Microcredit as a Strategy for Poverty Reduction,

Youth and Women Empowerment,

Ghana

Pius Siakwah

Thesis for Master of Philosophy in Development Geography

Department of Sociology and Human Geography

University of Oslo

May 2010

Table of Content…..1

Dedication

To my family and the underprivileged in society

Abstract

The study explores the efficiency of microcredit as a strategy for poverty reduction especially among women. The argument is that, over the years, state led 'top-down' models have yielded little results hence the presumption that 'bottom-up' people centered strategies like microcredit would help the poor out of poverty. This appears to have been the thinking among feminist theories that empowerment through income generating activities could be a key in achieving the millennium goals of halving poverty by 2015.

Guided by a notion that the poor are not passive but could be active agents of change, I use a credit investment model to explain how microcredit could help transform the vicious cycle of poverty into a virtuous cycle. The question is; has microcredit really transform beneficiaries' lives over the years? Nonetheless, impact assessment studies over the years seem to challenge the normative debate that has come to frame microcredit programs. It is noted that, in the context of SAPs, the empowering approach to poverty reduction through microcredit has more or less come to advance and legitimize neoliberal reforms. Thus, in certain cases, the aim is to use microcredit as a way of responding quickly to the vulnerabilities of surplus labor in growing informal sectors during and after adjustment process.

Nevertheless, based on the experiences of the beneficiaries, it appears that the impact of microcredit has been mixed. Certain beneficiaries are successful, others partially successful and some have failed to use the loans to improve their lives. Though microcredit has its challenges, it can be noted that when the right mechanisms and structure are put in place and implemented vigilantly, it could serve as a catalyst to get people out of poverty. *Yet, it is prudent to view microcredit as a means to an end and not an end in itself.*

Acknowledgement

I am grateful to my informants, Workers of YOWE, especially Emma, Richard and Peter, for their time and willingness to share their microcredit experiences with me, without which this thesis would not have been completed.

Meanwhile, I am forever grateful to my supervisor, Jan Hesselberg for his supervision and friendliness and insight and all the staff at the Human Geography Department, University of Oslo. Besides, my gratitude goes to the University of Oslo and the Norwegian government for an opportunity to further my studies and the financial support given to me throughout my master degree program.

I am grateful to God Almighty for the strength and how far He has brought me through my studies and hope greater things are yet to happen.

Lists of abbreviations

BPFA	Beijing Platform for Action
CBOs	Community Based Organizations
CDD	Community-Driven Development
FINCA	Foundation for International Community Assistance
GAD	Gender and Development
GBV	Gender Base Violence
GDI	Gender-related Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GLSS	Ghana Living Standard Survey
GSGL	Grameen Solidarity Group Lending
HIPC	Heavily In-Debted Poor Countries Imitative
IGAs	Income Generating Activities
ISSER	Institute of Statistical, Social and Economic Research
MFIs	Microfinance Institutions
MGDs	Millennium Development Goals
MKDA	Manya Krobo District Assembly
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Cooperation and Development
PRSPs	Poverty Reduction Strategy Papers
REFLECT	Regenerated Frerean Literacy Empowering Community Technique
SAPs	Structural Adjustment Programs
UN	United Nations
UNDCF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
WAD	Women and Development
WEDTF	Women Entrepreneurship Trust Fund
WID	Women in Development
YOWE	Youth and Women Empowerment

List of figures

CHAPTER ONE

INTRODUCTION

1.1 Motivation and rationale of the study

Women seem to bear an unequal burden of poverty. It is argued that they are normally employed in low-paid jobs in the informal-sectors of most economies (Cheston and Kuhn 2002). Feminism advocates argue that development cannot be effective and efficient if women are excluded from the development process (Islam 2006). Consequently, gender equality could be seen as a matter of development effectiveness and not just a matter of political correctness and kindness (World Bank 2002). The World Bank (2002) as well as the Beijing Platform for Action of 1995 (BPFA, Women and Poverty, Strategic Objective A.3.) acknowledge women's access to financial resources as important strategy in poverty reduction and donors has increasingly been directing microfinance services to women as a way of encouraging productivity. Indeed, the proportions of women participating in these programs seem to be high. What has been its impact on poverty reduction?

Despite the above recognition, women are nevertheless discriminated against in terms of resource allocation despite their significant contribution to national development. In Ghana, besides the agricultural sector that employs about 56% of the population the service sector seems also to contribute significantly to national development (ISSER 2007). Most women are employed in the service sector, engaging in trading in goods and services. Given that most women seem to lack credit to expand their income generating activities, there might be a need to make credit more readily available to them. Unfortunately, women find it difficult to access credit to expand their enterprises. Nonetheless, this is not the focus of the study.

Over the years, the idea of development has become an essential concern of global policy-makers where pro-poor growth has become eminent, thereby necessitating pro-poor enabling policy environments (Weber 2002). In view of this, microcredit has taken a center stage as a means of reducing rural poverty, especially among women through touting success stories with little reference to the challenges that beneficiaries face. However, have the principles of microcredit live up to expectation? Late 1980s and 1990s saw a change in development practice with a shift from the state-led approach to a market-led approach. It was believed that markets are not only mechanisms for achieving economic growth, but also political freedom and social justice (Rankin 2001). In line with this argument, microcredit initiatives are introduced underpinned by the assumption that the poor should be given access to the market. This appears to satisfy both the neo-liberal philosophy of the importance of the market as well as participation discourse that encourages bottom-up approach to development. Due to this, a consensus was reached among scholars and development practitioners that microfinance, and especially microcredit, could be a panacea for poverty reduction world-wide (Mateja 2009). While these initiatives could be beneficial, the belief that they alone can reduce poverty might be naive. It is argued that instead of focusing on a minimalist credit-only approach as opposed to an integrated credit-plus approach to microfinance service provision, it might be necessary to draw attention to important measures aimed at tackling the existing social norms and economic opportunities that would make beneficiaries of loan schemes draw lasting benefits.

