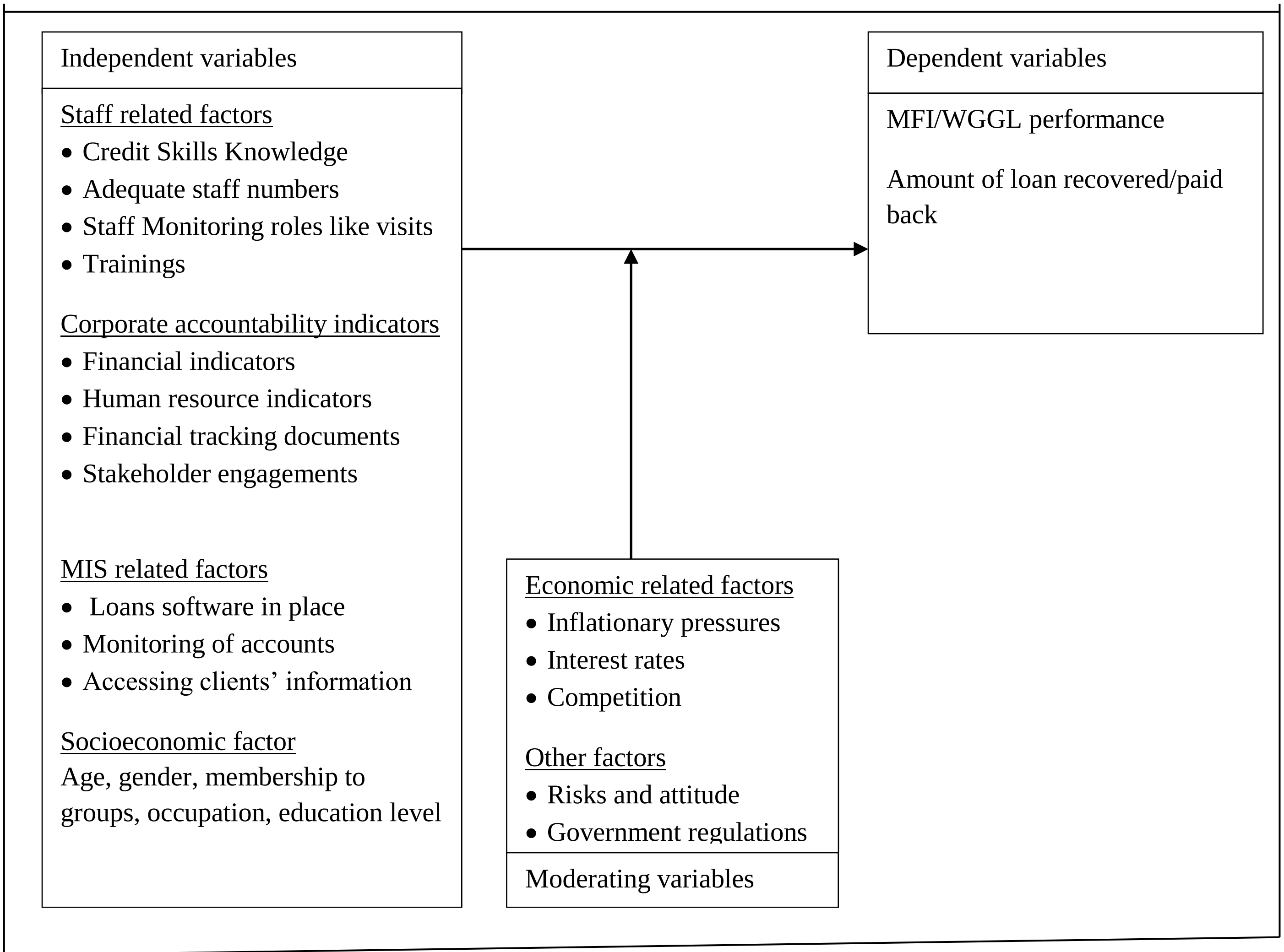
The study was conducted in accordance with the research study requirements of academic year. Furthermore considered literature review for a period of 15 years and the overall study was conducted with in a period of 10 months. It considered theperformance of women group guaranteed loans promoted by MFI on women welfare, a case study of BRAC in Zirobwe Sub County.

Conceptual Frame Work

A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought (Kothari 2004).

A conceptual framework to explain the relationship between variables is proposed below. A conceptual framework is an analytical too with several variations and contexts that are used to

convey a set of concepts or ideas, principles, or rules that provides the basis or outline for something intended to be more fully developed at a later stage (Simatwa, 2012). Or simply put we can say it's a tool that breaks down concepts to smaller ideas or concepts that can be measured in order to achieve the project goals or objectives. A variable according to Kothari (2003) is a concept, which can take on qualities of quantitative values.An illustration of the conceptual framework that has been adopted in this study to assess the performance of women guaranteed loans promoted by MFI on welfare.



Source: Researcher 2018

The framework traces the theorized relationship existing between various factors such staff factors, corporate accountability indicators, MIS Software-related factors, socioeconomic factors and WGGL/MFIperformance. It shows that MFI/WGGL performance is

affected by a number of factors (staff, credit policy and MIS Software-related factors). However, the above conceptualized view is moderated by external factors like Economic-related factors (inflation, interest, competition), risks and attitude and government regulations.

The researcher agrees to the view conceptualized above and therefore used it to determine the effect of the above-mentioned factors on WGGL/MFI performance on women welfare as well as willingness to pay for WGGL. The effects of the moderating variables on the performance of WGGL were investigated as well by the researcher.

Other key aspects important in the above conceptual frame defined though not mentioned directly.

Micro finance

Microfinance refers to making available financial services to individuals who are excluded from the formal system on account of their lower economic status. These financial services most commonly take the form of loans and savings, insurance, payment services, micro insurance, and other financial tools.

Micro credit

Microcredit is the extension of very small loans (microloans) to SMEs borrowers who typically lack collateral, steady employment and a verifiable credit history. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower businessowners and uplift entire communities by extension. In many communities worldwide, women lack highly stable employment histories that traditional lenders tend to require. This reality might result from factors such as leaving the paid workforce to care for children and elderly relatives (Ospina, 1998)

Gender

Gender is a range of characteristics of femininity and masculinity. Depending on the context, the term may refer to such concepts as sex (i.e. the state of being male or female), social roles (as in gender roles) or gender identity (Quartey 2001)

Women

A woman is an adult female human being, as contrasted to men, an adult male, and a girl, a female child. The term woman (irregular plural: women) is used to indicate biological sex distinctions, cultural gender role distinctions, or both (Wikimedia, 2005:1).

Empowerment

Empowerment refers to increasing both the capacity of individuals or groups to make purposeful choices and their capacity to transform these choices into desired actions and outcomes (Petesch, Smulovitz, & Walton, 2005).

Sustainability

A livelihood can be classified as sustainable, if it is resilient in the face of external shocks and stresses, if it is independent from external support, if it is able to maintain the long-term productivity of natural resources and if it does not undermine the livelihood options of others (Kollmair et al., 2002).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The purpose of this chapter is to critically review literature related to the theoretical concept of the topic on performance of women group guaranteed loans promoted by Microfinance institution on women welfare , a case study of BRAC Microfinance in Zirobwe Subcounty. Through the analysis of specific objectives: identifying the socio-economic characteristics of women who utilize examining perceptions and attitudes of women towards women guaranteed loan products; evaluating women group lending methodologies on household welfare and last to determine the factors that influence women's willingness to pay back WGGL.

In this section, the researcher discusses group lending and its benefits, and factors that determine access to micro finance services. This was followed by review of the study objectives subsequently.

2.1 Group lending and benefits

Since 1970s, group lending programs have been promoted in many developing countries (Zeller, 1996). The key feature of group lending is joint liability. This means all group members are treated as being in default if any one member of the group does not repay his/her loan. Therefore, each member is made responsible for repayment of loans of his or her peers (Besley and Coate, 1995). Most schemes give subsequent credit only if the group has fully repaid its previous loan. Loan under joint liability shows, the threat of losing access to future credit incites members to perform various functions, including screening of loan applicants, monitoring the individual borrower's efforts, and enforcing repayment of their peers' loans (Zeller, 1996). When performance is measured with a repayment rate, group lending shows a mixed success (Huppi and Feder, 1990). Moreover, Besley and Coate (1995) points out that the group lending has both positive and negative effect on repayment rates. The existing theoretical models of peer monitoring assumes that the repayment performance in group-lending program is positively related to the homogeneity of group members with respect to the riskiness of their projects (Stiglitz 1990; Besley and Coate 1995). However, according to Zeller (1996) there is little empirical evidence to confirm or reject this hypothesis. Besley and Coate (1995) argues that if social sanctions are not sufficiently strong, group lending may encourage default by members who would have repaid under individual lending. On the other hand, if social sanctions are sufficiently strong, group lending can improve repayment rates by encouraging borrowers to help each other.

Despite group lending has several benefits; there are many factors that may undermine the repayment performance in group lending. Zeller (1996) discusses that since the risk of loan default by an individual is shared by his or her peers, a member may choose a riskier project compared to that in the case of individual contract, and may count on other members to repay his or her loan (i.e. adverse selection of risky projects). He further notes that repayment incentives for a good borrower will disappear under joint liability, when he or she expects that significant number of peers will default.

2.2 Factors determining access to Micro finance services

Factors that determine financial access can be divided into supply side factors that affect the availability of financial services, and demand side factors that determine individual decisions to use the provided services (Campero and Kaiser, 2013). From the demand side, uptake of formal financial service could be affected by individual-specific characteristics such as income, education, and age. Other factors such as marital status, gender, and living in urban locations have more mixed findings, and have been found to be significant determinants of formal financial access in some of the studies (Honohan and King, 2012, Fungacova and Weill, 2014, Allen et al., 2012, Pena, Hoyo, and Tuesta, 2014). A detailed discussion of demographic characteristics is given below;

2.2.1 Age

Financial service providers usually target their services at middle-class, economically active populations and often overlook the need to innovate products for older or younger potential customers. While the older rely largely on non-institutional means of savings such as investing in livestock, certain services such as life insurance tend to exclude them. As for the young, rather than being regarded for their potential, they are considered high risk as they usually have no previous borrowing record (United Nations, 2006). In addition, older clients usually struggle to get to the nearest financial service provider due to distance. Kimuyu; et al. (2000) demonstrate that age is associated with access to credit. That is, older entrepreneurs are more likely to seek out for credit. Lore (2007) also reveals that younger entrepreneurs are less likely to access loans from banks in several Sub Saharan countries. Age is an indicator of useful experience in self-selecting in the credit market. This self-selection is an important aspect of decision making styles. Older entrepreneurs also tend to have higher levels of work experience, education, wealth and social contacts. These resources are important in developing key competencies. Therefore, superior age leads to higher levels of entrepreneurial orientation.

2.2.2 Education

Complex financial documentation and high illiteracy levels significantly constrain access to financial services as they hinge on the level of understanding of the services provided by the service provider. Also, they tend to border on issues of rights and responsibilities of the consumer of various financial services, in addition affecting demand for services. According to UNDP (2007) even in special cases where rural inhabitants have access to market opportunities and information on financial services, they lack capacity to comprehensively understand and process it. Their low literacy levels and lack of exposure of official languages used by financial service providers hampers their ability to benefit directly from information that is provided in written form. Brown (2001) stresses that language barrier leads to the rural clients fail to fully understand the conditions of complex financial products offered to them, thereby making it costly for clients.

There are two opinions about the role of education in accessing credit. The first holds that education is not a useful predictor of accessing credit (Kimuyu and Omiti, 2000). This is because it impedes attainment of entrepreneurial outcomes by reducing curiosity, vision and the willingness to take risks. Formal education is thought to foster conformity and low tolerance for ambiguity and thus is an impediment to entrepreneurship. The second opinion argues that education helps to distinguish entrepreneurs who access credit and those who do not (Lore, 2007). In this respect, education increases a person’s stock of information and skills. Due to lack of other sources of information in developing countries such as Kenya, education remains the only useful source of new knowledge. Therefore, education may enhance entrepreneurial orientation.

Enterprises with more educated owners can be expected to have more access to institutional credit than enterprises with less educated owners. This is because less educated owners tend to have difficulty with application procedures and expect to be rejected. Furthermore, better educated managers are more likely to have managerial skills in finance, marketing production, and international business that would lead to the firm's growth (Kumar, 2005).Onyeagocha, (2002) explains that as level of education increases leads to improved information procurement, increased level of business profit and the capacity to increase the level of funding.

Level of education and professional education can affect the way one runs a business. Women especially in developing countries lack professional education which is likely to negatively affect them in the process of running the business and leading to the low turnover, where by the higher sales/turnover of a business is among attractive factors for one to secure the loan from the financial institutions (Sarikiael, 2013).

2.2.3 Gender

Gender refers to the socially constructed roles of and relations between men and women. Gender is also defined by FAO as the relations between men and women, both perceptual and material. Gender is not determined biologically, as a result of sexual characteristics of either women or men, but is constructed socially. Women's sole control over loan use and management remains open to question (Goetz and Sen Gupta, 1996). Today there is a debate as to whether MFIs prefer women to men in their services as scholars seem to hold different views on the above.

MFIs prefer women as clients as they are reliable in terms of repayment. Though poverty alleviation remains the key focus of these programs they are also seen as a pathway to empower women. Despite women being preferred clients, they are still institutionally discriminated against. Women's access to institutional services is unequal. Even though millions of women throughout the world contribute to Gross Domestic Product and family food security, detailed studies from Latin America, South Asia, and Sub-Saharan Africa consistently indicate that rural women are more likely to be credit constrained than men of equivalent socio-economic conditions (Fletschner, 2009). Seventy percent of the world's poor are women. Yet traditionally women have been disadvantaged in access to credit and other financial services. Commercial banks often focus on men and formal businesses and neglect women who make up a large and growing segment of the informal economy (IFLIP, 2001).

Studies show that if the range of services is compared against what women actually received; they access a very small portion of the services (World Bank et al., 2008). This is because women receive smaller loans compared to men and there are no clear guidelines on graduating out to the small enterprise development category. Additionally, there are not enough support services to help women remove market access constraints and increase access to other resources (e.g. land) that help to use credit successfully.

Institutional gender bias (small loans, lack of support services), restrictive social norms (restriction on mobility, gender norms around work); individual factors (lack of literacy skills), all limit women's options in diversifying their livelihoods in a manner that increases women's participation and voice in rural markets (Nazneen, 2008).Property rights and control over assets, legal regulations and customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land, livestock, car etc. Women are much less likely to have land titled under their name, even when their families own land, and are less likely than men to have control over land, even when they do formally own it. Biased inheritance rights often bestow land to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).Even in countries where laws do protect women's land rights, these laws tend to be loosely regulated and implemented (Parada, 2008).Finally, in settings where men are portrayed and perceived as the main breadwinner, women's ability to offer family assets as collateral and their incentives to invest in productive activities are influenced by family dynamics that are likely to prioritize men's investments (Ospina, 1998).

Conclusively, the extent to which institutions reach out to women and men and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not fund the type of activities typically run by women, when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Fletschner, 2008a; World Bank, 2008b). How gender equitable impact microfinance is dependent on the following aspects: female mobility; women's responsibility for subsistence work (which means they may invest in safe products); opportunity for investing in non sex-stereotyped activities; female literacy level and costs related to accessing information (Mayoux 2005).

2.2.4 Level of Savings

Savings can be defined as the part of income that is not immediately spent but is being kept for future consumption, investment and unforeseen contingencies. Savings of an individual and households form a substantial part of capital accumulation in any given society. In any society, everyone at one point in time saves something of value (Bime and Mbanasor, 2011). Saving is undeniably considered as a strategic variable in the theory of economic growth determining both individual and national well-being. As such, higher savings will lead to capital accumulation, which in turn will lead to economic growth and development (Bime and Mbanasor, 2011).

However, saving level in some parts of Africa, particularly in rural areas, is very low and little is known empirically about its patterns and determinants (Girma *et al.*, 2013).

Development literature has increasingly acknowledged the importance of the role of savings in the livelihoods of households in rural sub-Saharan Africa (SSA). Savings are an important way of improving well-being, insuring against times of shocks, and providing a buffer to help people cope in times of crisis (Miracle, Miracle, & Cohen, 1980; Rutherford, 1999; Zeller & Sharma, 2000).According to Fasoranti (2007) savings and savings mobilization in any economy are undertaken by mostly formal and informal financial institutions.Financial services available to women micro entrepreneurs are diverse, ranging from formal banking system to easy accessible micro-credit provided by informal savings and credit systems. However, the formal banks are not popular in disseminating loans to women micro-entrepreneurs (Ogunrinola *et al.*, 2005; Oluwalana and Adegbite, 2005). Banks are reluctant in lending to this category of customers because of their observed low marginal propensity to save, thus low deposits in Banks (Aryeetey, 1996). In spite of this, poor women in developing countries use informal rather than formal financial system to meet their savings and credit needs (Sengupta, 1990). While women working in the wage sector have greater access to financial services from formal institutions (World Bank, 2010), many of them prefer the informal financial system because of its flexibility (Akingunola and Onayemi, 2010).