Development thinkers and policy makers have increasingly been concerned with income generation and distribution, employment creation and the drawbacks of rural development in developing countries. This might have necessitated the revitalized interest in the role of microenterprises in the process of economic development. Esther Boserup's book, *The Role of Women in Economic Development*, published in 1970, drew the attention of the international community to a gender perspective on development policy and the poverty of women in developing countries (Young 2002, Arku and Arku 2009). Since then, attempts have been made by the UN, governments and NGOs to address the needs of women as well as men, through calls to eliminate policies that discriminate against women and through welfare programs that sought to meet women's special needs (UN 2005). It has also been suggested that microfinance could assume a greater role in achieving the Millennium Development Goals (MDGs) to halving poverty by 2015 (UNCDF 2005). Microcredit as a means to poverty reduction has become a paradigm shift to top-down government-sponsored and NGO-run development initiatives that are often equated with 'Western' approaches to addressing global poverty especially in the south. Can loans alone facilitate halving poverty? Would the poor be able to sustain their living conditions? What challenges might they face?

Nonetheless, studies conducted to determine the role of microcredit in the creation of gainful employment for women seems to indicate that women beneficiaries do earn more and can become economically independent (Hashemi et al. 1996, Hirschland 2003). Economic improvement could strengthen women bargaining power over resources and decisions at the household levels. Beyond the household, it could be argued that microfinance also increases women's engagement in collective social and political activity (Mayoux 2001). However, how realistic are such claims? As to whether the design of microcredit program is meeting the aspiration and satisfaction of the beneficiaries is yet to be exposed. It is argued that the significance of a research lies in its contribution to important theoretical perspectives, policy issues, concerns of practice or social issues that affect people's everyday lives (Marshall and Rossman 2006). This study seeks to contribute to the debate on the efficiency of microcredit as a strategy for poverty reduction. The methodological approach to this study is deep-seated in the philosophical idea of the critical realist. It is argued that there are general and contingent causes of poverty (Sayer 2000). However, the general causes seem not to explain the efficiency of microcredit as a tool for poverty reduction hence the need to examine the contingent situations within the study area to explain how microcredit could be an appropriate tool for transforming poverty situation. It would involve the use of qualitative data through the use of interview guides, focus group discussion and personal observations. It investigates the extent to which YOWE's microcredit contributes to reducing poverty among beneficiaries especially women and whether beneficiaries are able to sustain their living conditions after the credit is over. This informs the research design to explore how microcredit could contribute to development and improvement in living conditions.

1.2 Objectives

These objectives guide the research:

1. To examine reasons why some beneficiaries succeed in improving their living conditions
2. To explore how the beneficiaries sustain their improved living condition without further credit support
3. To identify reasons why the loans have not improved some beneficiaries' lives
4. To discuss the challenges these beneficiaries had in improving their living condition

1.3 Thesis outline

The thesis is organized into five chapters:

a. Chapter One: Motivation and rationale, objectives and thesis outline
b. Chapter Two: Theory and practice of microcredit and development
c. Chapter Three: Study area and research methodology
d. Chapter Four: Impacts of microcredit on livelihoods
e. Chapter Five: Summary, conclusion and recommendations

Having outline rationale and motivation and the objectives for undertaking the research, the next chapter looks at the theory and practice of microcredit and the debate on the efficiency of microcredit as an instrument for easing the poverty burden.

CHAPTER TWO

THEORY AND PRACTICE OF MICROCREDIT AND DEVELOPMENT

2.0 Introduction

The chapter focuses on the theory and framework for examining the relationship between theory, microcredit and poverty reduction. It explores the debate on microcredit and development, approaches to microcredit delivery as well as effects of microcredit on empowerment and income generating activities.

2.1 Theory of poverty and the credit investment model

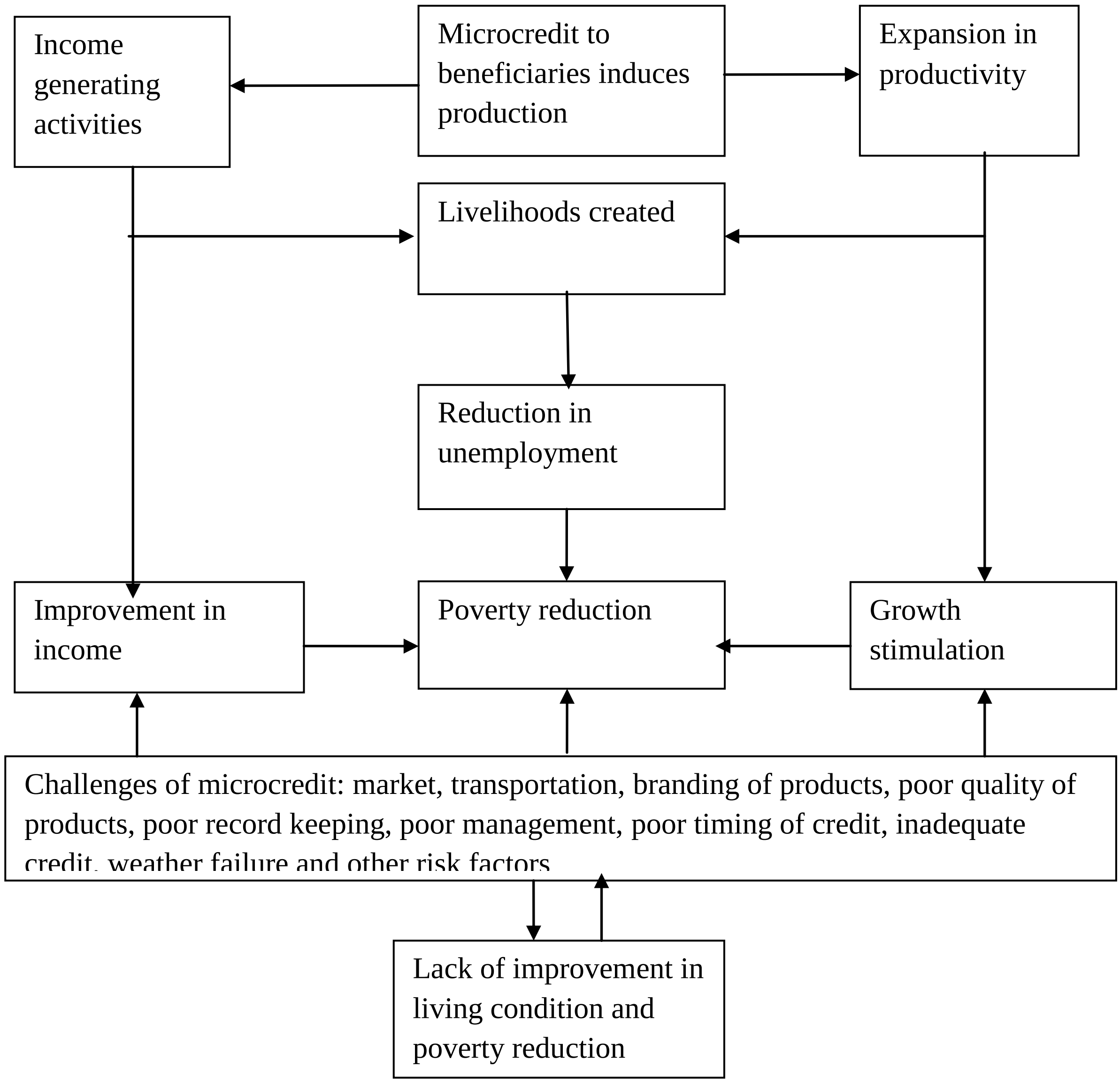
The issue of poverty reduction has engaged the attention of many social science development researchers. In attempts to disunite the circle of poverty in developing nations, many researchers and theorists have propounded various theories to guide policy makers as an instrument for easing the poverty burden. The modernization theorists contend that poverty is internally created in the developing nations and could only be removed through internal strategies through following the development paths of the advanced world (Hirschman 1958, Myrdal 1971, Schultz 1980). Thus, *do us we did approach*. The dependency theorists, on the other hand hold the view that poverty is externally created and can only be eradicated if the developed world alters the unfavorable trade relations with the developing countries (Dos Santos 1973, Bauer 1981, Rodney 1972). Gardner et al. (1996) have argued that neither of the grand theories has survived intact as a viable paradigm for understanding change and transformation, or processes of poverty and inequality in time and space. It is noted that the arguments of these theories appear abstract, which meant that they might fail to reflect the complexity of real world situation and thus ended up with circular statements (Seppålå 1998). That means, they might not be ideal in explaining realistically, the problems of global processes. Hence, the adoption by development researchers the importance of individual's action in the face of structural constrains. Individual actor-oriented approach paints a picture of the poor having power and agency, although subordinate, and underestimating the importance of the societal structures within which people operate. Generally, it is hoped that the individual actor has the capacity to process social experience and strategize ways of coping with situations, even if under force. No matter whatever uncertainty or constrains he/she might have faced with, social actors are 'knowledgeable' and 'capable' (Long 2001).

While relying on the vicious circle of poverty theory and individual action theory, I construct a *credit investment framework* that seeks to explain how microcredit can be used as an instrument for poverty reduction. Meanwhile, the proponent of the vicious theory (Nurkse 1967, 1971) explains that poverty perpetuates itself in mutually reinforcing vicious circle on both supply and demand sides. It is argued that, perhaps, the most important circular relationships of a kind are those that affect the accumulation of capital in economically backward country or society. Explaining the supply side, the proponents hold the view that there is a small capacity to save due to low level of real income. The low real income is a reflection of low productivity, lack of capital, resulting in small capacity to save. With regard to the demand side, it is argued that, demand for capital is influenced by incentive to invest. However, the lack zeal to invest could be due to low purchasing capacity of the people, small real income and as a result of low productivity. Low productivity, however, could be due to small amount of capital used in the production, which may be caused partly by less incentive to invest. Meanwhile, the low level of real income, due to low productivity, is an issue that is common to both supply and demand sides of the circles.

Nevertheless, Aryeetey (2004) argues that household that is constraint in its access to credit or other assets may not be able to survive a negative event. He notes that in practice, many households survive but at the cost of adopting risk averse production strategy. However, proponents of microcredit believe that microcredit can transform the vicious circle of poverty into a virtuous circle. The framework of the study appears to show linkages between loans or credit, beneficiaries, incomes, productivity, job creation, growth, unemployment, poverty reduction, challenges of microcredit and improvement in living condition. Where the relationship is favorable it might leads to improvement in living condition but where it becomes unfavorable, it might not lead to improvement in the living condition beneficiaries. This relationship is depicted in **Fig 2.1**.

It could be argued that there are two ways that people use microcredit. Thus, loans are either used to start a new enterprise or expand an existing one. Provision of credit to people who are not working might serve as a start-up capital for them in doing business (income generating activities), thus, in the process creating jobs for them. Job creation could lead to reduction in unemployment within beneficiaries. As unemployment is reduced, the general poverty level can also be reduced. It can also be argued that engaging in income generating activities also leads to increase in the levels of income of beneficiaries thereby leading to poverty reduction and improvement in living conditions. Similarly, beneficiaries who are already in business are able to use loans to expand their existing businesses which could lead to improvement in living condition. Challenges of microcredit such as lack of market, poor transportation, poor branding of products, poor quality of products, poor record keeping, bad management, poor timing of credit, inadequate credit, weather failure and other risk factors could have negative consequences leading to lack of improvement in living condition. The questions are; do beneficiaries of microcredit use credit to start new business or expand an existing one? And which of the two options would lead to improvement in living conditions?

Fig 2.1: Credit Investment Model.



Source: Author's construct 2009.