2.3 Perceptions and attitudes towards micro finance services

Though research on micro finance institutions is plenty, they are restricted mainly to financial performance, outreach and loan repayment aspect. Even their comparisons are also done on these aspects (Besley and Coate, 1995; Sen, 2001). However, micro finance institutions can also be looked upon as service organizations providing financial services to the rural and urban poor section of the society but there is scant research, as per existing literature, on the aspect of end-users' satisfaction levels of MFIs. This aspect is very important as there is ample evidence in service management and marketing literature that customer satisfaction leads to better performance (Morgan and Rego, 2006). This is so because there is increasing evidence in the marketing literature that higher customer satisfaction and customer loyalty has a positive impact on satisfaction of customers' needs and ultimately financial performance of firms (Morgan and Rego, 2006; Smith and Wright, 2004).

Attitudes and behavioral traits could also affect financial decisions (World Bank, 2015). Douglas North (1995) posits that when individuals make choices, they make it based on their own mental models. Studies of financial decision-making by psychologists concur with this view, indicating that emotional impulses and a focus on short-term gains could drive decisions especially in low-income individuals (Baumeister et al 2007, Shah, Mullainathan, and Shafi, 2012). (Mullainathan and Shafi, 2009) also found that for those in poverty, small emotional factors could hamper prudent financial decisions such as product uptake. Attitudes are found to be one factor affecting the extent to which individuals save with individual development accounts in the U.S (Han and Sherraden 2009).

It is imperative however to note that these perceptions and attitudes are held before joining the financial institution as well after joining especially with regards to services towards customer satisfaction. Consequently, it can also be used to understand the customer perception of a MFI on various parameters namely, service performance, service fairness, customer satisfaction, attitude towards the MFI, behavioral loyalty and word-of-mouth as explained below.

2.3.1 Customer satisfaction

Customer satisfaction has been extensively studied in the field of marketing over the last two decades (Johnson et al. 2001; Anderson et al. 2004). It has become an important construct for marketing scholars (McQuitty et al. 2000). It is by far the most commonly used customer oriented metric by managers (Gupta and Zeithaml, 2006) because it is generic and can be measured universally for all products and services including nonprofit and public services (Zeithaml et al. 2006). After an extensive and critical review of the customer satisfaction literature, Yi (1989), conceptualized customer satisfaction as an attitude like judgment following a purchase act or based on a series of consumer-product interactions. This definition highlights that customer satisfaction is essentially customer's judgment about the extent to which a product or service meets or falls short of expectations. The literature has also emphasized the disconfirmation of expectations paradigm to a great extent (Oliver, 1996; Yi, 1989). This implies that the consumer compares the product/service with a preconception expectation. If the expectation confirms with the product/service performance, then customers will be satisfied otherwise they will be dissatisfied.

Customer satisfaction research has developed around two broad types of evaluations: (1) transaction-specific satisfaction (2) cumulative satisfaction or an overall satisfaction concept which is similar to the attitude (Johnson et al. 2001). Traditionally, satisfaction was considered to be transaction-specific, which is a result of the immediate post purchase judgment or affective reaction (Oliver, 1993). De Ruyter, Bloemer, and Peeters (1997) used the transaction-specific concept and showed the relationship between perceived quality and satisfaction. The authors proposed an integrated model consisting of expectations, perceptions, disconfirmation, quality and satisfaction. The model was tested in a health care setting using two-stage least square analysis in the health care sector. Findings of the study showed that service quality serves as an antecedent of customer satisfaction and satisfaction in turn is a direct function of disconfirmation and perception. A more economic psychology-based approach to satisfaction has been developed in the literature over the last decade, which is termed as cumulative satisfaction. Cumulative customer satisfaction is defined as customer's overall experience to date with a product or service provider (Johnson et al. 2001).

Research conducted by (Johnson et al, 2001) has used the overall customer satisfaction concept. According to these studies, satisfaction is viewed as an "overall evaluation based on the total purchase and consumption experience with a good or service over time (Anderson et al. 1994)." More and more satisfaction studies are now using the overall evaluation of satisfaction concept which develops over all the experiences a customer has with the firm (Gupta and Zeithaml, 2006). The fact that customer satisfaction is an important predictor of customer loyalty has been widely studied (Yang and Peterson, 2004). Thus, based on the extant body of literature on customer satisfaction, it is concluded that customer satisfaction is a post-consumption assessment of customers about the product and or service used.

2.3.2 Behavioral loyalty

Many researchers like (Ehrenberg, 2000; Sharp and Sharp et al,1997) argue that repeat purchasing captures the true essence of customer loyalty. The authors highlight the importance of the real behavior as the end variable in consumer behavior models. Sharp and Sharp (1997) state that the effectiveness of relationship marketing activities should be evaluated only in terms of behavioral loyalty. These authors argue that aconsumer's purchasing behavior during the customer's stay with the seller is a very important outcome of the relationship. (Sharp, Wright, and Goodhardt, 2000) suggest that attitude is not relevant to determining customer loyalty. Their contention is that there is no "true" definition of customer loyalty and debating this topic is a waste of time.

According to (Back and Parks, 2003) brand loyalty is generally perceived as a positive outcome of the behavioral function of repeated relationships between a buyer and seller. Behavioral loyalty is defined as customers' explicit behavior towards a specific brand in terms of repeat purchasing actions. Behavioral loyalty can be measured by determining the actual purchase frequency, the proportion of purchase of a particular brand as compared to the total number of brands purchased and/or the actual amount of purchase made by the customer.

Many researchers have used this behavioral approach to measure the customer loyalty (Sharp and Sharp, 1997; Sharp et al. 2002). However, this exclusive emphasis on the behavioral aspect of loyalty highlights certain problems too as evident in the literature. (Dick and Basu, 1994) points out that this emphasis on the behavioral approach neglects the importance of the customer's decision making process and it does not differentiate between brand loyalty and repeat purchasing behavior. For true loyalty to exist both attitudinal and behavioral components of loyalty needs to be considered. Reinartz and Kumar (2002) also stress that behavioral loyalty alone cannot be the measure of 'true' customer loyalty, so it is necessary to understand the underlying factors for developing the true customer loyalty. And this can be done with the inclusion of both the behavioral and the attitudinal approach to examine customer loyalty.

In this study, behavioral loyalty is considered as the repeat purchasing behavior of customers.

2.3.3 Customer advocacy

Urban (2005) further states that advocacy is a mutual dialogue and a partnership which assumes that if a company advocates for its customers, those customers will reciprocate with trust, purchases and enduring loyalty. It is a partnership between a firm and its customers for the mutual benefit of both. A company advocates for customers' interests and customers advocate for the company by buying its products and helping it design better products and also by telling others about the firm and its products. Companies which advocate for customers enjoy more opportunities for selling a broader range of products to more people. This can lead to growth in sales because consumers and their friends choose the company'sproducts. It also leads to greater profit margins because customers realize that the company offers an extra value that is reflected in an honest price that is worth paying. Binney (2006) states that customer advocacy exists where customers are willing to recommend an organization and its services/products to others. The author further adds that customer advocacy measures performance from the customer's perspective of every part of the organization. Companies like GM, Cisco, NEC, McDonald's Japan, eBay; Intel, etc. have successfully applied the customer advocacy strategy which aims to create better customer relationships by providing them expert levels of customer support and protection. The main intent of the organizations with a customer advocacy strategy is customer success.

Lawer and Knox (2006) define customer advocacy as an advanced form of market orientation which responds to the new drivers of customer choice, involvement and knowledge. The authors advocate that customer advocacy aims at building deeper customer relationships by earning new levels of trust and commitment and by developing mutual transparency, dialogue and partnerships with customers. The authors identify four interrelated market mechanisms for leveraging customer advocacy namely,

1. Focus on customer success,
2. Improving marketing context and consumer involvement,
3. Fostering knowledge creating partnerships, and
4. Enabling choice transparency.

Hill, Provost and Volinsky (2006) state that customer advocacy is of two types namely,

1. Explicit advocacy and
2. Implicit advocacy.

1. *Explicit advocacy:* Individuals become vocal advocates for the product/service, recommending them to friends or acquaintances.

2. *Implicit advocacy:* Even if individuals do not speak about a product, they may advocate implicitly through their actions especially through their own adoption of the product.

Urban (2004), states that the key to an advocacy strategy of a company is to become trustworthiness in the eyes of its customers. This can be achieved by focusing on the following eight factors namely, transparency, quality of products and services, product comparison, alignment of incentives, partnering, cooperative design, supply chain, and comprehensiveness. The author further highlights different benefits of customer advocacy viz.

2.3.4 Service fairness

Customer perceptions of service fairness indicate “rightness” in their evaluation of exchange inputs and outcomes (Oliver, 1997). The social nature of services makes fairness significant for customers, with consequent effects on evaluative and relational elements of service loyalty (Huppertz, Arenson, and Evans 1978; Oliver and Swan 1989). We expect fairness to affect satisfaction; if customers feel that service outcomes are commensurate with inputs, they will evaluate their overall satisfaction with the service positively (Oliver, 1997). Ajzen (2001) states that in the attitude literature “there is a general agreement that attitude represents a summary evaluation of a psychological object captured in such attribute dimensions as good-bad, harmful-beneficial, pleasant-unpleasant, and likable-dislikable.” This is defined as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor” (Ajzen and Fishbein, 2000). Jacoby and Chestnut (1978) define attitudinal loyalty as “the consumer’s predisposition towards a brand as a function of psychological processes. This includes attitudinal preference and commitment towards the brand.”

Similarly, Dick and Basu, (1994) says that attitudinal loyalty reflects the customer’s psychological disposition towards the same brand or brand-set. These authors further argue that attitudinal loyalty reflects customer’s favorable attitudes towards the brand or the organization. (Rundle-Thiele and Bennet, 2001) states that attitudinal loyalty concepts infers consumers’ engagement in extensive problem-solving behavior involving brand and attribute comparisons, leading to strong brand preferences. They further state that there is growing evidence in the marketing literature that attitudinal loyalty is a personality trait as well as brand-specific.We expect service fairness to affect satisfaction; if customers feel that service outcomes are commensurate with inputs, they will evaluate their overall satisfaction with the service positively (Oliver, 1997). We also expect that if customers perceive fairness in the service they receive they will advocate for the firm in their peer group and others.

2.4 Financial literacy to livelihoods of women

In a broad sense financial literacy is the possession of knowledge and understanding of financial matters. “Financial literacy” according to OECD refers to a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.’

Financial literacy shows how an individual makes financial decisions. This skill can help a person develop a financial road map to identify what he earns and what he spends. It also affects all ages and all socioeconomic levels (Banerjee;Sain, 2015).

Both women and men need to be sufficiently financially literate to effectively participate in economic activities and to take appropriate financial decisions for themselves and their families.

However, women need to improve their financial literacy even more than men because they typically tend to live longer and earn less than men, therefore being more likely to face financial hardship in old age. In addition, their level of financial knowledge tends to be lower than men’s, suggesting that they may not be up to the challenges they face in achieving their financial well-being. The need to address the financial literacy of women and girls as a way to improve their financial empowerment is gaining global relevance and is reflected in various initiatives at a national and international level. Financial education can be an important tool, albeit not the only one, to improve women’s economic empowerment and financial independence.

In developing countries, many financial education schemes focus on remedying the barriers to credit and formal labor force participation that disproportionately affect women. A large number of economic development microcredit and micro-enterprise programs are targeted largely or even exclusively at women. In practice, at present, many such programs *de facto* if not *de jure* include a financial counseling and support component either through formal training or via peer education, regular meetings, and mentoring (OECD/INFE, 2012). In a large number of countries, women have lower financial knowledge than men. This is a robust piece of evidence, as it holds across developed and developing countries, in all regions of the world, and using different survey instruments. Only in a very small number of cases gender differences are not significant, and in no country women were found to be more knowledgeable than men (OECD/INFE, 2012).
When people are not well informed they can act in ways that are not beneficial to their livelihoods. Empirical evidence suggests financial literacy’s positive impact on financial behavior and financial status in a number of behavioral domains.

Financially-literate individuals do better at budgeting, saving money, and controlling spending (Moore, 2003; Perry and Morris, 2005); handling mortgage and other debt (Campbell, 2006; Lusardi and Tufano, 2009); participating in financial markets (Van Rooij, Lusardi et al., 2011; Christelis, Jappelli et al., 2010; Yoong, 2010); planning for retirement (Lusardi and Mitchell, 2007a; Lusardi and Mitchell, 2008); and ultimately, successfully accumulating wealth (Stango and Zinman, 2009). Microfinance institutions have developed a variety of financial products and services many of which are much beyond the comprehension of the target clients. Most of these target clients have limited awareness, knowledge and skills to enable them to differentiate between the products' appropriateness, costs, and risks (Andah, 2008). This understanding of MFI services can only be understood or appreciated through outreaches to these people and consequently we look at the ways through which MFIs do financial literacy to their clients as detailed below;

2.4.1 Financial knowledge education and training

Financial knowledge and understanding allows people to acquire the skills they need to deal with everyday financial matters and make the right choices for their needs (SEDI, 2008). People require a basic body of knowledge and understanding, upon which they can draw when managing their financial affairs. Individuals may be exposed to financial education policies or programs to increase their financial literacy and know-how. Financial education includes "*the processby which financial consumers/investors improve their understanding of financial products, concepts andrisks and, through information, I -+-----nstruction and/or objective advice, develop the skills and confidence tobecome more aware of financial risks and opportunities, to make informed choices, to know where to gofor help, and to take other effective actions to improve their financial well-being*" (OECD, 2005). This knowledge will be acquired in different ways among which is education and training through information materials produced by the financial sector (Widdowson et al., 2007). Knowledge is an important bundle of intangible resources that can be the source of a sustainable competitive advantage. It derives this potential from its nature of being immobile and also because it has general applicability.

Training is very important to the business especially for business persons who have a far reaching vision, this is for simple reason that technology changes with time, methods of production change with time, as well as marketing, sales and others. If there are many changes within the business environment and women entrepreneurs have less access to training it possible likely to put their business in a risk poor/limited flourishing and hence less ability to access credit compared to the male entrepreneurs who have time and other facilities to access credit (Sarikiael, 2013).

Information provided to consumers includes facts, data and specific knowledge to make them aware of financial opportunities; instruction involves ensuring that individuals acquire the skills and ability to understand financial terms and concepts through training and guidance; and advice involves providing consumers with counsel about generic financial issues and products to help them make the best use of available financial information and instruction (OECD, 2012).

2.4.2 Skills such as a component of finance literacy

People also need the ability to apply their knowledge and understanding in order to manage their money and to make appropriate financial decisions. This calls for a range of specific skills, which need to be underpinned by basic levels of literacy and numeracy (SEDI, 2008). Consumers should be able to choose the products that are right for them; this requires the ability, to compare costs and returns; an ability to assess risk and to identify risky products; and an ability to look at products holistically (Widdowson et al., 2007). These skills include such generic cognitive processes as accessing information, comparing and contrasting, extrapolating and evaluating – applied in a financial context (Connell, 2007). Additionally, financial literacy involves skill in managing the emotional and psychological factors that influence financial decision making (Mandell, 2001). A certain level of numeracy (or mathematical literacy) is regarded as a necessary condition of financial literacy. (Huston, 2010) argues that “if an individual struggles with arithmetic skills, this will certainly impact his/her financial literacy. However available tools (e.g. calculators) can compensate for these deficiencies; thus, information directly related to successfully navigating. It is therefore common for financial literacy assessments to include items with a mathematical literacy aspect, even though that aspect is not the primary focus of the whole measure.

2.3.3 Financial actions such as a component of financial literacy

Actions are the ability to take effective decisions in managing their finances in the areas of basic money management, financial planning and investments (Morawcywki et al., 2010). A financially capable person is one who has the knowledge, skills and confidence to be aware of financial opportunities, to know where to go for help, to make informed choices, and to take effective action to improve his or her financial well-being (Kempson, 2008). Financial literacy can set the stage for the positive actions which are so important to wealth creation and preservation actions such as careful consideration of costs of financial services, avoidance of scams and fraudulent schemes, knowledge and understanding of financial products and services, and saving for a rainy day and for the longer term, such as for retirement (Nhlanhla, 2011).

Financial capability is a broad concept, encompassing people’s knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading greater participation in the financial service market (Chiara, 2011). On the other hand, action is the ability to take effective decisions in managing finances in the areas of basic money management, financial planning and investments (Morawcywki et al., 2010).

Therefore, financial literacy involves both the understanding of basic financial concepts and the ability and discipline to use that information to make wise personal and financial decisions. It is one of the important challenges faced by all countries globally because it is one of the parts of sustainable development. Financial literacy is helpful for the people of all ages; transition of economy from general literacy to financial literacy is really crucial for old and young, men and women, household and working. Continuously changing in financial market and with the increase in individual responsibility informed financial decision making is becoming necessity for economic empowerment of women.