Consequently, Studies by Sinha and Matin (1998) and Asenso-Okyere *et al*. (1993) on the economies of less developed countries have shown that, small loans granted to women can help them to build capital base which are usually used for investment in retail and other skills required areas such as fish processing, crop farming, weaving, pottery making, production of art and craft, and food processing. It is argued by (Berger 1995, Khandker 1998, and Osmani 2007) that microfinance given to women brings financial autonomy which may have wider social implications, notably in terms of a greater say for women in family matters, including family finances. Yunus (2003a) also argues that one single action which enables the poor especially women to overcome their poverty is microfinance. It empowers women beneficiaries socially and financially to access better health and educational facilities. Would empirical evidence from this study support the notion that microcredit lead to empowerment of women in family decision making? It can be argued that, it is because of the *empowerment euphoria* associated with loans that women in the study villages in the Manya Krobo district, in their pursuit towards socio-economic empowerment, have readily availed themselves for the microcredit facilities from Youth and Women Empowerment (YOWE). It appears that the beneficiaries, especially the women have come to realize their poor and financially weak status and are poised to work for a change. As to whether their aim at alleviating their poverty would be achieved, is a matter for investigation? Considering the views of development researchers and from the framework, it could be possible to alter the vicious circle of poverty in countries especially in the rural areas into a virtuous circle if credit is made available to the poor to engage in income generating activities. Having explained the theory and conceptual framework, I would discuss the responses to gender and development issues over the years.

2.2 Perspectives on women, gender and development

The past decades witness different approaches and theoretical frameworks to analyze women's conditions in development. It includes the 'Women in Development' (WID), 'Women and Development' (WAD), 'Gender and Development' (GAD) and recently feminists' approaches to analyze the role of women in development and poverty reduction debates (Gouws 2005). During the WID movement, it could be argued that women are just auxiliaries to development projects. It appears to have its root in modernization theory and liberal feminist ideas on equality. In their arguments, economic change is often equated to empowerment, rise of microcredit policies and the recognition of women in productive economy. The main thought is that women are excluded from development projects, hence, the need to include them on equal terms with men. Yet, over the years, the debate of WID shifted from equity to anti-poverty and to efficiency in the mid-1980s (Bhavnani *et al*. 2003, Gouws 2005). In a critique on WID, advocates of the WAD approach ask the question: why women are excluded from development projects if they are the main drivers of development? They argue that women should not only be integrated into development, instead, mainstream development projects need to be transformed to include women's needs and issues right from the start and to develop women's agency and self organization. It is argued that the dependence of the Third World on richer nations and the role of the World Bank and the international financial institutions should be transformed (Bhavnani *et al.* 2003). But, how can that be done? WAD is based on dependency theory and Marxist feminist ideas. However, it advocates no real policy change about involving women in the development process.

The GAD approach became common since the late 1980s and is used by policy planners, the World Bank and the International Monetary Fund. It focuses on not only including women but also on the power relationships that generate women's inequality (Gouws 2005). It can be argued that unequal social and gender relations need to be transformed to facilitate women empowerment (Bhavnani *et al*. 2003). In line with this argument, a shift has occurred from focusing only on women to also focusing on the role of men, thereby making gender relations the prime target of investigation and transformation. Meanwhile, a critique of the GAD approach is the technocratic and reductionist way in which gender is used at the expense of women's agency (Gouws 2005). There is a shift from women's needs and rights toward a focus on structural and institutional inequality. It is suggested that the concept of gender mainstreaming is a good example of this reductionist use of gender as a category of analysis that has become widely used in areas of governance that deals with women in social development. It is argued that the technocratic use of the concept gender diminishes the activism for gender justice in order to emphasize gender as debate. *Gender as a technocratic concept constructs women as lacking agency, as clients of social programs and confirms a victimhood on them by labeling them 'vulnerable groups' in need of political intervention* (Gouws 2005). Gender mainstreaming is seen the process of assessing the implications for women and men of any planned action, including legislation, policies or programs, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral part of the design, implementation, monitoring and evaluation of policies and programs in political, economic and societal spheres so that women and men benefit equally without perpetuating inequality, with the ultimate goal to achieve gender equality (Piálek 2008). The idea of women's empowerment has also come under scrutiny and is conceptualized as a radical concept now used by mainstream development agencies. Parpart *et al.* (2002) argue that the empowerment project has focus on grassroots, participatory methods and their empowerment potential for the poor, and equates empowerment with inclusion at the expense of the complexities of empowerment as a process and a goal. They argue that as long as empowerment is not linked to the relationship within the global, the local empowerment will remain a limited concept. It is noted that conceptualization of empowerment needs to include an understanding of the broad political and economic structures, cultural assumptions and the impact of discourses of human rights and law. Empowerment therefore takes place in an institutional, material and discursive context as both a process and outcome (Parpart *et al*. 2002). Most often, whether in a global or local context, the intervention of Northern expertise seems silences the voices of the marginalized populations of the South. The core of the empowerment project is the seeming tension between agency and structures and how to achieve transformation of existing power relationships. In re-orienting development, the apparent significance of doing away with binary thinking cannot be overemphasized especially in dealing with the negative impact that gender based violence (GBV) has on development (Gouws 2005). In order for women to assume their place in development, it seems there is the need for a new thinking about rights and cultures, besides the articulations of women's needs and rights in debates that now seem to describe them as vulnerable groups which are likely to enforce victimhood status. Nonetheless, according to (Gouws 2005), in this endeavor, it is not only prudent to look at the local level but there is the need to look at how the global scale entrenches power in the hands of a few, mostly men, which allows international organizations to create and fix debates through which women are marginalized. Is the idea of microcredit one such structures that seem to reinforce the subordination of the poor especially women? As the debate on gender and development issues unfolds, it seems prudent to discuss the approaches and methods of delivering microcredit to the vulnerable in society in order to alleviate their poverty.

2.3 Microcredit delivery: divergent approaches and methods in perspective

Even though microcredit may seem necessary for poverty reduction, the approach or model to adopt at a given circumstance is also vital for its success. This can be informed by whether you are targeting the low income people or the poorest among them. In most cases, the goals and objectives of the microfinance institutions (MFIs) seem to contribute in determining the approach to use. There are indications that a range of development agencies apply different approaches in reaching the poor with microfinance facilities including microcredit. Nonetheless, governments and donor agencies are also funding a number of microfinance programs in the low income countries that are targeted towards women. Indications are that, donors seem to agree to the notion that MFIs, whether credit unions, village banks, NGOs, commercial banks or development banks can contribute to poverty reduction (Gulli and Berger 1999). There appears to be little consensus, however, about the degree to which, how and when poverty can be reduced through microcredit.