2.5 Contribution to Women Social Empowerment

Social empowerment is a gradual process, a cumulative effort of economic and political empowerment but without social empowerment it is very difficult to achieve economic and political empowerment (Jain, 2012). Empowerment of women is a global challenge since traditionally women have been marginalized and subjected under the control of men. About 70 percent of world’s poor are women (Khan & Noreen, 2012). Furthermore, it is argued that women’s increasing role in the household economy will lead to their empowerment (Hunt & Kasynathan, 2002). Empowerment of women is one of the most important issues across East Africa and beyond. It is viewed as a process in which women challenging the existing institutions to effectively improve their well-being and of their children. Empowerment in accordance to (Venkata, 2004) is a process of awareness and capacity building to greater participation and decision- making power. These definitions contain the idea that empowerment is about making changes, changing the perception of the community, causing personal transformation, and improving individual capabilities to be able to formulate a strategic choices for their lives (Malhotra et al., 2002).

Applying this idea to women empowerment means that poor women should be able to define and formulate self-interest and choice, and consider themselves as not only able, but entitled to make choices (Kabeer, 2001c; Malhotra et al., 2002). This literature mostly focuses on women's work or productive activity and empowerment. One of the key assumptions in feminist and development literature is that involvement in economic activity (productive activity) leads to women's empowerment (i.e., women's ability to exercise agency). Many of the feminist and development researchers have explored the impact of work on women's empowerment at the individual level, through analyzing changes in decision-making at the intra-household level.

Debates exist on whether credit is empowering for women. Some studies show that credit empowers women at the individual level increasing their decision making power. However, other studies illustrate that group based credit fails to promote broader empowerment at the political and social levels (Sharma et al. 2007; Kalpana 2008). Women's sole control over loan use and management remains open to question (Goetz and Sen Gupta 1996). Some studies suggest that involvement in MFI has changed the proportion of women's wage compared to men's wage through nonagricultural work. It has also reduced rural women's underemployment to almost half in Bangladesh (Kelkar and Nathan 2005). We however examine existing literature about whether and how micro credit has brought about empowerment as given below;

2.5.1 Women's sense of self efficacy

This has been manifested in the sense of self-confidence, Self-Esteem and sense of being able to control life out comes. Chen (1997) defined self-esteem as to how one values oneself and one's contribution and how one feels that others value one's self and one's contributions. It is an individual's judgment of self-worth, which is derived from self-evaluations based on competence or on attributes that are culturally invested with a certain value (Nikkhah et al., 2010). Self-efficacy reflects women's articulacy and confidence in speaking with outsides, people of authority, children's teachers and her service provider, her confidence in her ability to disagree with her husband and other family members, and her belief that she is effective in solving family problems (Schuler et al., 2010).

As women accessing microfinance services, these services start transforming and making changes in their lives. It is believed that increasing women's access to microfinance leads to a set of mutually-reinforcing of improved well-being and social empowerment for women (Mayoux, 2002). The economic empowerment changes the self-perception of the women themselves and perception that others have on them. Women start believing in themselves that they are capable of doing business on their own and making decision and choices for their businesses and families. In addition, women assert that they are seen as "valuable assets" to their husbands and communities because they due to micro credit they now contribute to family incomes and hence-forth cover basic needs. Improved economic and social status increases cooperation such as "working hand in hand" between spouses to meet basic household needs.

Access to MFIs 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 (Littlefield, Murduch and Hashemi, 2003). There are enhanced social relationships between and among women such as changes or improvements in relationships among married women as well as singles. Consequently there is increase in trust, respect and breaking down of gender stereo types such as single women being viewed as promiscuous and experiencing social marginalization as a result of not being married. Some of the women stated that they felt that they could take action against wrong doing after they became members of credit groups (Hunt & Kasynathan, 2001). This indicate that participating in microfinance services increases the women's self-esteem and self-efficacy which lead to more active role in decision making both within the household and within the community.

2.5.2 Power relations

Microfinance 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 wasn't there previously. From studies of the Grameen Bank and BRAC they show that clients of these programs suffered from significantly fewer beatings from their husbands than they did before they joined the MFI (Hulme and Mosley, 2006).However, in a separate study of a BRAC project (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. This violence did decrease over time. The study found that when the violence did rise, the members, because of their increased awareness, reported back to the group on their martial life and got support from the group.

Women have been found to have increased their autonomy increased in that they are able to spend family income more freely than non-clients. They had greater control over family planning, but the project was not shown to have had an impact on clients' control over other decision-making but they were found to have greater access to household resources than non-clients did (Osmani, 2008).

These entrepreneurial activities increases their ability to contributes to their families' support which increase women's role in household decision making and control over allocation of resources within the household economic portfolio. Thus managerial decision making indicates that the woman is in control of managing her work related activities and is measured by the respondent taking crucial decisions and planning in her income generating activity (Swain & Wallentin, 2008).

2.5.3 Structures and systems

Interaction within MFI groups can create co-operation and trust that not only facilitates the microfinance activities, but also contributes benefits beyond the service provided, such as a greater sense of community, trust and reliance on the group in times of crisis. These networks can lay the foundations for other social capital developments in the community. They state that examples of cultural impacts of social intermediation that affect the greater community could be a change in attitude of society towards the acceptable age of women's marriage, domestic violence and dowry and etcetera (Zohir and Matin, 2004).

2.6 Economic livelihood gains

Mayoux (2009) argues that sustainable microfinance services alone might lead to women's individual economic empowerment through stimulating women's microenterprise development, leading to increased income under women's control. Several studies assume that microfinance services empower women by enabling them to earn cash income through various types of entrepreneurial activities. These entrepreneurial activities increase their ability to contribute to their families' support. It is well-established in literature that an economically active woman with her own independent savings and greater income share within the household has more economic power (Swain & Wallentin, 2008) that strengthening women's bargaining position within the household.

2.6.1 Improvement in livelihood assets

It is believed that the increased in income from women business activities will help women to buy and own things which they were not able to own before because of either poverty or not allowed by the tradition in the society. Thus women will own their own properties and assets (Chen, 1997) and also because of their access to finance and business activities might lead to the increase of household ownership of assets and properties (Malhotra & Schuler, 2005).

A household economic portfolio approach to impact assessment suggests that there may be observable, positive changes to the accumulation of household durable assets by women clients using the benefits of their access to microenterprise credit (Barnes et al., 2001). Credits provide a lump sum of money that women tend to use for their enterprise. The generation of profits from the use of the credits and better management of financial resources are likely to explain the ability of women households to make big expenditures that have an impact on women households acquiring assets (Barnes et al., 2001b).

An increase in the value of durable assets purchased for the household, oneself, and/or an enterprise is regarded as a potentially strong indicator of the impact of microfinance programs on their clients (Barnes et al., 2001a). It serves as an indicator of an increase in the household's asset base, which in turn is a proxy measure of the wealth level of a household (Barnes et al., 1999).

2.6.2 Improvement in livelihood incomes

When poor women access the microfinance services which provide them with start-up and working capital, training, insurance and savings, it is expected that women will engage themselves in income generating activities where they will experience increase in productivity which will lead to a positive outcome and other forms of women empowerment (Cheston & Kuhn, 2002; Wrigley-Asante, 2011).

MFIs have provided women an opportunity to learn how to save. Savings can be defined as the part of income that is not immediately spent but is being kept for future consumption, investment and unforeseen contingencies. Savings of an individual and households form a substantial part of capital accumulation in any given society. In any society, everyone at one point in time saves something of value (Bime and Mbanasor, 2011). Development literature has increasingly acknowledged the importance of the role of savings in the livelihoods of households in rural sub-Saharan Africa (SSA). Savings are an important way of improving well-being, insuring against times of shocks, and providing a buffer to help people cope in times of crisis (Zeller & Sharma, 2000).

Women have become highly confident in their ability to budget and due to the impact of MFIS many admit to budget regularly. Budgeting is a simple activity that helps people to track their income and expenses. The benefits of using a budget toput savings to good use and increase broader money management skills can help people achieve financial goals thathave significant and lasting value and ultimately this imposes on their income levels.Women and men report similar levels of ability and understanding with budgeting day-to-day finances, but women are much more likely than men to regularly do a budget for their day-to-day finances and more likely to think about ways to reduce their spending (Commonwealth of Australia 2008).

When it comes to protecting their money, women are highly confident in their ability to protect their money, including through choosing appropriate insurance, understanding rights and responsibilities when dealing with money, and recognizing a scam. However, fewer women are confident in their ability to invest and the findings indicate that the majority wouldn't take key considerations into account when making an investment decision, so they may be more vulnerable to scams than they think. Protecting money means protecting people, their assets and income for security and peace of mind but there'smore to protecting money than buying insurance. It also means understanding the risks of an investment decision,spreading risk by not putting all your eggs in one basket, and being wary of scams. If an investment opportunityseems too good to be true, it probably is.

2.7 Micro credit policies

The concept of credit management became widely appreciated by Microfinance Institutions (MFI's) in the late 90s, but again this did not stop loan defaults to this date (Modurch, 1999).

A key requirement for effective credit management is the ability to intelligently and efficiently manage customer credit lines. In order to minimize exposure to bad debt, over-reserving and bankruptcies, companies must have greater insight into customer financial strength, credit score history and changing payment patterns. The ability to penetrate new markets and customers hinges on the ability to quickly and easily make well-informed credit decisions and set appropriate lines of credit. Credit management starts with the sale and does not stop until the full and final payment has been received. It is as important as part of the deal as closing the sale. In fact, a sale is technically not a sale until the money has been collected. It may be difficult to establish an optimal credit policy as the best combination of the variables of credit policy is quite difficult to obtain. A firm will change one or two variables at a time and observe the effect. The success of lending out credit depends on the methodology applied to evaluate and to award the credit (Ditcher, 2003) and therefore the credit decision should be based on a thorough evaluation of the risk conditions of the lending and the characteristics of the borrower. Numerous approaches have been developed in client appraisal process by financial institutions. They range from relatively simple methods, such as the use of subjective or informal approaches, to fairly complex ones, such as the use of computerized simulation models (Horne, 2007). Many lending decisions by Microfinance institutions are frequently based on their subjective feelings about the risk in relation to expected repayment by the borrower. Microfinance institutions commonly use this approach because it is both simple and inexpensive. While each company would have its own method of determining risk and quality of its clients, depending on the target group, the following client evaluation concepts are useful for most occasions. These concepts are referred to as the 5C's of credit appraisal (Edward, 1997). These elements are Character, Capacity, Collateral, Capital and Condition (Edward, 1997). However there are several other factors that affect MFIs credit policies as further explained.

2.7.1 Credit terms

This refers to the conditions under which an MFI advances credit to its customers. The credit terms will specify the credit period and interest rates. Credit period refers to the period of time in which the credit is granted. The length of the credit period is influenced by Collateral value, Credit risk, the size of the account and market competition (Ross, Westerfield & Jordan, 2008). Debt in a particular class will have its own interest rate in accordance with the theory of term structure. The interest rates charged is a cost on borrowed funds and may affect the loan performance.

2.7.2 Credit risk control

Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Such an event is called a default. Another term for credit risk is default risk. Investor losses include lost principal and interest, decreased cash flow, and increased collection costs. Credit risk can be mitigated using risk based pricing, covenants, credit insurance, tightening and diversification (Ross et al, 2008).

2.7.3 Collection policy

There are various policies that an organization should put in place to ensure that credit management is done effectively. One of these policies is a collection policy which is needed because all customers do not pay the firms bills in time. Some customers are slow payers while some are non-payers. The collection effort should, therefore aim at accelerating collections from slow payers and reducing bad debt losses (Kariuki, 2010).

2.7.4 Economic cycles

It should be noted that the firm’s credit policy is greatly influenced by economic conditions (Pandey, 2008). As economic conditions change, the credit policy of the firm may also change. The term economic cycle (or business cycle) refers to economy-wide fluctuations in production or economic activity over several months or years. These fluctuations, according to Pandey (

2008) occur around a long-term growth trend, and typically involve shifts over time between periods of relatively rapid economic growth (an expansion or boom) and periods of relative stagnation or decline (a contraction or recession)**.** The economic cycles also play an important role on MFI's choice of issuing or not issuing loans. Microfinance Institutions and other finance institutions must develop a credit policy to govern their credit management operations (Pandey, 2008) and since microfinance institutions generate their revenue from credit extended to low income individuals in the form of interest charged on the funds granted (Central Bank Annual Report, 2010) the loan repayments may be uncertain.

2.8 Studies on factors influencing willingness to pay back/repayment of loans

Most studies that have been carried out have mainly focused on loans in general and looked at loan repayment or default rate. A study by Angaine and Waari (2014) focused on factors influencing loan repayment in Micro-finance institutions in Kenya. In study by Awunyo-Vitor (2012), one of the objectives focused on determinants of loan repayment in Ghana. The findings reveal that farm size, and engagement in off farm income generating activities reduces the likelihood of loan repayment default significantly. Also, larger loan amount and longer repayment period as well as access to training are more likely to reduce loan repayment default.

Numerous studies have examined factor influencing default rate (Umoren et al., 2015; Boateng and Oduro, 2018, Wongnaa and Awunyo-Vitor D, 2013) Some studies have examined factor influencing pricing of loans (Zoeb, 1993) .The results have shown broad range of factors affecting loan repayment. For example, a study by Boateng and Oduro (2018) revealed that

factors such as educational level, number of dependents, type of loan, adequacy of the loan facility, duration for repayment of loan, number of years in business, cost of capital and period within the year the loan was advanced to the client had a significant effect on credit default.

Similarly a study by Umoren et al. (2014) using the model revealed that 12 explanatory variables namely: age of the beneficiaries, family dependency level, total farm cost, farm income, time interval between loan application and disbursement, other loan schemes, visits by credit officers, loan duration, government policies, years of experience, loan size and average interest rate charged were significant variables influencing default in loan repayment among the beneficiaries in the study area. Also Awunyo-Vitor (2012), results showed that farm size, and engagement in off farm income generating activities reduces the likelihood of loan repayment default significantly. In addition, larger loan amount and longer repayment period as well as access to training are more likely to reduce loan repayment default.

As it can be noticed from the various studies that has been conducted, there is none focused on women group guarantee loans. Therefore this study focused on understanding factor the influencing willingness to pack back women guaranteed loan products.

2.9 Review of models used in estimating willingness to pay studies

The most commonly used econometrics models in the microfinance and loan repayment studies are the choice models (Awunyo-Vicor, 2012). There are many models that can be used when the dependent or response variables are dichotomous in nature. These include linear probability, logit, probit, and tobit models according to Gujarati (2004). The more commonly used models are the probit and logit models. The choice of whether to use a probit or logit model, both widely used in economics, is a matter of computational convenience (Greene, 1997). Specifically in investigating effective factors on consumers' willingness to pay, regression models such as logit, probit, ordered-logit, and ordered-probit are mostly applied (Uva and Cheng, 2005).

Most of the studies have explored loan repayment /default rate of clients using the binary or multinomial logit, probit, and tobit models. Umoren et al. (2014) examined the analysis of loan default among agricultural credit guarantee scheme (ACGS) loan beneficiaries in Akwa Ibom State, Nigeria using a tobit model. Awunyo-Vicor (2012 employed Probit model to investigate factors that influence farmer's loan repayment default. Umoren et al. (2014) used a logistic regression in analysis of loan default among agricultural credit guarantee scheme (ACGS) loan beneficiaries in Akwa Ibom State, Nigeria. Reta (2011) on a study of determinants of loan repayment performancein Ethiopia used a probit model.

Loan repayment is, therefore, a non continuous dependent variable that does not satisfy the key assumptions in the linear regression analysis. When the dependent variable to be modeled is limited in its range, using ordinary least squares (OLS) may result in biased and inconsistent parameter estimates.

This study adopted a multiple linear regression model in analyzing the factors that influence willingness to pay back for women group guaranteed loans. The reason is based on the fact amount respondent are willing to pack back is continuous dependent variable that satisfy the key assumptions in the linear regression analysis. Although, the parameter estimates from the latter may result in biased and inconsistent parameter estimates. This study ensured that the parameters satisfied the assumption through various tests such as multicollinearity and heteroscedasticity.

Most of the aspects reviewed have mainly concentrated on MFIs, general group lending and micro finance services but it has fallen short of referring to WGGL, and thus this study needs to address this by documenting information on WGGL thus there is no literature that has focused on

The next section discusses the mythology that was used in collecting data, analyzing and writing to achieve the objectives listed in chapter one.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the overall plans and strategies that was used for data collection. This involves a suitable research design, methods of data collection, sample size, study area and justify their application to enable the research about the performance of women group guaranteed loans promoted by MFIs on women's welfare, a case study of BRAC in Zirobwe Sub county.

3.1 Research design

The study used a descriptive cross-section design within the general framework of a mixed methodology of qualitative and quantitative approaches to investigate the performance of women group guaranteed loans on women welfare, Descriptive design/research is used to obtain exhaustive information about phenomenon which in this case is the performance of women group guaranteed loans.