It has been opined that in areas where poverty levels are high (extreme poverty), the poverty lending or welfare approach which concentrates on reducing poverty through skills training, family planning and education would be appropriate. In line with this argument, credit is provided to poor borrowers, typically at below market interest rate. With this model, it is presumed that the circle of poverty that perpetuates itself as indicated above in most villages and towns can be addressed. The aim of donor and government funded credit is to provide an opportunity for poor borrowers to change the vicious cycle into a virtuous one. The goal is to reach the poor, especially the extreme poor with loans to help overcome poverty and become empowered (Robinson 2001). However, except for mandatory savings required as condition of receiving loan, mobilization of local savings is not a significant part of the poverty lending approach to microfinance. YOWE credit is a quite departure from this requirement as mandatory savings are not needed before loans given loans. Contrary to the financial system approach, credit is seen as a tool for poverty reduction (Adams and von Pischke 1992).

Meanwhile, in situations where income levels are low (not extremely poor), the financial system approach which provides sustainable financial services would be appropriate (Robinson 2001). The financial system approach holds the idea that, the overall goal of microfinance is to provide sustainable financial services to low income people, but not necessarily to the poorest among them (Robinson 2001). Furthermore, it is assumed that competition will ensure quality and low cost services and that evaluations of MFIs should focus on financial indicators and efficiency. It is argued that NGOs do not have important roles in microfinance, and subsidized program may undermine the development of a financial system for low-income groups. In order to reach financial sustainability and large scale outreach, the proponents insist that microfinance should not be integrated with other development services. Proponents of financial systems approach argue that credit is not the most important instrument for poverty reduction (Adams and von Pischke 1992). If that is the case, why has microcredit been eulogized as an antidote to poverty reduction?

Discussing the debate between the two views, Rhyne (1998) points out that everyone involved in microfinance shares basic goals. Thus, to provide credit and savings services to the poor people in a sustainable way, and the idea of reaching the poor in a sustainable manner. She is, however, quick to point out some underlying differences in perspective about the role of government, donors and the private sector. The 'sustainability camp' views the private sector as the future home of microfinance, while those in the 'poverty camp' seem suspicious of allowing the future to be dominated by commercial operators who are seeking profit. The latter foresee donor and government involvement in microfinance for extended period of time. However, challenged with a choice between donors, government and private sector, they seem more comfortable keeping microfinance attached to donors and governments, perhaps, because they seem to have the conviction that donors and government seem to have concern for the poor. It can be argued that the profit operatives could ignore poor beneficiaries in their activities since maximization of profit is their ultimate goal.

The sustainability group contrary urges that any future, which continues dependence on donors and governments is a future in which, few microfinance beneficiaries will be served. It is argued that donors and governments, both notably prone to trends are not likely to continue subsidizing microfinance indefinitely and not generous enough to do so, on a major scale. The group is of the view that, the only way to ensure access to financial services to the poor is to allow the private sector to find it profitable to provide such service. It is argued that only the private sector has ample resources and will stick to a money making activity even if it is not in function (Rhyne 1998). Robinson (2001), however, agrees with Rhyne and states that the debate should be about the means, not the goal. *Nevertheless, the means can limit the goals that can be achieved.* It assumed that a number of beneficiaries can be served through either method. But serving more beneficiaries on a long-term basis might require a financial system approach. Nissanke and Aryeetey (1998), meanwhile, propose that market integration through financial systems development approach should be encouraged to overcome a structural and institutional constraint to delivering credit to the rural poor. Guilli and Berger (1999) nonetheless, are of the opinion that the truth seem to lie somewhere in-between the two approaches. It can be presumed that instead of simply asking the question of whether or not microfinance is an important tool for poverty reduction, it is essential to analyze how, to what degree and under which conditions microfinance can contribute to poverty reduction. In view of the above arguments, developing a working model from the approaches could have implication on how to access credit. It might be more important to consider the economic and poverty status of the target group in coming out with a suitable approach from the two schools of thought to ensure that people to whom the product is designed in fact have access to and benefit from it. It is only when this is done that the dreams of founding fathers of microcredit as a means to poverty reduction could become a reality.

Meanwhile, what methods could be most efficient in delivering microcredit? Analyzing various proposals on methodologies of delivering microfinance program, Otero and Rhyne (1994) identify four methods for providing financial services to microenterprises. In their view, these include *solidarity group lending, credit union, village banking and transformation lending*. However, these methodologies cover a wide range of beneficiaries. It is argued that village banking aims at the poorest beneficiaries, particularly women carrying out the simplest enterprise activities. While solidarity group program aims at slightly more established enterprise, transformation lending services, a third tier of beneficiaries whose enterprises are becoming substantially more sophisticated. On the contrary, Ledgerwood (1998) presents five methods which include *individual lending, Grameen bank solidarity lending, Latin America solidarity group lending, village banking and self-reliance village banks*. These methods as outlined appear to be the main ones well known in the world over but not exclusive. Each approach seems to have its unique characteristics and features which incorporate the type of collateral use, terms and method of operation. Consequently, Ledgerwood (1998) describes the individual lending as provision of credit to individuals who are not members of a group which is jointly responsible for repayment. It is argued that with this method of financing microenterprise, individuals are responsible for loan repayment. The approach is largely urbanized and mostly successful for production oriented businesses and for clients who have some forms of collateral or willing consigner. She, however, indicates that in some rural areas, individual lending can also be successful with small farmers. This approach seems to allow beneficiaries to have access to loans at their own pace.

The Grameen solidarity group lending (GSGL) model is developed by Grameen Bank of Bangladesh to serve rural landless women wishing to finance income generation activities. The method seems prevalence mostly in Asia, but has been replicated in other countries, especially by NGOs in Sub Saharan Africa. In Ghana, various NGOs are using this approach of credit delivery to economically active poor women. Under this model of credit delivery, peer groups of five, mostly unrelated members are self-formed and incorporated into village centers of up to eight peer groups. In the case of YOWE, these are called ‘learning circles.’ Moreover, to make the method efficient, attendance at weekly meetings and weekly saving deposits, group fund contribution and insurance payments are mandatory and integral part of the program. Savings has to be made four to eight weeks prior to receiving a loan and should continue for the duration of loan term. The group fund is managed by the group and may be lend within the group. Group members mutually guarantee each other’s loan and are held legally responsible for repayment by other members. However, no further loans are made available if members do not finish repaying their loan and besides, no collateral is required, while credit is for six months. Though YOWE has its unique modus operandi, it appears to apply some of the above rules to make its operations efficient.