3.2 Study area

The study was conducted in Zirobwe Sub County located in Luwero District in the Central Region of Uganda. Zirobwe is approximately 51 kilometres by road, north of Kampala, Uganda's capital. This is approximately 37 kilometres, by road, southeast of Luweero, the site of the district headquarters. Zirobwe Sub-county is located on latitude 0.686881 and longitude 32.691010 and the average minimum and maximum temperature recorded is 15 ^{o}C and 28 ^{o}C respectively. The area experiences a bi-modal rainfall pattern, with the first season starting in March-April and ending in May. The second rains start in July and go up to November and are usually more reliable. The annual rainfall ranges from 800mm and 1200mm. The Zirobwe sub county has a total population of 47,900 whose main livelihood is mainly crop growing with livestock kept to supplement their incomes.

The main economic activity in Zirobwe sub county is subsistence farming, with farmers rearing animals and growing both food and cash crops. The main food crops grown include banana, sweet potatoes, maize, beans and horticultural crops (Cabbages, Nakati, Amaranthus) while coffee is the main cash crop in the area. The animals reared include pigs, goats and cattle, and poultry, these are reared on small scale with most households keeping at least one of these animals. Zirobwe Sub County was purposively chosen because this area is well served by financial institutions as well as presence of WGGL spear headed by BRAC microfinance institution. Scoping study within Brac micro finance, indicated high success rates of WGGL in

Zirobwe. Further the area is in close proximity to Kampala which has most of the financial institutions.

3.3 Study population

Mugenda & Mugenda(2003) defines population as a complete set of individuals, cases or objects with some common observable characteristics. Researchers many times draw samples from the population from which generalizations are made.

3.4 Sample size and sampling procedure

Sampling is the process of systematically selecting case for inclusion in a research project. The primary purpose of sampling is to collect specific cases, events that can clarify and deepen understanding from a larger population (Neuman, 2006).The sample size was determined using Yamane (1967).

A multistage sampling strategy was used. At stage one, out of the eight parishes in the Zirobwe, three perishes were selected because it is where most of the women guaranteed loan client were concentrated as per the list given by one of the microfinance institution and some SACCOs in Zirobwe. At stage two, 2 villages were selected from each of the parishes. Within each parish, a random sample of 25 smallholder farmers/clients (consisting of 15 WGGL clients and 10 Non WGGL clients) for two parishes while in one parish a random sample of 18 smallholder/clients (consisting of 10 WGGLclients and 8 Non WGGL clients) were selected. In addition, seven (7) key informants were purposively selected.

This resulted in seventy five (75) smallholder farmers and stakeholders selected for this study; who consisted of women benefiting from the Women group guaranteed loan, who have been termed as “WGGL clients” and those not benefiting termed as “Non WGGLclients ”, loan officers, MFI/BRAC management in Zirobwe. These respondents were chosen because of their vast knowledge, experience and information regarding micro finance loans in Zirobwe. To further supplement the collected information, two Focus Group Discussions (WGGL and Non WGGL clients) were conducted.

Table 1: Sample size distribution in the study area

Name of the parish	**Number of villages**	**Respondents per category**		**Total respondents per parish**
		WGGL clients	**Non WGGL clients**	
Bukimu	2	15	10	25
Kyetume	2	15	10	25
Nambi	2	10	8	18
Total	**6**	**40**	**28**	**68**
Key informants / Stakeholders				
Bank/MFI/SACCO officials on management level				3
Credit/Loans officers				3
Commercial/Cooperative officer				1

3.4 Data collection methods and tools

Data collection methods involve approaches used to gather information during the research and these include themes that enhance data collection from the field like the interviews, observations and questionnaires.

3.4.1 Questionnaires as a method of data collection

They are efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest (Sekaran, 2007). It is the collection of data through questionnaire method and it's of the popular method used these days hence self-administered questionnaire that considered of open and few closed ended questions. The questions are set following the objectives of the study, the method is cheap to administer the lager population within a short time and it allow the respondents to fill in their responses at their own convenience hence free to give frank answers (Kakooza, 1996). A questionnaire was used to collect information from the WGGL and Non WGGL clients. In reference to this this, a questionnaires was developed and the following information was collected; Socio-economic and demographic characteristics for both WGGL and Non WGGL clients ; information on credit access; willingness to pay back WGGL; perceptions on WGGL, house expenses; asset accumulation and food situation/security related aspects.

3.4.2 In-depth Interviews as a method of data collection

These are a face to face encounter with respondents, which involve the use of an interview schedule/guide, (Smith, 1972). In-depth face to face interviews will be conducted using an interview guide with open-ended questions. According to Kumar (2010), an interview is a person to person interaction face to face or an interaction between two or more people with a specific purpose interview that's to say the researcher comes face to face with the interviewee; furthermore the respondents especially the key informants were issued a copy of the interview guide before the interview proceeded. This method was adopted because of the relationship between the interview and interviewee (Punch, 2006).

Interview guides were used to interview key informants that is to say Zirobwe savings and cooperative society, BRAC and Centenary bank management, loans officers and the management, and commercial/cooperative officer.

This method helped the researcher to get deeper or thorough knowledge on the study. In addition, it is easier to get knowledge through interviewing them rather than them sparing time to answer questionnaires.

3.5 Data sources and types

The study used mainly two collection sources of data. The researcher used primary sources of data to collect data from the field. This gave first-hand information for analysis and secondary sources of data were collected from documents related to the content of the research. The type of data that the researcher collected included quantitative data and qualitative data.

Secondary literature reviewed data was obtained from the many published sources like scholarly journals, annual reports from UBOS, policy research, credit policy and the internet as well and "grey literature" used particularly for delineating the Ugandan experience in issues of microfinance, capacity development and rural women. Secondary data is easy to get and reduces on the extra costs encountered during data collection.

3.6 Data processing

Data collected was compiled, sorted, edited, classified and coded using Microsoft Excel, then analyzed using a computerized data analysis package, statistical package for social scientist (SPSS version 16, this has been chosen because it is able to compute all the statistical quantities that are required for the interpretation of the data. For qualitative data; through interview guide discussions in the field, main points were transcribed and used to provide more information as well as triangulating some key aspects that had been observed in the field.

3.7 Data quality assurance and validity

To achieve assurance and validity in this research study, the researcher got guidance from the Bank/MFI/SACCOs supervisors who supported in proper sampling procedure to obtain a high degree of accuracy. Pre-testing of tools was done in order to achieve a content validity index (CVI) which is employed to ensure that the selected questions are rating above 70%. After validity and reliability, the questionnaires were tested using the Cronbach Alpha coefficient to determine the internal consistency of the scales used to measure the study variables. Reliability analysis was computed using a 5 point scale anchor of strongly agree, agree, neutral, disagree and strongly disagree which were coded from 1 to 5 respectively. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used (along with substantive arguments and possibly other statistical measures) as evidence that the items measure an underlying (or latent) construct. However, a high alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is unidimensional, additional analyses can be performed. Exploratory factor analysis is one method of checking dimensionality. Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency).

3.8 Data analysis

3.8.1 Quantitative and qualitative data analysis

The data collected was edited to ensure completeness and consistency. Since quantitative data analysis accepts the four levels of measurements that is to say Ordinal data, Interval data scale Ratio (scale) data scale and nominal data. The researcher tabulated the different variables in the data set**.** Coding and analyzing was done using the Statistical Package for Social Sciences (SPSS) software to give descriptive statistics of the given variables under study.

With qualitative data, the data were organized, edited after collection. The researcher created themes, categories and patterns to be able to distinguish them by the use of codes. Relationships among these themes were established and in-depth explanations and interpretations made.

Qualitative modes of data analysis provide ways of discerning, examining, comparing and contrasting, and interpreting meaningful patterns or themes of data. Meaningfulness of the data was determined by the particular goals and objectives of the study, which the researcher used to make a good statistical inference.

3.8.2. Model specification and estimation

The most commonly used econometrics models in analyzing loan repayment and default rates are the choice models (Wongnaa and Awunyo-Vitor, 2013).T. There are many models that used when the dependent or response variables are dichotomous in nature. These include logit, probit, and tobit models according to Gujarati (2004). The most commonly used models in willingness to pay studies related to loans are the Multinomial probit and logit models (Awunyo-Vitor, 2012). The choice of whether to use a probit or logit model, both widely used in economics, is a matter of computational convenience (Greene, 1997). A study by Nyahende (2013) on the influence of students' loans borrowers' characteristics ondefault rate in Tanzania used a linear regression model. This study too adopted a multiple linear regression to determine the factors the influence willingness to pay back women guaranteed loans among clients. The model was been adopted because of the nature of the dependent variable, which is continuous and linear. Indeed,(Saunders et al. (2007) asserted that linear regression analysis is said to be the most widely applied data analysis technique for measuring linear relations between two or more variable.The estimates obtained are known as the Least Square Estimators. The estimators are unbiased, linear, and the variance between the real and the estimated ß are as small as possible. In the present study, the OLS is employed to estimate the parameters of the regression model.

The model can therefore be specified as follow;

Let Pi be the amount of Women group guaranteed loan clients paying or showing willing to pay back and X is a vector of explanatory variables. Thus, the amount is specified as;

$Pi = f(X, \varepsilon)$……………………………………………………………………….……..3.1

Where ε is an error term.

The conceptual model is given as

$$Y_i = \beta_0 + \sum_{j=1}^{n} \beta_j X_{ji} + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad 3.2$$

Where P_i = amount paid back of women guaranteed loan; X_{jis} are the set of explanatory variables; β_0 and β_j are the coefficients that were estimated, and ε is the error term.

The estimated coefficients (β_0 and β_j) are measures of the changes in Yi as a result of change in X_{jis}.

The multiple regression equation for this study was:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_n X_n + \varepsilon \ldots\ldots\ldots\ldots \quad 3.3$$

The empirical model specifying the amount of women guaranteed loan they are paying or willing to pay back is stated in equation 3.3. Thus, the multiple linear regression equation for this study was modeled as: Yi is the amount of women guaranteed loan they are paying or willing to pay back

Assumptions for linear regression model, which includes linearity, normality, homoscedasticity and independence, were considered after being verified, (David, 2009).

3.8.2.1 Description of the variables used in the model

The age of the client was expected to have either a positive or a negative effect on the amount of women guaranteed loan to be paid back. Old age is equated to higher economic status and therefore greater ability to afford and pay back. However, older people are more likely to accept innovation and are risk averse. A study by Uva and Cheng (2005) reported that older people were willing to pay more for quality-guaranteed tree-ripened peaches.

Number of years of schooling was expected to have a positive effect on the amount of women guaranteed loan clients were willing to pay back. Empirical work by Arene (1993) revealed that education of farmers positively contributed to the credit worthiness of farmers.

Main occupation of the household head was expected to have a both positive and negative effect on the amount of women guaranteed loan clients were willing to pay back. This is because with a good occupation, which is paying well, the client can easily pay back the loan unlike when the occupation is not remunerating well.

Table 2:Description of the variables used in the multiple linear regression model

Variable	**Description**	**Measurement**	**Expected sign**
X1	Age of household head (years)	Continuous	-/+
X2	Number of years of schooling	Continuous	+
X3	Main occupation of the household head	Binary	-/+
X4	Total family income	Continuous	+
X5	Number of people living in the household	Continuous	-
X6	Experience in business (Years)	Continuous	+
X7	Business registration status	Binary	+
X8	Total annual household expenses	Continuous	-
X9	Loan owed to other credit providers	Continuous	-
X10	Distance between residence and bank (KM)	Continuous	-
X11	Frequency of credit officer’s visits in a month	Continuous	+
X12	Frequency of trainings conducted in a year	Continuous	+

Total family income was expected to have a positive effect on the amount of women guaranteed loan clients were willing to pay back. This is because with increase in income, the clients/farmers are willing to pay the loan owed as well as meeting family needs.

Number of people living in the household has negative effects on the amount of women guaranteed loan they are willingness to pay back. A large household size is expected to have high expenses, which makes it difficult for the family to pay back the loan. Findings by Angaine and Waari (2014) affirmed that respondents supporting many dependents were likely to default than those supporting fewer dependents.

The more experience you have in business the more knowledge you gain to run it, thus a positive effect on the amount of women guaranteed loan to be paid. Empirical work by Arene (1993) revealed farming experience and level contributed positively to credit worthiness of farmers.

Business registration status was expected to have a positive effect on the amount of women guaranteed loan to be paid. Thus, clients with registered businesses are more likely to pay the amount of loan acquired from a financial institution.

Total annual household expenses negatively affect the amount of women guaranteed loan to be paid. This implies that clients whose household expenses are high are more likely to default than those with less expense. Findings from a study by Riccardo and Ken (2010) in British households found out that maintenance costs negatively and significantly influenced willingness to pay for micro generation renewable technologies.

Loan owed to other credit providers negatively affect the amount of women guaranteed loan to be paid. The more the loans owed to other credit, the higher the default rate because the disposable income available may not be able to cover or repay the many loans.

Distance between residence and the bank was expected to have a negative effect on the amount of women guaranteed loan to be paid. This means that the longer the distance to access the bank, the higher the chances of defaulting to pay the loan.

Frequency of credit officer's visits in a month was expected to have a positive effect on the amount of women guaranteed loan to be paid, Wongnaa and Awunyo-Vitor (2013) noted that routine visits by credit officers to farmers will help put farmers on track and monitor the proper use of the loan they acquire.

Frequency of trainings conducted in a year was expected to have a positive effect on the amount of women guaranteed loan to be paid. Awunyo-Vitor (2012) asserted that borrowers that did not have any training from the lenders have a higher probability to default compared to those borrowers who had some training.

3.9 Ethical considerations

Neuman (2006) defines ethics as what is or not legitimate to do, or what moral research procedure involves. Ethical issues are the concerns, dilemma and conflicts that arise out of the proper way to conduct research.

The researcher allowed the respondents interests in the study. This was done by including the respondent's suggestions category in the questionnaire whereby respondents were allowed to give their contributions as regards their knowledge on women guaranteed loan products. The researcher considered this research very important in adding to the existing body of knowledge.

In order to reduce bias, no incentives were provided to the respondents. The respondents' confidentiality was maintained whereby the answered questionnaires were not be used for any other purpose but for research as part of the award of the academia and would be later be discarded.

3.10 Limitations and delimitations

One of the major limitations of the study is that the accuracy of the data collected depends solely on the information provided by the respondents. Most of the households lack records hence dependency of the research on verbal information from the selected respondents who dependent on recollection.

The researcher anticipated delays to fill questionnaire that rose because of the busy schedules of staff that were targeted. However, this was overcome by scheduling follow up on daily basis until the entire questionnaires distributed were responded to.

The researcher faced a problem of limited time since the study requires a lot of time in collecting information from various parts of the study yet the research time provided by the university lies within a specific time frame leading to inaccuracy in data collecting resulting into wrong figures in the study. However, this was overcome by making fluent calls to the respondents who had received the questionnaires.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Descriptive statistics

Descriptive statistics analysis made use of tools such as mean, percentage, standard deviation and frequency distribution. In addition, T-test statistics were applied to compare women guaranteed loan clients and non-women guaranteed loan clients for each of the continuous variables.

4.1.1 Socio-economic characteristics of the respondents

The results in both categories of loan clients reveal that majority of the respondents are married. However, the percentage of those who are married in WGGL client category (87.5%) is higher than that of their counterparts WGGL non-client (60.7%) as presented in Figure 1.

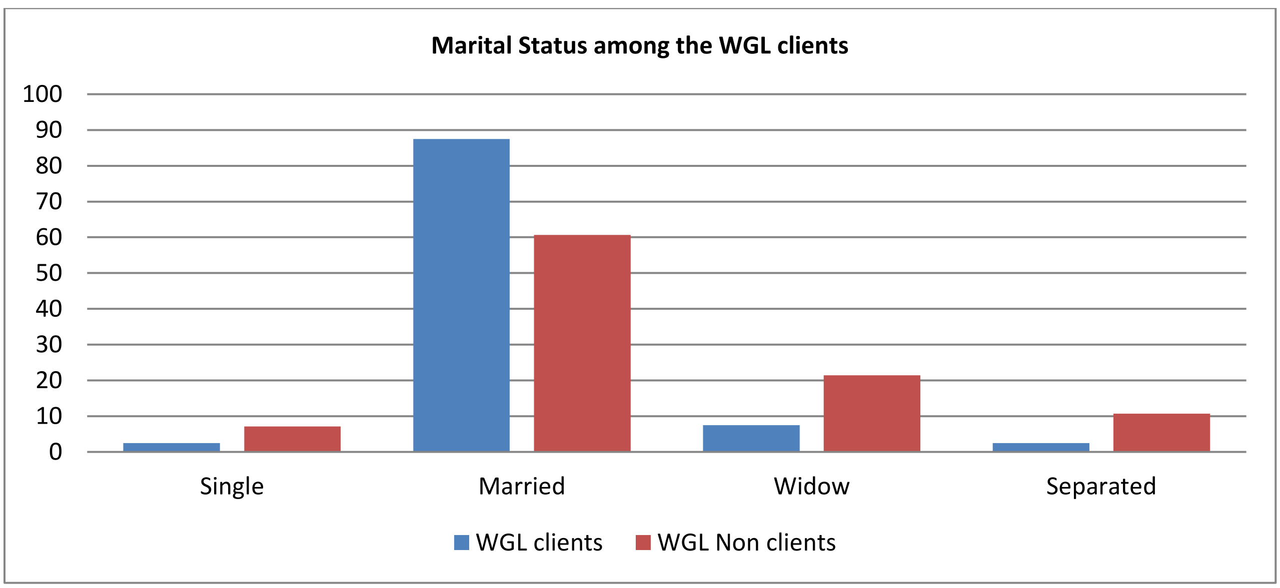


Figure 1: Marital status of the respondents

More than 50% of the respondents reported that subsistence farming is their main occupation followed by being civil servants. The respondents further reported that their main source of family livelihood was crop production (more than 50%) and livestock production.