The third method she identifies is the Latin America solidarity group lending**.** According to her, this method makes loans available to individual members in a group of four to seven. It is argued that the members of the group cross guarantee each other’s loan which appears to replace the traditional collateral security. *Social capital serves as a guarantee.* Most often, beneficiaries are common female market vendors who receive very small, short term working capital loans. The approach was developed by ACCION International in Latin America and has been adopted by many MFIs. Repayments are made weekly at the program office. It also incorporates minimal technical assistance to borrowers such as training and organizational building. Nonetheless, various NGOs in Sub Sahara Africa including Ghana have adopted some features of this model into microfinance approaches especially the technical assistance aspect. In addition, the village banking lending mechanism is another method of microenterprise credit delivery over the years. Otero and Rhyne (1994) indicate that village banks are community managed credit and savings associations established to provide financial services in rural areas, build a community self-help group and to help members to accumulate savings. The bank consists of its membership and management committee, which receives training from its sponsoring MFI. The membership of a village bank usually ranges from 30 to 50 people, most of whom are women. The sponsoring MFI lends seed capital to the bank, which then lends the money to its members. Meanwhile, all members sign the loan agreement to offer a collective repayment guarantee. The loan amount given to the village bank is based on an *aggregate of individual members’ loan*. Although the loan sizes vary between countries, first loans are typically short term (four to six months) and are small amounts to be paid in weekly installments. FINCA of Costa Rica and Mexico, CARE in

Guatemala, and Save the Children in El Salvador have used this method. Funding for village banking is mostly through internal mobilization from its members as well as external MFIs.

Additionally, the self-reliance village bank also known as savings and loans associations is another method of microenterprise financing for the poor. According to Ledgerwood (1998), self-reliance banks are established and managed by rural village communities. They, however, appear to differ from village banks since they cater for the village as a whole and not just a group of 30 to 50. The method was developed by French NGO, the Centre for International Development and Research, in the mid 1980s. With this method, the supporting institution identifies villages where social cohesion appears to be strong and the desire to set up village bank is evidence. The villagers determine the rules of the organization and elect management and credit committee. Self-reliance village banks mobilize savings and extend short-term loans to villagers on an individual basis. Nonetheless, the sponsoring MFI does not provide line of credit but rather the bank must rely on its savings mobilization. The management of self-reliance village bank appears highly decentralized and as such central services are limited to internal control and auditing, specific training and representation. These services are paid for by the village banks, which guarantee financial sustainability of the model. It should be recognized that none of these methods are exclusive. YOWE, even though largely relies on the solidarity group lending approach, it also appear to use some of the features of the other methods. I would, however, focus on how efficient the method is impacting on peoples' livelihoods in terms of poverty reduction. These questions keep bordering my mind: has the training and other services help in proper management of business entities? How has the group guarantee of loan help the individual group members? Consequent to scrutinizing the methods and approaches to microcredit delivery, what has been the impact of microcredit on empowerment, poverty, and income generating activities?

2.4 Microcredit and women's empowerment: an evolving debate

Experts believe that microcredit, under the right conditions, could promote the empowerment of poor people and catalyzed opportunities for poor women to become active participants in economic activities, and to attain new roles as cash income earners and managers of household incomes (UN 2005). It is noted that with access to financial services, poor women might become more confident, assertive and better equip to overcome cultural inequalities. In addition, women's savings through microfinance seem to build economic power that could change attitudes and practices so as to enable communities to move from *subsistence to market-based economies* (UN 2005). Empowerment is one of the main concepts that microcredit pride itself with. Selinger (2008), however, discounts the empowerment narratives provided by indigenous theorists and functionaries because he views their judgment as compromised by national pride and personal ambition. It is argued that most women borrowers are not the direct benefactors of the credit extended to them. Instead the women seem to serve as mediators between their male household members and the bank. It is asserted that microcredit is not primarily used for the purposes of investment but for *'consumption smoothing'* purposes. However, do beneficiaries of YOWE's credit use it for investment or consumption purposes? Nonetheless, researches seem to portray that loans are used for payment of health care, repairs to buildings, basic educational fees, and generally to bridge the gap between income insecurity and meeting basic daily needs, like food. It suggested that repayments are sustained through a *downward spiral of defenseless livelihoods*, *either through 'cross borrowing' or 'over lapping' and through pyramid loans systems.* This involves the practices of borrowing from one NGO to pay off the other and taking of new loans to service repayments (Weber 2004). Due to this, beneficiaries could find themselves in a state of microcredit dependency in which they rely on loans for consumption instead of production. This is interesting and my study would discuss how beneficiaries are able to sustain their improved living condition, if any, without additional credit support?

What might be the relationship between microcredit and women empowerment? Meanwhile, Krishna (2003) defines empowerment as the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process, however, seems to be the ideal that these actions could build both individual and collective assets, and improves the efficiency and fairness of organizational and institutional structures that govern the use of the assets. Meanwhile, the World Bank (2001) argues that societies that discriminate on the basis of gender may pay the cost of poverty, slower economic growth, weaker governance and lower living standard for their people. It also identifies four key elements of empowerment which include access to information, inclusion and participation, accountability and local organizational capacity. Nevertheless, empowerment might also be related to the concepts of Social Capital and Community-Driven Development (CDD). As Krishna (2003) points out, empowerment by nature is a process and/or an outcome. It seems that social capital comprises social organization features such as networks, norms and inter-personal trust, which facilitate coordination and cooperation for mutual benefit. Has cooperation within helped beneficiaries of YOWE's credit scheme to successfully use the credit to improve their living condition? CDD instead appears to be a methodology for undertaking development that gives control of decisions and resources to community groups. Yet, linking these ideas, Grootaert (2003) points out that social capital and empowerment are multi-level concepts and facilitate the link to poverty reduction where as CDD is a manifestation of social capital and empowerment.