A Systematic review of the evidence on the impact of microfinance in sub-Saharan Africa by Van Rooyen et al., 2012 reveal a positive impact of micro-credit and micro-savings on housing. Indeed all the two categories of respondents were accessing microfinance services and the findings show that more than 90% own permanent houses with their roofing made of iron sheets. In addition, more than 85% of the respondents have houses made from bricks. Furthermore, a study by Brannen (2010) revealed that village savings and loan association participants in Zanzibar owned their own home and made investments in the quality of their home than control groups.

Table 3: Socio-economic characteristics

Variable		**WGGL clients(n=40)**	**WGGL Non clients (n=28)**
Main occupation of the household head	Subsistence farmer	62.5	88.9
	commercial farmer	7.5	11.1
	Trader	12.5	
	Civil servant	17.5	
Main source of family livelihood	Crop production	67.5	56.6
	Livestock production	25	35.7
	Trade	7.5	10.7
Type of house the household lives in	Permanent	95.0	92.9
	Grass thatched	5.0	7.1
Roofing material of Household living house	Iron roofed	95.0	92.9
	Grass thatched	5.0	7.1
Wall material of a Household	Wood and wattle	7.5	10.7
	Bricks	92.5	89.3

Variable		WGGL clients(n=40)	WGGL Non clients (n=28)
living house			
Membership to an organization	Yes	100.0	100.0

Source: Survey data, 2018

In regard to being a member of an organization, all the respondents belonged to an organization. More than 80% of the respondents belonged to a social group and the reason for joining a social group is solidarity in social occasions as reported by more than 70% followed by savings by more than 15%. In reference to the level of satisfaction of belonging to a social group, more than 70% of the respondents are more than satisfied, although a greater percentage of WGGL clients were more satisfied than their counters. This could be attributed to the fact that those benefiting from WGGL are able to access loans at affordable terms than their counterparts and thus derive more satisfaction from the friendly loans given.

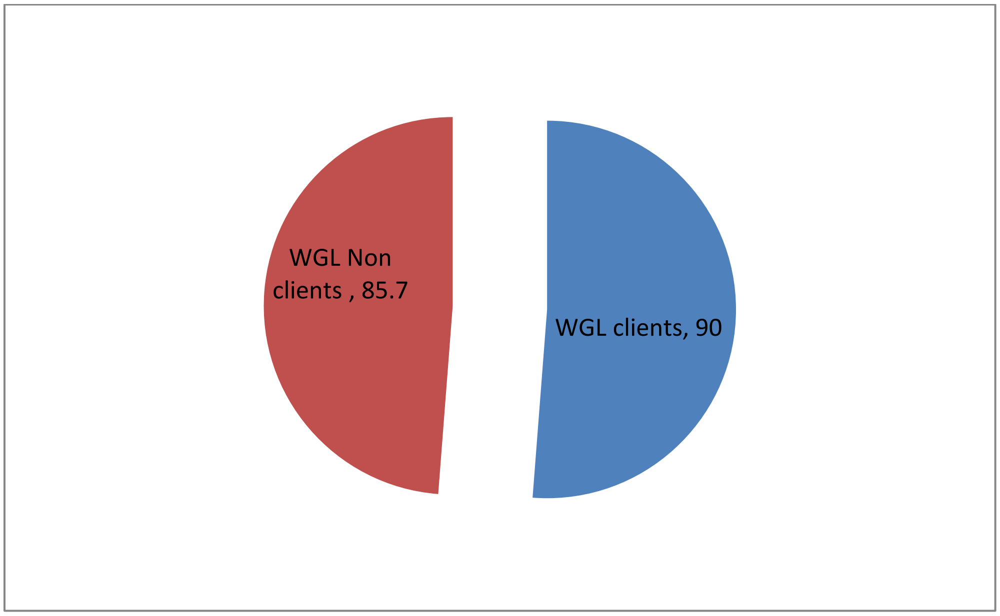


Figure 2: Membership to an organization

Table 4: Other socio-economics characteristics

Variable		WGGL clients	WGGL Non clients
Activities of social group	Solidarity in social occasions	81.1	72.0
	Music, dance and drama	2.7	4.0
	Savings	16.2	24.0
Level of satisfaction with belonging to social organizations	Very satisfied	85.0	75.0
	Satisfied	15.0	25.0
Source of finance for farm activities	Sale of crops	5.9	5.9
	Sale of animals	94.1	94.1

An equal percentage of respondents in the two categories (94.1%) reported that their main source of finance is the sale of animals. This is because; the value of animals is higher than the value of crop. Indeed when an individual sells one cow, he is able to get a revenue of more than 600,000 Ugandan shilling compared to a person who sales a sack of maize grain.

Table 5: Borrowers characteristics (Continuous variables)

Variable	WGGL clients	Non WGGL clients	P-Value
Age of the respondents in years	42.9 (9.65)	43.2 (15.48)	0.915
Number of years of schooling	6.6 (2.86)***	4.32(1.12)	0.000
Number of people living in the household (HH size)	7.125 (2.80)***	5.1786 (2.42)	0.004
Farm income (Shs)	5,455,800***	2,906,114	0.002
Off farm income (Shs)	3,319,259***	1,682,666	0.012
Total household income	8,656,514*	4,528,685	0.000

Source: Survey data, 2018 *** Significance at 1% level, Parenthesis standard deviation

The findings in Table 5 reveal that there is no significant difference between the age of WGGL clients and Non WGGL clients. The average schooling years for a household age was 7 years for the WGGL clients whereas for Non WGGL clients it was 4 years and the difference in the age is statistically significant at 1% confidence level. This implies that WGGL clients are older than the Non WGGL clients. In addition, the WGGL clients had more number of people living in the household than their counterparts and the difference is statistically significant at 1% confidence level.

4.1.2: Loan specific characteristics

The Table 4.4, indicate that all WGGL clients had access to credit compared to 96.0%. Generally, all categories had access to credit. All the WGGL clients had access to credit because WGGL clients have limited conditions, which cannot stop them access credit. Unlike the Non WGGL clients who must present high value collateral to access credit like land and durable consumer good, the WGGL clients mostly require friends guarantee (55%) followed by durable consumer goods (15%). A study by FinScope (2013) reported that the main collateral used in MFIs is land title (46.9%), followed by household assets (12.1%) and livestock (8.7%).

In all the categories, majority of the credit accessed by the respondents is medium term between 6 months and above as mentioned by over 85%.

Table 6: Loan characteristics

Variable		**(%) WGGL clients(n=40)**	**(%) WGGL Non clients (n=28)**
Access to credit	Yes	100	96.0
	No	0.00	4.0
Type of credit	Short term – up to 6 months	7.5	10.7
	Medium term between 6 months and above	92.5	89.3
What loan was used for	Invest in crop production	2.5	3.6
	Invest in business	87.5	82.1

Variable		(%) WGGL clients(n=40)	(%) WGGL Non clients (n=28)
	Build a decent house	2.5	3.6
	Pay school fees	7.5	10.7
Source of credit	Farmers groups	32.5	53.6
	BRAC	67.5	42.4
Collateral for credit	Animals	12.5	17.9
	Land	10.0	14.3
	Durable consumer goods	15.0	21.4
	Friends guarantee	55.0	35.7
	Crop produce	7.5	10.7
Form payback	Cash	100.0	100.0

Source: Survey data, 2018

Most of the respondents cited investing in business followed by paying school as the purpose for which credit is taken. The finding corroborates with a study by FinScope (2013) which reported the main reasons given for borrowing by majority of the adult population were for investment, 50% (being for education, business, agricultural production and asset acquisition. The payment mode for credit borrowed by the respondents in both categories is cash.

4.1.3: Performance of loans

4.1.3.1 Loan access and utilization

With formal credit, WGGL clients are given more credit than Non WGGL clients that is 3.5 and 2.0 credit respectively. The reverse is true for the informal and this could be explained by the fact WGGL non-clients get difficulties in accessing large amount of formal credit because of the stringent conditions that are associated such as collateral requirement.

Table 7: The averages of credits

Variable	WGGL clients		WGGL non clients	
	Formal credit	Informal credit	Formal credit	Informal credit
Amount credit received (Ug Shs)	3,500,000	400,000	2,000,000	700,000
Duration of loan (months)	24	4	24	10
Interest rates per year	19	120	48	120
Total to be paid (principal + interest)	5,180,000	560,000	2,720,000	1,400,000
How much is paid back so far	2,500,000	150,000	1,456,500	456,000
How much is remaining	2,680,000	410,000	1,263,500	944,000

Source: Survey data, 2018

Due to the large amount of formal credit accessed by WGGL clients, the amount of money they are remaining with is still high compared to the WGGL non-clients. The interest rate in the two categories is very high as much as 10% per month among the informal sector.

I am **Nakimbugwe Resty,** I joined BRAC- Zirobwe branch in 2015 and benefited from a Women group guaranteed loan. I started with a loan of Ugx. 200,000 under the Women Group guaranteed lending scheme and graduated over the years to Ugx. 2,000,000 which I completed this year in January 2018. I am currently servicing a loan of Ugx. 3,000, 000 under the scheme. By the time I joined, I was dealing in chappati making and now I have graduated to owning a retail shop supplying general merchandise and I hope to expand my business empire in 5 years' time to come.

Figure 3 reveal that majority of the respondent acquire loans for starting petty trade in merchandise followed trading in crops. This finding is in agreement with a study by FinScope (2013) that reported that most of the money received is used in investing in farming or business start-up/expansion.

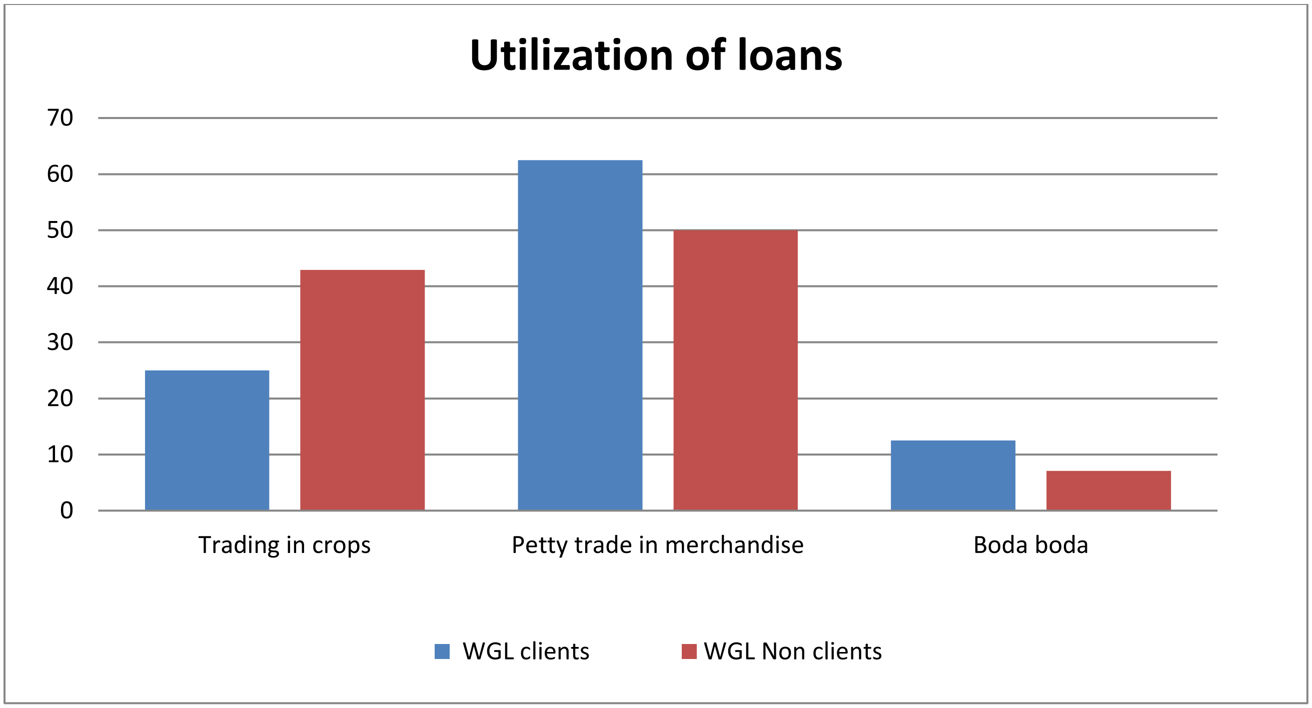


Figure 3: Loan utilization among respondents

4.1.3.2 Loan support services

Although women have little access to financial management training to help them successfully plan and manage growth (Dfcu, 2008), the story different in this study as more than 50% of the women reported having received financial training with over 60% of both categories having received it once followed by more than 20% having received it twice. The findings further disclose that over 84% of the training in both categories is conducted by credit officers followed by NGOs. Dfcu (2008) further asserted that the major training provided to women include banking requirements and processes, as well as financial literacy, business networking, and mentoring for business women.

Table 8: Loan characteristics

Variable		(%) WGGL clients (n=40)	(%) WGGL Non clients (n=28)
	Boda boda	12.5	7.1
Financial training	Yes	62.5	71.4
Frequency of trainings	1	60	60.0
	2	28	25.0
	3	8	10.0
	4	4	5.0
Trainer	Government commercial officer	4	5.0
	NGO	8	10.0
	Credit Officer	88	85.0
Credit officer visits	Yes	13.2	14.3

Source: Survey data, 2018

In regard to visits by credit officers, more clients of women guaranteed loan (86.8%) were most visited by the credit officers compared to their counterparts. Credit officers play a great role in financial institution especially in loan recovery and training of the clients.

4.1.3.3 Challenges associated with Credit use and Availability

The challenges mentioned by the respondents in descending orders are short repayment period (50%) , which was reported to be as low as 10 months in BRAC microfinance followed by high interest rate (20%), poor performance of businesses (12%), small amount disbursed (10%), distance to access the services is long (6%) and lastly bribes (2%).

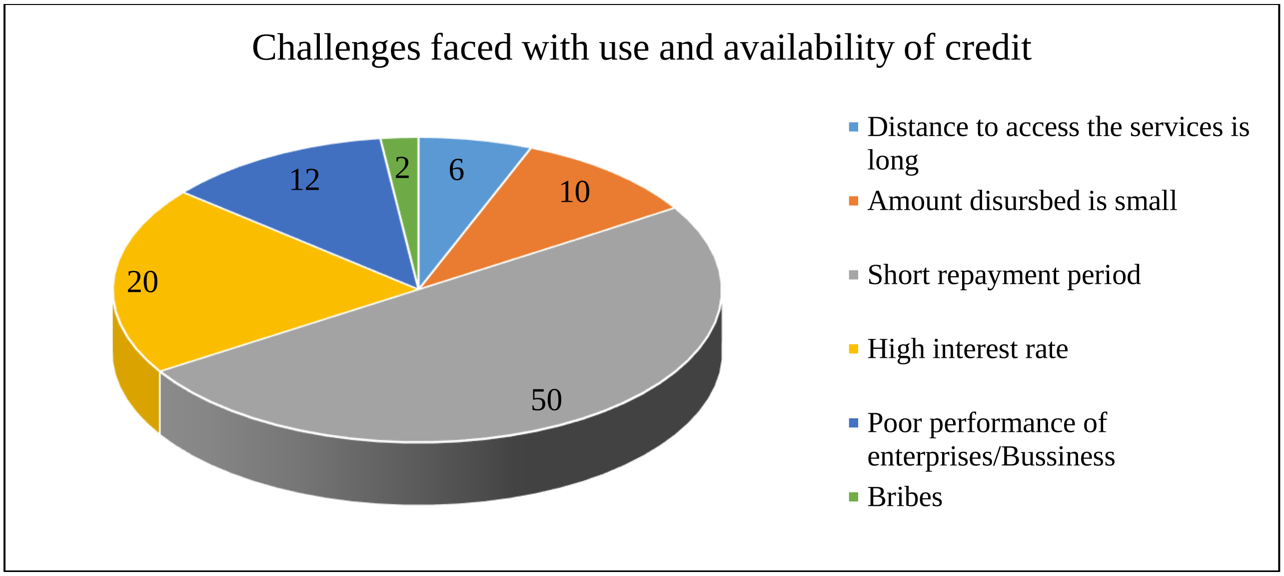


Figure 4: Challenges faced in credit use and availability

The respondents also reported that the two main reasons to why they find it difficult to repay the loans is due to problems experienced in the enterprise and illnesses in the family which demand the money that would be used to repay back. This finding is in agreement with a study by FinScope (2013) that reported the challenges as key in loan defaulting.

4.1.3.4 Satisfaction and opinion of loan clients

Most of the respondents reported women guaranteed loans were easy to access (35.3%) followed by boosting the business (19.1%), settling financial constraints and expansion of the business each accounted for 13.2% and many other opinions such as processing loan being fast, collateral not being the first priority.

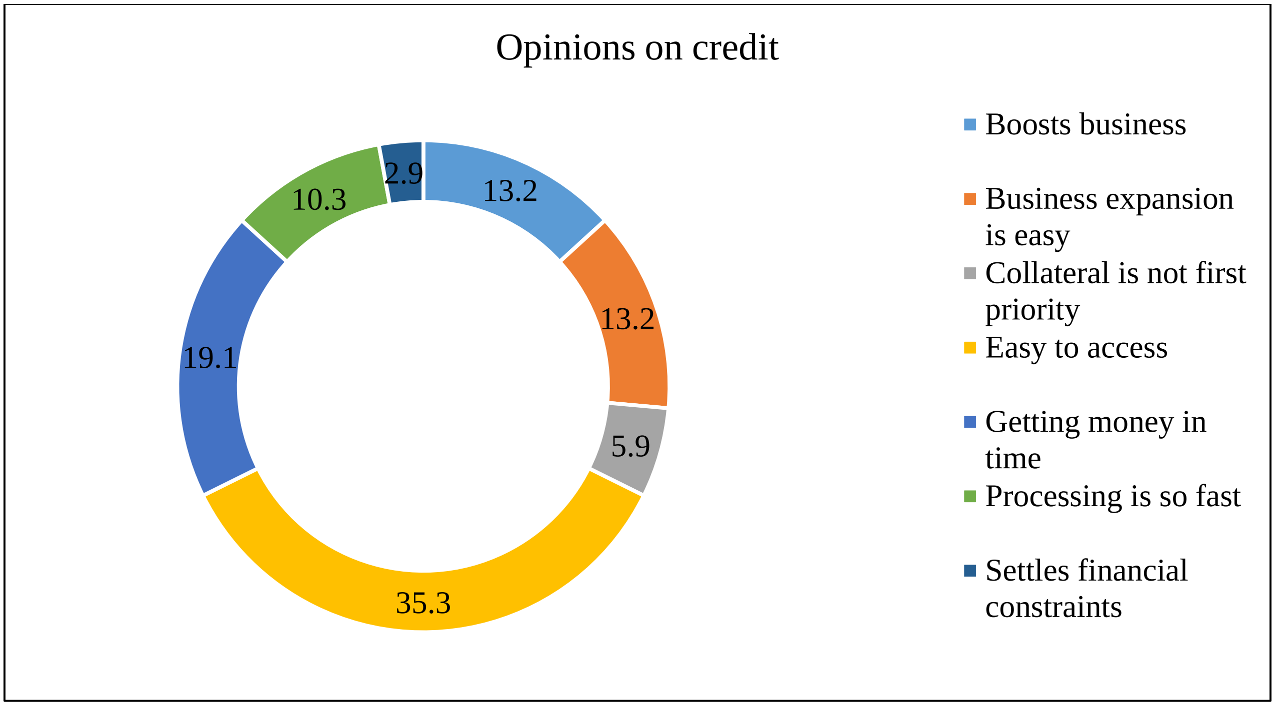


Figure 5: Opinion about credit

4.1.3: Willingness to pay for Women guaranteed loans

Willingness to pay (WTP) is the price that one is willing to give up or pay to acquire a good or service. It could also be defined as the maximum amount of money that may be contributed by an individual to equalize a utility change (Uva and Cheng, 2005). To estimate willingness to pay, contingent valuation techniques such as open-ended and payment card were used. In this study open ended questions were asked to determine the amount, interest rate, and loan duration respondents were willing to pay.

In attempt to understand willingness to pay for women guaranteed loans among the non-clients a number of questions were asked to the respondents. The results indicate that the average amount they were willing to receive and pay back was UGX 1,150,000.

The finding show that the proportion of non-WGGL clients willing to pay is higher than WGGL clients. This could be attributed to the fact that WGGL non-clients perceive WGGL clients to be better off than them. The amount of interest rates for WGGL clients is higher than that of their counterparts because with women guaranteed loans the condition for accessing are a bit relaxed because the main guarantee is the group and collateral is not a must. This implies that the rate of default could be high and this is compensated for by the high interest rate charged.

Table 9: Willingness to pay for Women guaranteed loan

	WGGL clients	**WGGL Non clients**
% willing to pay back	80	90
Interest rate (%) willing to pay	6.5	10
Interest rate (%) actually paid	19	48
Loan term grace period clients are willing to have	12	24
Actually loan term (grace period)	1	10

Source: Survey data, 2018

I am **Babirye Robinah,** I am have never received any Women Group Guaranteed loan but from the stories I get from the beneficiaries, I really want to become part of it. My neighbour told me that they are able to get a loan at a lower interest rate of as low as 7% yet when I borrow from money lenders am charged 10% and I really feel cheated.

They further reported that they prefer loan grace period of duration of 12 month. However, most of the clients of WGGL from BRAC micro finance institution reported that the loan duration was 10 months, which is 2 months less than what was mentioned by non-clients.

4.2. Microfinance practitioners approaches to social and financial performance indicators

A review of the mission statements of the financial institutions visited indicate that all the institutions are fulfilling what their mission statement stated. For instance BRAC's mission is "to empower people and communities in situations of poverty, illiteracy, disease and social injustice".

Their interventions aim to achieve large scale, positive changes through economic and social programs that enable men and women to realize their potential. Indeed to date, BRAC has covered over 80 districts in Uganda and are providing services to both men and women. Of interest is the women guaranteed loan product that has enable women to access credit without collaterals.

4. 2.1. Corporate accountability and performance indicators and their effect

Table 10: Financial performance indicators

Aspect	Availability	How does each affect?
Social mission	Yes	Binds the bank to work with the community and increase clients' base as well as getting feedback on various issues concerning the institution
Code of conduct	Yes	Lays out procedure that govern how business is done. Good code of conduct of staff increases retention of clients
Financial procedures audits	Yes	This increases credibility of the bank as well as trust from funders of various programmes in the institution
Client satisfaction surveys	Yes	Provides feedback on what should be done to improve on the general financial services
Exit client surveys	Yes	This enable financial institutions to unearth issues that might have not been brought to the institution's attention
Competition analyses	Yes	The financial institution understands what services are provide in other institutions that the institution can enroll out for more client base

Source: Survey data, 2018

Table 11: Financial approaches to lending

Financial approaches	Loan Profile	Interest costs
Group lending (General)	• Borrower must be a group member • Group must be registered and have a common goal	• Depends on the group negotiations
Women group lending	• Borrower must be a woman • Must belong to a women group • One can borrow without traditional security such as land titles in the early loan level	• Depends on the interest set by the institution

Individual lending	• Must have a bank account • An LC1 identity card • Identity card from a recognized institution. • Must have a collateral	• Depends on the amount requested but interest rate varies between 23 to 30% per annum
SACCOs lending	• Must have a share • Must have an account • Must have a security	• Depends on the amount requested but interest varies between 2 to 3 % per month
Cooperatives	• Borrower must be a member • Must be bulking his or her produce with the cooperative	• Depends on the negotiation the cooperative has with the financial institution

Source: Survey data, 2018

Table 12: Human resource performance indicators

Approaches	Availability	Use
Human resource motivates and values staff	Yes	This motivates staff to have desire or drive to complete all the tasks they are assigned, thus increasing the performance of the institution.
Insurance is given to staff	Yes	This reduces staff fatigue especially in situations where staff may not have money to access medical services, this in turn makes them concentrate on work as they may not worry much how to meet medication needs amidst other needs.
Insurance is ensured on loan amount	Yes	Makes staff to give out loans especially to clients even when the environment may not be 100% to assure recovery thus increasing their client base. With insurance clients are motivated and encouraged to access reasonable money.
Offering low interest loans to staff	Yes	This reduces tendency of staff to have ghost loans, which they may not be able to service and staff retention is high as most staff are assured of low interest rate loans to use in their plans.
Giving bonuses to staff in festival seasons	Yes	This motivates the staff to work harder and achieve or exceed their target having in mind that there is a bonus for high performing staff.
Giving incentives on loans recovered and disbursed	Yes	This motivates staff to work harder and achieve their monthly target in order to earn an incentive.
Capacity development to staff	Yes	Enable staff to acquire specialized skills which can be used to increase on the performance of the institution.

Capacity development to customers	Yes	This imparts knowledge to manage their businesses to reduce losses, this increase the performance because recovery is well assured,
Appropriate appraisal and disturbing the required amount	Yes	This makes recovery and repayment easy as an individual is given loan based on their capacity to repay.
Leaves and leave compensations	Yes	Leaves make staff rest and have a fresher mind in executing assignments and leave compensation motivates staff to work once the workload is too much and it's difficult to allow staff for leave.
Giving gross period	Yes	Enables tasks to be accomplished
Auditing	Yes	This enables an institution to conform to the required accounting principles as well as ability to monitor financial performance through bank statements and other accounting packages.

Source: Survey data, 2018

> As a Branch Manager, I would like to bring to your notice that the only way staff can be motivated to performance is when they are provided with a wide range of incentives and benefit alongside the monthly salary. Additional benefits like insurance, leave compensations, payment of overtime, and payment of incentives when targets are met greatly improves the institution's performance in terms of loans recovery andother services

Table 13: Financial performance tracking documents

Issue	Availability	How is used
Balance sheet	Yes	Used to monitor the institution's assets and liability and gives a lee way for improvement
Income statements	Yes	Gives financial standing position and ability to liquidate some asset
Cash flow statements	Yes	Monitor institution's cash inflow and outflow for better performance
Client profile	Yes	Determine loan history repayments

Table 14: Stakeholders' perspective

Stakeholder	Engagement frequency	How is used
Clients	Daily	Clients provide day to day advice on various aspects in the institution for improvement
Regulators	Monthly	Understand the changes in the financial institution's rules for implementation or enforcement
Government	Monthly	Understand changes in the taxes and other statutory requirements for the institution to comply with
Donors	Twice a year	Give progress on the fund provided as far as outreach, achievements and any other changes in the funding modalities and what is required

Source: Survey data, 2018

4.3. Women guaranteed lending methodologies on household welfare

In understanding the impact of women guaranteed loans on the welfare of the households a number of indicators were used such as impacts on accumulation of assets, as well as non-financial outcomes including food security.

4.3.1. Asset accumulation

With an exception of number of area of land and number of motor cycle acquired, the women guaranteed loans have great impacted on asset accumulation, which is clearly indicated by the statistical significant difference between the assets acquired before and after Women Guaranteed Loan products. The difference is statistically significant at 1% confidence level for the number of radios, tv. mobile phones, cows, goats and pigs acquired.

Table 15: Assets acquired as a result of using WGGL

Variable	Mean		P-Value
	Before loan acquisition	After loan acquisition	
Number of radios	1.00	1.90	0.000
Number of TV	0.05	1.00	0.000
Number of mobile telephone	0.14	1.00	0.000
Number of bicycle	0.05	1.00	0.000
Number of motor cycle	1.00	1.50	0.500
Area of land	1.25	2.25	0.252
Number of cow	0.96	2.12	0.000
Number of goat	0.77	3.18	0.000
Number of pig	2.00	2.00	1.000

Source: Survey data, 2018

Am Ayikoru Monica, Women Group Guaranteed loan scheme has done wonders to my family, ever since I started accessing it, my goats have increased from 1 to 5 goats which when I value each can earn me Ugx. 250,000

4.3.2 Food situation/Security

The majority of the evidence suggests that micro-credit and micro-savings have a positive impact on food security and nutrition, although this is not true across the board; neither participation in a combined micro-savings and micro-credit program (Brannen, 2010). Evidence from Tanzania (Brannen, 2010) and Rwanda (Lacalle Calderon et al., 2008) do suggest that participation in the village Savings and credit association and the red cross credit program respectively is associated with a significant positive increase in meal quality.

In exploring the impact of WGGL on food situation of WGGL clients as well as Non WGGL clients, a number of questions were posed to the respondents to understand their food situation/security. Table 16 indicated that more 64.1% of the WGGL clients did not have enough food to meet their family need compared to less than 50% of their counterpart. This could be explained by the fact that WGGL loans may be so demanding that their repayment rates in some institution may not be favorable, this stretches on the family not to meet their food needs. As a remedy most of the WGGL clients reported borrowing money to save the situation followed by harvesting immature crops. With respect to running out of food before accessing money, a higher percentage of WGGL clients (53.3%) compared to 30.4% of Non WGGL were rarely worried.

Table 16: Food situation

Variable		**WGGL clients**		**Non WGGL clients**	
		Frequency (n=40)	**Percent (%)**	**Frequency (n=28)**	**Percent (%)**
Not enough food in the past 12 months	Yes	25	64.1	13	48.1
Did some disliked thing	Yes	24	61.5	12	44.4
Strategy to overcome shortage	Borrowed money	17	70.9	6	66.7
	Harvested immature crops	7	29.2	3	33.3
	Rarely (1-2 months)	22	56.4	8	34.8
	Never	16	41.0	14	60.9
Frequency not accessing balanced meals	Sometimes (3-10 months)	3	7.7	2	8.7
	Rarely (1-2 months)	21	53.8	7	30.4
	Never	15	38.5	14	60.9
	Never	18	46.2	15	65.2
Opinion on household's diet	Stayed the same	23	59	10	43.5
	Improved	16	41	13	56.5

Source: Survey data, 2018

4.4. Perceptions and attitudes of women towards WGGL microfinance services

Generally, with an exception of the maximum loan amount given being too small, the rest of the perception in Figure 6 have been disagreed on by more than 50% of the respondents. Specifically the findings reveal that 80% of the respondents receiving disagree that men/husbands restricts women from accessing the women guaranteed loan. In addition, 95% of the respondents still disagree that women have no say about usage of women guaranteed loan.

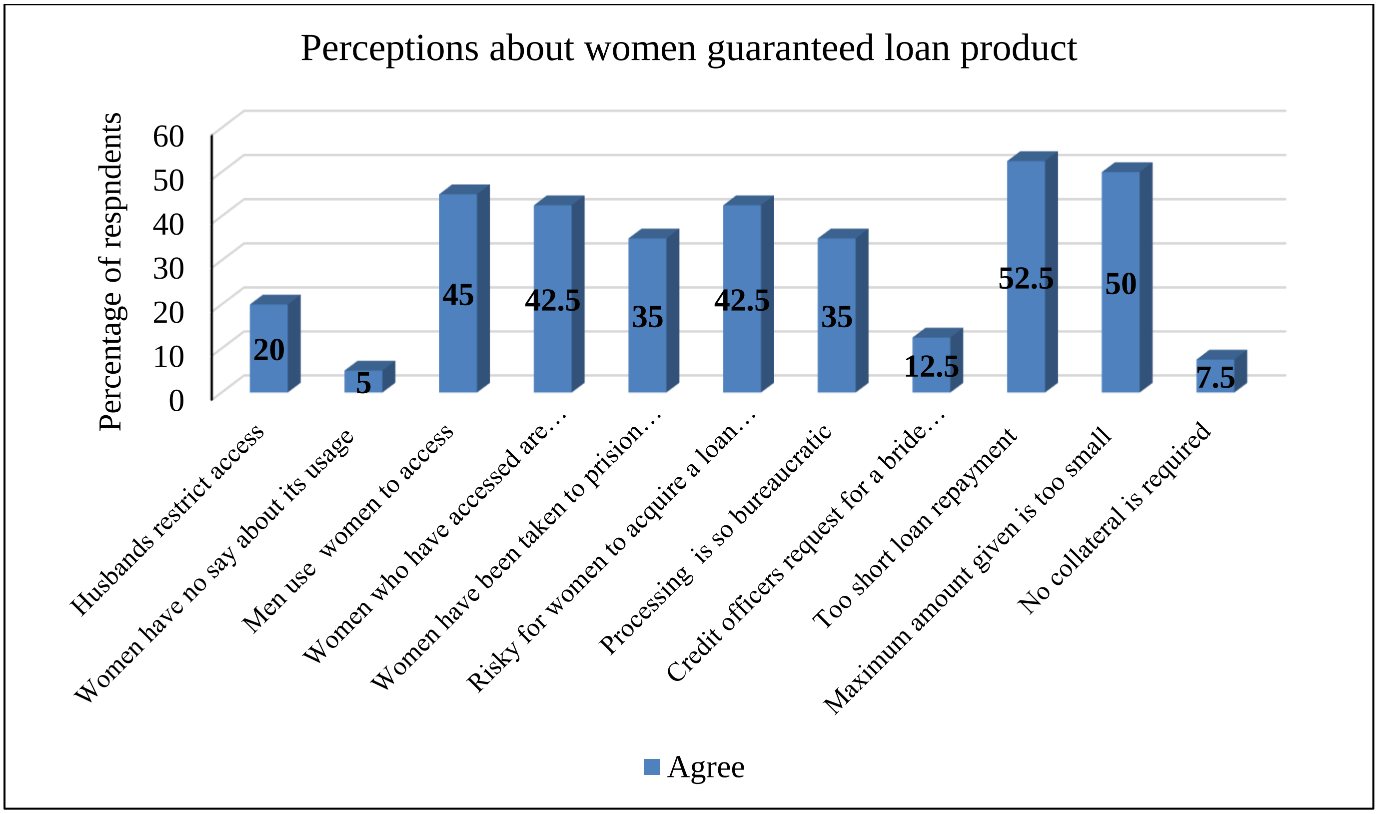


Figure 6: Perceptions about women guaranteed loans

The two perceptions in which more than 50% of the respondents agree with are; too short time for women guaranteed loan repayment and the maximum amount of money given is too small.