Hitherto, Kabeer (1999) stresses that women's empowerment depicts the process by which those who have been denied the ability to make strategic life choices acquire such ability. In her view, it would be important to understand empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification. It is emphasized that the ability to exercise choice incorporates three interrelated dimensions: resources, agency and achievements. Nevertheless, it is argued that if one has to study the impact of microcredit on women empowerment, there is the need for appropriate indicators that can measure it. In line with the above, Malhotra *et al.* (2002) emphasize that after identifying empowerment as a primary development objective there is the need to develop a rigorous method for measuring and tracking changes in levels of empowerment. Besides, UNDP (1995) introduce two complementary indices: the Gender-related Development Index (GDI) indicator that can measures inequalities between men and women in terms of access to basic needs and the Gender Empowerment Measure (GEM) which evaluates women's access to political and economic posts. On other scales, certain researchers have tried to construct alternative indices of empowerment that are more specifically related to microcredit activity.

Hashemi *et al*. (1996), meanwhile, investigate the change in women's empowerment by creating an empowerment indicator built on eight criteria. These include mobility, economic security, ability to make small purchase, large purchases, involvement in major household decision, and relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns. The acquisition of these characteristics appears to show the level of empowerment. They, however, emphasize that different cultures have different distributions of power with men making decisions in some areas while women making decisions on certain issues. Evidence from South Asian studies suggests that, within the family, the purchase of food and other items for household consumption and decisions that are related to children's health appear to fall within the women's arena. Meanwhile, decisions on education and marriage of children and market-related transactions in core assets tend to be within the men domain. Hashemi *et al*. (1996)

further examine whether women's access to credit has any impact on their lives, irrespective of who has the managerial control. Their results seem to suggest that women's access to credit contributes significantly to the enormity of the economic contributions reported by women. It is also reported that there is an increase in asset holdings in their own names and an increase in their exercise of purchasing power besides their political and legal awareness. How are beneficiaries able to use credit to build assets and to improve their living condition?

It seems that most microcredit programs target women with the explicit goal of empowering them. Nevertheless, there are varying prime motivations for pursuing women's empowerment. Some appear to argue that women are among the poorest and most vulnerable of the underprivileged and thus, helping them should be a priority. Yet, others are of the view that investing in women's capabilities empowers them to make choices, which is an end in itself, but also contributes to better economic growth and development. It has been documented that an increase in women's resources results in increased well-being of the family, especially children (Mayoux 1997, Kabeer 2001). Mayoux (1997), however, argues that the impact of microfinance programs on women is not always positive. *It might be argued that increases in income for women come at the cost of increase in workloads and repayment pressures.* More so, loans are in some cases used by the men in the family to set up enterprises, or women end up being employed as unpaid family workers with little benefit. Besides, provision of loans, could lead to withdrawal of male support and decrease in male contribution to household expenditure (Rahman 1999). Nonetheless, one could conclude that microcredit can help women to gain respect and achieve more in their traditional roles, which might lead to increased self-esteem and self-confidence. Although increased in esteem does not automatically lead to empowerment, it can contribute resolutely to women's ability and willingness to challenge the social injustices and discriminatory systems that they face in society (Cheston and Kuhn 2002).

Yet, analyzing issues that relate to women as users of financial services, Kabeer (1996) asserts that women generally whether poor or not suffer discrimination in the market. It might be important to ensure that women can obtain loans provided by intervention agencies to ease their economic burdens. It is also argued that women are disproportionately represented among the world's poor. Besides, according to the World Bank gender statistics database, women have a higher unemployment rate than men in virtually every country, Ghana inclusive. Women also seem to form the mass of the lower paid, unorganized informal sector of most economies. It might be likely that, the poverty experienced by women due discrimination within their households is underreported to certain extent (Cheston and Kuhn 2002). Baden and Milwad (1995) meanwhile asserts that although women are not always poorer than men, yet, due to their weaker basis of entitlements, they could be more vulnerable and once poor, may have less option in terms of escape from the enclave of poverty. It can be argued that by providing access to financing income generating activities, microfinance institutions could reduce women vulnerability to poverty. In addition, reduction in economic vulnerability could also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs (Cheston and Kuhn 2002). Nevertheless, arguments have been made for and against targeting women on the ground of efficiency and sustainability. Advocates for targeting women on the grounds of sustainability cite women's repayment records and cooperativeness. It is believed that less arrears and loan lose rates could have important effect on the efficiency and sustainability of institutions. The experience of Opportunity International in Ghana (then Sinapi Aba Trust), seems to demonstrate differences in men and women's repayment records in the Trust Bank program (Cheston and Kuhn 2002).

Importantly, research seems to suggest that women spend more of their incomes on the welfare of the whole family. In its report on a survey finding, the special unit on microfinance, UNCDF (2005) explains that women's economic success benefits more than one person. Due to this, there seem to be a consensus that women are more likely than men to spend their profits on households and family needs. In view of this, assisting women, therefore, could generate a multiplier effect that can broaden the impact of institutions activities. Women Entrepreneurship Trust Fund (WEDTF) in Zanzibar, Tanzania, also reports that women's increased income benefits their children particularly in education, diet, healthcare, and clothing. According to WEDTF, about 55% of women's increased income is used to purchase household items, while 18% goes for school, and 15% is spent on clothing. Kabeer (1999) argues that there seem to be sound reasons why women's interest are likely to be better served by investing effort and resource in the collective welfare of the household rather than in their own personal welfare. Kabeer, nonetheless, cautions that, it is important to recognize that those incentives may change when women become empowered and have new options. Women who are empowered might have the power to make the life choices that are best for them. Even though most empowered women might prefer to invest in their families, development organizations must be prepared for the possibility that some will not. Instead, spend their earnings on unproductive ventures.