4.5. Factor influencing women's willingness to pay back women guaranteed loans

The multiple linear regression results of factors influencing willingness to pay back women guaranteed loans are presented in Table 17. The goodness of fit of the multiple regression model is very good, with R^2 value of 1 and adjusted R^2 value of 0.999. Therefore, it can be concluded that the multiple linear regression model used has integrity and is appropriate. Of the eleven variables used in the model, eight variables were statistically significant at 1 % level. These include; total family income, number of people living in the household, experience in business, total annual household expenses, loan owed to other credit providers, distance between residence and bank, frequency of credit officer visits in a month, and frequency of trainings conducted in a year. In addition, all the factors had their *a priori* expected signs correctly.

Table 17: Multiple regression estimates of willingness to pay back women guaranteed loans

Variable	Standardized Coefficients	Standard Error	P-Value
(Constant)	-	1,639,000.00	0.005
Age of the respondents in years	0.007	1,417.78	0.551
Number of years of schooling	0.007	5,477.24	0.654
Main occupation of the household head (Dummy 1=Farmer, 0=Otherwise)	0.01	22,124.93	0.729
Total family income (Ugandan Shillings)	1***	0.00	0.000
Number of people living in the household (HH size)	0.005	14,952.45	0.858
Experience in business (Years)	0.519***	12,994.37	0.001
Business registration status (Dummy 1=Yes, 0=No)	0.634***	583,277.15	0.012
Total annual household expenses (Ugandan Shillings)	-2.46***	0.01	0.000
Loan owed to other credit providers (Ugandan shillings)	-1.157***	0.41	0.000
Distance between residence and bank (KM)	-1.134***	66,871.31	0.003
Frequency of credit officer's visits in a month	0.7***	77,931.35	0.000
Frequency of trainings conducted in a year	1.302***	37,856.03	0.000
R squared =1			
Adjusted R Square = 0.999			

Source: Survey data, 2018 *** Significance level at 1%

The coefficient of experience in business was found to have a significant ($p<0.01$) and positive relationship with willingness to pay back Women guaranteed loans. It was noted that for every increase in experience by one year there is an increase in the willingness to payback the women guaranteed loan. This is because increase in experience is associated with increase in knowledge of running a business, which reduces the losses incurred and increases on the profits gained, this is translates into money used for paying back the loan. This finding corroborates with the findings by Wongnaa and Awunyo-Vitor (2013) but contrary to the finding in a study on determinants of repayment in microcredit - Evidence from programs in the United States by Bhatt and Tang (2012) which reported that business experience has no significant effect on repayment.

The registration status of a business was positively correlated with willingness to payback women guaranteed loans and was statistically significant ($p<0.01$) at 1%. This implies that business that are registered are able to repay back the loan because registered businesses can easily be trusted to execute work which generates more revenue compared to those that are not registered. Indeed business registration for most of business is prerequisite for MFIs to give you a loan.

The total annual household expenses was negatively correlated with willingness to pay back women guaranteed loan and was statistically significant ($p<0.01$) at 1%. This could be attributed to the fact that an increase in family expenses will reduce the amount available to repay back the loan because of the money is spent to meet household expenses.

Loan owed to other credit providers was negatively correlated and statistically significant at 1% confidence with willingness to pay back women guaranteed loan. Having so many loans to service greatly affects repayment because the available funds/money become constrained amidst other obligations, which needs to be settled. This will increase default rate or unwillingness to pay back the women guaranteed loan.

Findings in Table 17 further reveal that an increase in the distance between residence and bank will reduce the willingness to payback women guaranteed loan and is statistically significant at 1% level. The longer distance to travel has an implication on the transport cost as well as time taken. These will affect women guaranteed loan repayment because individuals may not be willing to fund transport costs for long distance, in addition to wasting time traveling long distance.

The frequency of credit officer's visits in a month are positively correlated with willingness to pay back women guaranteed loan. In addition, it is statistically significant at 1% level. Credit officers play a key role in women guaranteed loans, as they are in charge of recovery as well as advising clients on what they can do to boost their businesses/enterprise to generate income. Thus increasing their number of visits to the clients will increase willingness of clients to pay back the loan. The finding is in agreement with the finding by Wongnaa and Awunyo-Vitor (2013) who reported a significant and positive relationship of the number of supervisory visits to yam farmers' ability to repay their loans in Ghana. It is argued that the more credit officers visit farmers to supervise how loan is used, the better farmers' repayment abilities and vice versa, will motivate the farmers to work harder and there will be less likelihood of farmers diverting the loans to unintended purposes.

Table 17 show that frequency of trainings conducted in a year is significant and positively correlated to willingness to pay back women guaranteed loans. Human capital has been found to be of great influence to the borrower's ability to repay the loan. This was supported by Townsend and Paulson (2004), through a randomized control trial which established that the treatment group that were provided with entrepreneurship training in their monthly meeting had better repayment rates. This is further supported by Morduch and Argion (2005) and Gurinder (2006), who further insists on formation of credit referencing bureaus for assisting the industry in sharing borrowers' information thus reducing the default rate.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and Conclusions

The survey was conducted to assess the performance of women guaranteed loans promoted by MFIs on women welfare, a case study of BRAC Microfinance in Zirobwe sub county, Luwero district.Data was collected using both structured questionnaires and in-depth interviews guides, analysed using computer software as well as summarizing themes for qualitative data.Generally, the findings show that women guaranteed clients were performing well in most of the aspects such as the loan amount given, interest rate charge, asset accumulation and food security status. The results further show that over 98% of the respondents were willing to participate in Women guaranteed loan product. The respondents further suggested that they required a much lower interest rate as the interest rate was close to 4 times the interest rate charged by Bank of Uganda when borrowing to commercial banks.

On the basis of these findings, it can be concluded that women guaranteed loans improve women welfare, thus the hypothesis that women guaranteed loans have a positive impact on women welfare is accepted. Specifically the following conclusions are drawn from this thesis: The findings in this study show that respondents were willing to pay for the women guaranteed loans (it was 100% among the WGGL clients and 96% for WGGL non-clients).

Important to note is that the interest rate of formal credit is far lower than the interest rate of informal credit. This is could be attributed to the high risk of defaulting among informal credit which could be attributed to failure to secure good collateral.

The findings further reveal that the corporate accountability and performance indicators such as financial, lending approaches, human resource, and financial tracking documents play a significant role in performance of WGGL and microfinance institutions at large.

Also, the perceptions that women have about WGGL dos not affect the amount of loan requested and received by women.

The study further suggests that the socio-economic and demographic factors significantly influence WTP to pay back women guaranteed loans. The respondent's likelihood of paying back for women guaranteed loans increases with the total family income, experience in business, and frequency of credit officer visits in a month, and frequency of trainings conducted in a year. Conversely, the respondent's likelihood of paying back for women guaranteed loans significantly decreases with the number of people living in the household,total annual household expenses, loan owed to other credit providers, and distance between residence and bank.

The other factors though not significant that increase the likelihood of paying back women guaranteed loan are, the number of years of schooling, the age of the respondent, and the occupation of the respondent.

Overall, the results show that most of the respondents were willing to pay back women guaranteed loans and that women guaranteed loans positively impacted on the welfare of the women through asset accumulation and food security or situation improvement.

One of the major limitations of the study is that the accuracy of the data collected depends solely on the information provided by the respondents. Most of the households lack records hence dependency of the research on verbal information from the selected respondents who dependent on recollection.

5.2 Recommendations

The importance of understanding household willingness to pay back for women guaranteed loans is relevant to the welfare measures of the communities as well as project evaluation. Because willingness to pay values are very low, the major key factor in influencing willingness to pay is the interest rate at which most of the loans are given and the popularity of women guaranteed loans will be achieved through massive mobilization and frequent visits to the community by responsible parties such as credit officers. Inaddition setting the interest rate to the level that will enable women access the loan product easily.

From the findings it is clearly indicated that perceptions about the WGGL should not be a limiting in promoting WGGL and thus less attention, resources should be devoted to the perceptions as they do not affect accessibility to WGGL.

The corporate accountability aspects should be given priority for microfinance institutions and WGGL for utmost performance to be achieved. Thus, the microfinance institutions and other financial institution should invest in various corporate accountability performance indicators like financial tracking documents, human resource staff motivation packages and other financial performance indicators.

There is also need to increase the loan duration from the 10 months which majority of the respondents reported to a reasonable longer loan during probably more than 24 months.

The socio-economic and demographic characteristics of the respondents are important in influencing the WTP to pay back women guaranteed loans. The negative correlation of distance between residence and bank/MFI with WTP back women guaranteed loans is important in considering infrastructure development in terms of investing in good road networks, increasing the number of branches or other financial inclusion services that will reduce the distance travelled by the community to access financial services. Thus, efforts whether by non-governmental organization or government should focus on infrastructure development and expansion of branches or other financial service innovations.

The positive correlation of the total family income with willingness to pay back women guaranteed loans is a crucial factor. This therefore calls for strengthening of institutions to support in improving household livelihoods that will improve their incomes such as looking at proper land use, management rights through providing genuine certificates for land acquisition as land is a key factor in production, which in most cases may increase family incomes.

The positive correlation of number of training and number of supervisory visits with willingness to pay back women guaranteed loans is also another important factors to consider . This therefore calls for strengthening of institutions to support training the communities in financial literacy as well as ensuring constant monitoring of the enterprises and business.

5.3 Areas for future research

There is a need for further research into other women loan related products that may have a great impact on women welfare so that they can be promoted to raise women's standards of living.

With the small sample size used and the limitation on the reliability of the conclusions of this study, there is need to carry out more comprehensive research into the impact of women guaranteed loan on welfare of women so as to incorporate all possible indicators that are key in improving women's welfare. This will provide a more complete understanding of the women guaranteed loan.

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APPENDIX

QUESTIONNAIRE FOR INDIVIDUAL

My name is………………………………………………………………………………………….

Am a student from Uganda Martyrs University conducting Research on financial institutions and their benefits to clients like you. The focus is on Women Guaranteed Loan products that have been given to empower women. So your opinions on this matter is important and I would kindly request you to be honest and truthful in answering the questions below. Your answers will be confidential. So I kindly request you to given me some time. Thank you

SECTION 1: SOCIAL DEMOGRAPHIC CHARACTERISTICS

1. Demographic characteristics

Name of the respondent	
Village	
Sub county	
Age of the respondents in years	
Number of years of schooling	
What is your marital status	1. Single 2. Married. 3. Widow .4 Separated
How many years have you used women guaranteed loans	

SECTION 2: SOCIO-ECONOMIC CHARACTERISTICS

2. **Socio-economic characteristics**

2.11 Main occupation of the household head	1) Subsistence farmer, 2) commercial farmer 3) Trader, 4) Fisherman / woman 5) Civil servant 5) Other(s) specify…..…………
2.12 Main source of family livelihood	Crop production 1 livestock production 2 Fishing 3 Transfer earnings 4 Trade 5 Other(s) specify………… 6

2.13 Incomes from farming activities Bananas (bunches) Banana (alcohol) Coffee Maize Beans Field peas Sweet potatoes Irish potatoes Finger millet Sorghum Cows (animals sold) Milk Goats 3 Sheep Chicken Pigs Other specify ___________	Amount Earned (Shs) per year __________ __________ __________ __________ __________ __________ __________ __________ __________ __________ __________ __________ __________ __________ __________
2.14 Incomes from Off farm activities Trading in crops _______________ Trading in livestock ___________ Petty trade in merchandise___________ Tailoring___________ Brick-laying___________ Brick-making___________ Charcoal burning___________ Casual labourer___________ Formal employment ___________ Other (specify) ________________________	Amount Earned (Shs) __________ __________ __________ __________ __________ __________ __________ __________ __________
2.15 Average annual household income Shs (Q2.04 + Q2.05).	___________________________
2.16 Number of people living in the household (HH size)	___________________________
2.17 Number of males above 15 years	___________________________
2.18 Number of females above 15 years	___________________________
2.19 Number of children living in household (those under 15 years	___________________________

2.110 Type of house the household lives in	Permanent 1 Semi permanent 2 Iron roofed 3 Grass thatched 4 Other (s) specify………….. 5
2.111 Roofing material of HH living house	Iron roofed 1 Grass thatched 2 Other (s) specify………….. 3
2.112 Wall material of a HH living house	wood and wattle 1 bricks 2 stones 3 Other (s) specify………….. 4

SECTION 3: SOCIAL CAPITAL AND NETWORKING

3.1. Do you belong to any organization?	Yes 1 No 2
3.2. Which one do you belong to?	Savings and credit 1 Farmer groups 2 Other(s) specify…… 3
3.3. How often do you participate in the organization's activities?	________________________
3.4 Are there social groups in this area?	Yes 1 No 2
3.5. If yes, what activities do they engage in?	Solidarity in social occasions 1 Drinking alcohol 2 Music, dance and drama 3 Other(s) specify………… 4
3.6. Do you belong to any economic organization?	Yes 1 No 2
3.7. How often do you participate in the organisation's activities	Often 1 Sometimes 2 Once in a while 3
3.8. How do you benefit from the organization?	Support in form of labour 1 Support in form of money 2 Material support 3 Other(s) specify………………. 4
3.9. Where do you get finance for your farm activities?	Sale of crops 1 Sale of animals 2 Off-farm employment 3 Own business 4 Sale of trees 5 Others (specify) 6

3.0. Rate the level of satisfaction with belonging to social organizations (1 = very satisfied, 2= satisfied, 3= Not satisfied, 4=Not satisfied at all)

SECTION 4: CREDITS

Credit needs

4.1 Credit needs

4.1.1 How much money remained for luxury goods last year? ______________________

4.1.2 How much money did you save last a year? _________________________

4.1.3 How would you describe your income? (1) Low (2) Medium (3) High

4.1.4 How much money did you pay back last year?_________in terms of interest __________

4.1.5 How many loans did your family run in the last four month, also from relatives and friends? ______________

4.1.6 Do you or someone of your family lend out money or other article of value to other people? (1) Yes (2) No

4.1.7 If yes, how much was lent out last year? ____________________________

4.1.8 How much was the interest earned? _____________________ % per month

4.2 Credit Situation

	Formal credit	Informal credit
Type of credit		
Purpose of credit		
Source of credit		
Amount received (Ug Shs)		
Duration in months		
Interest rates per month		
Collateral for credit		
Form payback		
How much is paid back so far		
How much is remaining		
How was credit used		

Type of credit (1) short term – up to 6 months (2) medium term between 6 months & 3 years (3) long term over 3 years

Purpose of your credit (1) buying basics [food &cloth] (2) medicine (3) invest in crop production (4), invest in animal production (5) pay older credits (6) invest in business (7) build a decent house (8) pay school fees, (9) other________________

Source of credit (1) commercial banks (2) cooperative unions (3) moneylenders (4), family members, (4) friends (5) farmers groups (6) Ngo (7) other

Collateral (1) animals (2) land (3) durable consumer goods (4) friends guarantee (5) family guarantee (6) none (7) crop produce (8) other______________

Form of payback (1) cash (2) crop produce (3) animals (4) other ___________

Use of credit(1) buying basics [food &cloth] (2) medicine (3) invested in crop production (4), invested in animal production (5) pay older credits (6) invest in business (7) build a decent house (8) pay school fees, (9) other________________

Opinion on credit issues

____

____

____

____

____

SECTION 5: RELATION WITH MICROFINANCE SERVICE PROVIDER

5.1 Name the bank or MFI where you get your loans?

....

....

....

5.2 What type of accounts do you operate in this Bank/MFI? 1) Savings 2) Current 3) Fixed deposit account 4 Other (specify) ____________________

5.3 What is the minimum amount and balances required to operate the type of account you own?_______________________________

5.4 What loan product do you access from the bank/MFI you mostly? (1) Women guaranteed loan (2) Agricultural loan (3) Business Loans (4) Other specify________________

5.5 Name the bank/MFI/SACCO

Name the bank/MFI/SACCOS	Loan products accessed

5.6 Do you have access to women guaranteed loan product? 1) Yes 2) No

IF YES TO QUESTION 5.6 go to question 5.7 to 5.13

5.7 Do you require collateral? 1) Yes 2) No

5.8 Which collateral? (1) animals (2) land (3) durable consumer goods (4) friends guarantee (5) family guarantee (6) none (7) crop produce (8) other______________

5.9 What loan amount were you able to access?_____________________

5.10 List the conditions you were subjected to receive the WGGL?...
....
....
....

5.11 At what interest rate (%) were you given the loan? ______________

5.12 What time lag in months was between the time you applied for the Women guaranteed loan and approval?_______________________________________

5.13 What was the loan duration in months for the women guaranteed loan you accessed?
…………………………………………………………………………………………

5.14 What type of enterprise do you practice?	Trading in crops _______________ Trading in livestock ___________ Petty trade in merchandise___________ Tailoring___________ Boda boda/ ___________ Brick-making ___________ Charcoal burning___________ salon___________ restaurant ___________ Other (specify) __________________________
5.15 Do you receive any financial training?	YES 1 NO 2
5.16 If yes, what type of training?	____ ____
5.17 How often is the training conducted?	______________________ PER YEAR
5.18 Who conducted the training?	GOVERNMENT COMMERCIAL OFFICER 1 NGO 2 OTHER MEMBERS 3 CREDIT OFFICER 4 OTHER SPECIFY ________ 5
5.19 Have you ever attended training or sensitisation on financial literacy?	YES 1 NO 2

5.20 Name three things you like most about the the financial training
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………

5.21 Name three things you disliked most about the financial training

…………………………………………………………………………………………
…………………………………………………………………………………………
………………………………………………………………………………

5.22 Do credit/loans officers visit you to monitor the progress of your enterprise for which the loan was acquired?__________________________________

5.23 If Yes, what is the frequency in a month?_______________

5.24 Name three things you like most about the monitoring by credit officers

…………………………………………………………………………………………
…………………………………………………………………………………………
……………………………………………………………………………………

5.25 Name three things you disliked most about the monitoring by credit officers

…………………………………………………………………………………………
…………………………………………………………………………………………
……………………………………………………………………………………

IF NO TO QUESTION 5.6 go to question 5.6 to 5.36

5.26 Do you have a collateral incase you decide to access such loan product? 1) Yes 2) No

5.27 Which collateral? (1) animals (2) land (3) durable consumer goods (4) friends guarantee (5) family guarantee (6) none (7) crop produce (8) other_____________

5.28 What loan amount are you able and willing to receive from the bank?____________

5.29 How much would you be able and willing to pay back?_________________

5.30 What interest rate (%) would you be willing to be given a loan at?.__________

5.31 What time lag in months would you prefer between the time you apply for the Women guaranteed loan and approval?___________________

5.32 What loan duration in months would you need for the women guaranteed loan?_____

5.33 Would want credit/loans officers to visit you to monitor the progress of your enterprise?______________

5.34 If Yes, what frequency would you want in a month?___________________

5.35 Whether you accessed or not, what is the distance in Kilometers between your residence and the bank?______________________

SECTION 6: LOANS AND INDEBTEDNESS INFORMATION

6.1 How much of this total money do you owe to WGGL? __________________________

6.2 How much money you owe other credit providers ___________________________

6.3 Total money this household owe to creditors at this moment? ___________________

6.4 Did you face or are you facing any difficulty repaying your loan? (1) Yes (2) No

6.5 What caused your repayment problems? (1 = Enterprise problems -no profits in activity, 2= animal died, 3 =sales on credit 4 = Illnesses in the family 5 = Natural disasters (floods/drought/fire or natural calamity 6 = Other [specify] _____________)

6.6 Name three things you like most about WGGL?

…………………………………………………………………………………………
…………………………………………………………………………………………
……………………………………………………………………………………

6.7 Name three things you disliked most about WGGL

…………………………………………………………………………………………
…………………………………………………………………………………………
……………………………………………………………………………………

SECTION 7: PERCEPTIONS ON THE WOMEN GUARANTEED LOAN

7.1 Kindly indicate in the table below of how you perceive the women guaranteed loan

Perception	**Indicate whether you 1=Agree 2= Disagree**
Men/husbands restricts women from accessing the women guaranteed loan	
Once women access the women guaranteed loan, women have no say about its usage	
Men at times have used women to get the loan for them	
Women who have accessed the woman guaranteed loan are well off	
Women who have accessed the loan and have defaulted have been treated badly or taken to prison	
It's more risky for women to acquire a loan without the husband consent	
Processing a Women guaranteed loan is so bureaucratic	
Credit officers request for a bride during processing of the women guaranteed loan	
The time for loan repayment is too short	
The maximum loan amount given is too small	
No collateral is required	

7.2 Over the last 12 months, has your overall household economic situation? (1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same 4 = Increased 5 = Increased Greatly)

7.3 If decreased at all, why? [Multiple answers possible] (1. Household member (or self) has been sick/died 2. Natural disaster (flood, earthquake). 3. Poor agricultural season (not due to natural disasters) 4. Poor sales (not due to natural disasters) 5. Lost job 6. Unable to get inputs or increased costs in business 7. Could not collect credit due on sales 8. Other [specify] :_________________________)

SECTION 8: HOUSEHOLD ASSET HOLDINGS

8 Kindly specify the loan product you used to acquire or increase on the asset base but focus should be on women guaranteed loan for those who have accessed and other loans for those who have not?

Type of Asset	**Number before loan acquisition**	**Number after loan acquisition**	**Indicate loan product used: 1) Women Guaranteed Loan 2) Other loans**
Access to mass media			
Radio			
TV			
Means of communication			
Mobile telephones			

Type of Asset	Number before loan acquisition	Number after loan acquisition	Indicate loan product used: 1) Women Guaranteed Loan 2) Other loans
Non mobile telephone			
Hygienic storage and handling of food			
Refrigerators			
Microwaves			
Granaries			
Access to public services and market			
Bicycle			
Motor cycle			
Boats with motor			
Boats without motor			
Cars or trucks			
Access to means of production			
Communal land			
Own land			
Land allocated to growing crops (Specify)			
Others			
Farm animals			
Cows			
Goats			
Pigs			
Poultry			
Sheep			
Others			

SECTION 9: HOUSEHOLD EXPENSES AND SITUATION

9.1 annual household expenses

Item	Amount Per Year (Shs)
Food	
Clothing	
Energy	
School expenses and schooling	
Medicine, doctors or healers and health related costs	
Inputs for agricultural crops (fertilizer, pesticides, labor, etc	
Inputs for animal raising (animals + feed + vaccine + etc.)	
Re-invest in or inputs for other non-farm income activity	
Pay loan principal and interests [ask separately if necessary]	
Ceremonies, festivals, gifts, bride-price, leisure, social events	
Buying land	

Item	Amount Per Year (Shs)
Buying households materials/equipment +durable assets	
Buying gold or jewelry	
Other [specify]:_	

9.2 Food situation

In the past 12 months, were there months in which you did not have enough food to meet your family's needs?	1 Yes 2 No
If yes, which were the months (in the past 12 months) in which you did not have enough food to meet your family's needs?	
In order to meet your household food needs in the past 12 months, did you have to do something that you disliked?	1 Yes 2 No
If yes, what did you do?	1=Borrowed money 2 =Harvested immature crops 3= specify…………………
In the last 12 months, we worried whether our food would run out before we got money to buy more	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never
In the last 12 months, the food that we bought just didn't last, and we didn't have money to get more	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never
In the last 12 months, we couldn't afford to eat balanced meals	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never
In the last 12 months, did you or other adults in the household ever cut the size of your meals or skip meals because there wasn't enough money for food?	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never
In the last 12 months, did you or other adults in the household ever become hungry, but didn't eat, because you couldn't afford enough food?	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never
In the last 12 months, did you or other adults in the household ever lose weight because you didn't have enough money for food?	1= often (almost every month), 2= sometimes (3-10 months) 3=rarely (1-2 months) 4 =never

In the last 12 months, did you or other adults in the household ever not eat for a whole day because there wasn't enough money for food?	1 Yes 2 No
Meals per week each during Plenty	No. Of meals per day ______________
Meals per week each during Scarcity	No. Of meals per day ______________
During the last 12 months, has your household's diet	1 = Worsened 2 = Stayed the same 3 = Improved

SECTION 10: CHALLENGES AND RECOMMENDATIONS

9 What challenges do you experience in accessing women guaranteed loans and what would recommendation for each challenge?

Challenge	Recommendation

10 Is your business registered? 1) Yes 2) Yes

11 Does your business registration play a key role in accessing a women guaranteed loan? 1) Yes 2) No

12 For how long have you been in business?...

Name of the enumerator ………………………………………………………………...

FOCUS GROUP DISCUSSION GUIDE

My name is……………………………………………………………………………………………….
Am a student from Uganda Martyrs University conducting Research on Financial institutions and their benefits to clients like you. The focus is on Women Guaranteed Loan products that have been given to empower women. So your opinions on this matter is important and I would kindly request you to be honest and truthful in answering the questions below. Your answers will be confidential. So I kindly request you to given me some time. Thank you

SECTION 1: SOCIAL DEMOGRAPHIC CHARACTERISTICS

1. Have you ever received any loan from a financial institution?. 1 Yes 2) NO. If Yes, which financial institution?
…………………………………………………………………………………………………
…………………………………………………………………………………………………
……………………………………………………………………………….…………..
……………………………………………………………………………….……………
…………………………………………………………………………………………………
………………………………………………………………………………………..
2. What do you use the loans for?
……………………………………………………………………………….…………..
……………………………………………………………………………….……………
…………………………………………………………………………………………………
………………………………………………………………………………………..
3. What motivated you to go for this Loan?
……………………………………………………………………………….…………..
……………………………………………………………………………….……………
…………………………………………………………………………………………………
……………………………………………………………………………………….
4. How has this loan helped you in changing your household welfare?
……………………………………………………………………………….……………
…………………………………………………………………………………………………
……………………………………………………………………………………….
5. Are there any Challenges you have faced in accessing and or utilizing this loan. If yes what Challenges?
………………………………………………………………………………………………
……………………………………………………………………………….……………
…………………………………………………………………………………………………
………………………………………………………………………………………..
6. What do you think can be done to enable you utilise effectively this loan?
………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………

7. Apart from loans, have you received any services from this institution?
……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………..………….
……………………………………………………………………………………………………
……………………………………………………………………………………………………

8. Are there other financial institutions you would want to get a loan from but you do not 1) Yes 2) No. If yes Please mention other financial institutions and reason why you do not access?

Institution	Reason why

9. Do you belong to any group or association? 1) Yes 2) No
10. Does the association or group you belong to support you in accessing loans? 1) Yes 2)No
11. Do you have access to women guaranteed loan product? 1) Yes 2) No
12. What makes a women guaranteed loan product different from other loan products?
13. What banks provide you with WGGL product

Name the bank/MFI/SACCOS	What are the conditions for accessing this WGGL in each financial institution eg amount, interest rate, collateral…….)

SECTION 3: PERCEPTIONS ON THE WOMEN GUARANTEED LOAN

14. Kindly indicate in the table below of how you perceive the women guaranteed loan

Perception	**Indicate whether you Agree or Disagree**
Men/husbands restricts women from accessing the women guaranteed loan	
Once women access the women guaranteed loan, women have no say about its usage	
Men at times have used women to get the loan for them	
Women who have accessed the woman guaranteed loan are well off	
Women who have accessed the loan and have defaulted have been treated badly or taken to	

Perception	Indicate whether you Agree or Disagree
prison	
It’s more risky for women to acquire a loan without the husband consent	
Processing a Women guaranteed loan is so bureaucratic	
Credit officers request for a bride during processing of the women guaranteed loan	
The time for loan repayment is too short	
The maximum loan amount given is too small	
No collateral is required	

SECTION 3: CHALLENGES AND RECOMMENDATIONS

15. What challenges do you experience in accessing women guaranteed loans and what would recommendation for each challenge?

Challenge	Recommendation

KEY INFORMANTS GUIDE

My name is…………………………………………………………………………………….

Am a student from Uganda Martyrs University conducting Research on Financial institutions and their benefits to clients. The focus is on Women Guaranteed Loan products that have been given to empower women. So your opinions on this matter is important and I would kindly request you to be honest and truthful in answering the questions below. Your answers will be confidential. So I kindly request you to given me some time. Thank you

SECTION 1: MFI CHARACTERISTICS

3. Institution characteristics

Name of the respondent	
Title	
Name of the financial institution	
When was institution founded	
When was the institution registered	
Mention statement	
Loan products specifically for women	

4. What was the main goal?...
5. What were the objectives that you specifically wanted to achieve by working for institution ?...
....
....
6. Are there any objectives that you have achieved so far? 1) Yes 2) No
   If yes what are the objectives?...
   ....
   ....
7. Are there any limiting factors in achieving any of those objectives?
   ....
   ....
   ....
8. Is there any government intervention in your activities, if yes, what kind of intervention and how is it done?...
   ....
   ....
   ....
   ....
   ....
   ....
9. What is your target population?
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………

10. Why are you interested in this particular group of people? What is your experience when dealing with this group?
....
....
....
....
....

11. How do you ensure that all your target area is covered well?
....
....
....
....
....

12. What type of services do you offer to your clients?
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

13. Regarding loans, do you give short term or long-term loans?
Short term…………… Long-term………………..Both………………

14. What is the level of loan uptake by women?
…………………………………………………………………………………………
………………………...
....
(Look at the previous six months to date to capture new loans booked per month)

15. What is the repayment period of your loans?..

16. Do you think clients of your institution face problems in trying to acquire and or repay the loans? If so, why?...
……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………

17. In case a client fails to pay back a loan, what do you do?
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

18. Are there any criteria you base on when identifying your beneficiaries? If so what kind?
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

19. Do you think your institution has contributed to a change in women´s situation?
If yes, how or in what ways has this happened?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

20. In addition to the above, is there, in your opinion, a change in female roles in the household/your communities of operation as a result of your work?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

21. Are there any challenges your institution face when extending credit services to the women?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

22. How do you attempt to overcome those problems at both the branch and Institutional level?..

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

23. In your opinion, what do you think can be done to better extend credit to rural women?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

24. Briefly describe the relationship between your institution and its Clients

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
……………………………………………………………………………………………

25. Which model of microfinance banking do you follow and how does each affect your financial performance

Model		
Grameen Microfinance Banking		
SHG Microfinance Banking		
Individual Microfinance Banking		
Others specify		

SECTION 2: PRODUCTS AND SERVICES

26. What are the micro financial approaches to social and financial performance?

Financial approaches	What are the conditions including costs associated?
Group lending (General)	
Women group lending	
Individual lending	
SACCOs lending	
Cooperatives	
Others	

27. Do the following affect the financial performance?

Approaches	**Indicate Yes or No**	**How does each affect?**
Human resource motivates and values staff		
Insurance is given to staff		
Insurance is ensured on loan amount		
Offering low interest loans to staff		
Giving bonuses to staff in festival seasons		
Giving incentives on loans recovered and disbursed		
Capacity development to staff		
Capacity development to customers		
Appropriate appraisal and disturbing the required amount		
Leaves and leave compensations		
Giving gross period		
Auditing		
Others		

SECTION 3: SOCIAL AND FINANCIAL PERFORMANCE

3.1 Corporate Perspective

28. What is your social mission?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

29. What is your code of conduct?

……………………………………………………………………………………………………

………………………………………………………………………………………………

30. How systems aligned with social mission

………………………………………………………………………………………………
………………………………………………………………………………………………

31. What services does your financial institution provide?

Service	Response
Share capital (Indicate amount	
Minimum amount	
Maximum amount	
Saving (Indicate Yes or No)	
Pass book savings	
Term deposits	
Remittances/Grants/Subsidies (Indicate Yes or No)	
International donor/ funding	
Government	
NGOs	
Insurance (Indicate Yes or No)	
Life	
Accidents	
Non life	
Loans (Indicate Yes or No)	
Business loan	
Crop production	
Animal production	
Education	
Medical	
Trainings (Indicate Yes or No)	
Financial literacy	
Business development Support	
Gender and social issues	
Health and nutrition	
Environment	

32. Which statements do you use to track performance?

Item	**Indicate Yes or No**
Balance sheet	
Income statements	
Cash flow statements	
Client profile	
Other specify ___________________	

3.2 Stakeholders perspective:

33. Who are your bank stakeholders and how often do you interact with them?

Stakeholder (Tick where appropriate)	Engagement frequency/year
Clients	
Regulators	
Government	
Donors	

34. How are the stakeholders involved in bank affairs?

………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………

3.3 Accountability perspective

35. What do you report to the following?

Type	Social Performance	How often per year
Stakeholders		
Clients		
Staff and management		
Community and environment		
Secondary stakeholders		

3.3.2 Social Performance measures

Aspect	Social performance measure (1 Yes 2 No)	How often
Human resource	Staff satisfaction survey	
Internal audits	Financial procedures audits	
	Client protection audits	
Research	Client profile	
	Client satisfaction surveys	
	Exit client surveys	
	Competition analyses	

36. What challenges do you experience in women guaranteed loans and what would recommendation for each challenge?

Challenge	Recommendation

Name of the enumerator …………………………………………………………………...