Meanwhile, Osmani (2007) identifies two ways through which women empowerment due to microfinance can take place. First, it can take place through the household and secondly through association with others. It is argued that, though household activities women usually perform are essential, they do not bring them much prestige and recognition as earning of cash income. The contribution of cash to the household is supposed to give women greater power in decision making. Yet, loans given to women are considered as a household resource and not personal resource to the women (Rahman 1999). In discussing the contribution of microfinance to women empowerment, Hunt and Kasynathan (2001) believe that a number of questions should be addressed. Who controls decision making regarding the use of credit? Who manages enterprises supported by credit? Whose paid or unpaid labor is used? Who controls the marketing of products? And who keeps and uses any income generated? It is noted that finding the right answers to these questions would help in the understanding the importance of microcredit in women empowerment. There have, indeed, been a lot of criticisms as to who manages the loans. While women seem likely to have control in some African countries, Mayoux (1999) data for Bangladesh is quite different. Research shows that only in 37% of cases that women retain a significant control over the loans and this seem more likely the case when the women were single, divorced or widows (Johnson and Rogaly 1997). In other cases, women gave their loan either to their husband or a male relative. Though the passing on of loans can take place simply due to the perceived better managerial skills of male counterparts, or because they are more experienced and acquainted with the market. But it is suggested that, one should not forget there might be cultural inhibitions that prevent women from taking active part economic activities (Osmani 2007). This is quite interesting to investigate whether women or men are better managers of credit or loans? It is also argued that most rural women are vulnerable to the patriarchal ideology, related to the prevailing social norms and intra household gender relations (Rahman 1999). It is deemed that due to cultural and societal constraints, women have been excluded from decision making processes and often lack the sense of agency which would allow them to define their goals and act effectively to achieve them (Cheston and Kuhn 2002). Nonetheless, from the theory, individual action might be needed if poverty is to be reduced. It can be argued that, the poor themselves should be agents of change. In the absence of programs that would target the wider gender relations or if socio-cultural reforms are not undertaken, women might serve as ‘postboxes’ for passing on loans to their male counterparts (Hunt and Kasynathan 2001).

Discussing the second path of empowerment through association with group members, Osman (2007), recognizes group-based lending, which is common in many microfinance programs and group meetings through which women are able to define their attendance as a social role and obligation. It is acknowledged that in societies where women are socially isolated, these meetings might be of intrinsic value (Johnson and Rogaly 1997). It is recognized that since women use loans for income generating activities, they might have to leave their homes and form networks with other women which is supposed to give them self-confidence and courage they need in order to exercise more power within the household and the community (Osmani 2007). However, has YOWE's credit enable woman to exercise power and authority in their societies? It can be yes or no, depending of the kind of empowerment and how resilient such empowerment. Is it dependent on continuous loans availability? Or even after the loans are over, can women still made meaningful contributions society as a whole?

It can, nonetheless, be argued that to a certain large extent, the MFIs themselves have failed to contribute as much as they should to change the power structures in society. Bunning (2004) for instance criticizes the manner in which microcredit services are provided. It is noted that, mostly, the management positions are reserved for men while women are seen as the borrowers. Due to this, they are not included in the decision making processes and neither do they participate in policy formation nor have any say in discussing the procedures of the program. These questions keep bordering my mind. What is the nature of power relations within YOWE? Is the managerial positions reserve for men while women are the borrowers? Moreover, in efforts to initiate change, she cites an example of a Mongolian MFI that took a gendered approach with women employed as credit officers, which later led to promotion and election of women to village leadership positions. Consequently, in Rahman (1999) view, loans alone without viable opportunities for women to transform the power relations and create their own spaces in the prevailing power structures make equitable development and empowerment of women unattainable in the society. It can be argued that there is urgent need to alter the power relation in society to make the poor especially women more responsible.

Meanwhile, what has been the impact of microcredit on poverty? My next discussion tries to analyze the effects of microcredit on poverty. Is it reducing or aggravating the situation?

2.5 Dilemma of microcredit and poverty reduction

What could be the possible impacts of microcredit programs on poverty? According to Fikkert (2003), answering this question is overloaded with challenges. First, it is argued that poverty is a multifaceted phenomenon that includes psychological, social, economic and spiritual dimensions. Many of these aspects could be difficult if not impossible to quantify. Due to this, a program that may appear successful in quantifiable dimensions might be failing in non-quantifiable dimensions and vice-versa. It is, nonetheless, advocated that researchers and practitioners should avoid the temptation to place more importance on that which is measurable over that which is not. It is further argued that microcredit programs are engaged in careful selection of clients, implying that program participants are hardly a random sample. Hence, if evidence suggests that program beneficiaries perform better over time than non-beneficiaries, it might be difficult to know if this is due to the impacts of the microcredit program or to the superior, unobserved characteristics of the beneficiaries relative to the non-beneficiaries (Fikkert 2003). What peculiar characteristics do beneficiaries of YOWE have that enable them to successful use the credit to improve their living condition? Information seems to suggest that the biases from such sample-selection effects are quite strong, possibly resulting in estimates that overstate the impact of microcredit on beneficiaries' profits (McKernan 2002). Nevertheless, there seem to be considerable heterogeneity amongst the poor, with the poorest households engaging primarily in risk-reducing instead of income-growing behavior. It is supposed that such households have little or no debt capacity, and they view loans as risky for them, thereby preferring access to flexible, convenient, and secure savings services. In this light, it is not surprising that observers seem to believe that the focus of MFIs in providing credit services has prevented them from having much impact on the poorest households (Hulme and Mosley 1996, Wright 2000, Fikkert 2003).

There appears to be increasing evidence that economic growth and poverty alleviation go together (UN 2005). Human Development Report defines poverty not only as a lack of income, but also introduces the term capacity poverty. The report, nevertheless, identifies three basic capacities: survival, knowledge and general economic supply. According to the World Bank, the access to the credit markets determines the capacity to invest. The World Bank also notes as Garson (1996) that, it might be improbable that universal recommendations as liberalization of financial markets would have the same desired effect, without taking into account local realities. It is argued that the role of market liberalization to poverty reduction depends on institutional strengthening which differ from countries.

Karim and Osada (1998) emphasize that, as oppose to the failure of the top-down approach of poverty reduction, microcredit, with a down-top approach could create a new hope for poverty alleviation. Garson (1996), using the down-top approach, highlights that poor people, instead of benefiting passively from governmental grants that never will be zero-sum games, could make profitable these funds, offered through microcredit institutions, by transforming them into big and more sustainable monetary flows, through productive activities generated by credits. It is asserted that the role of financial systems in income poverty alleviation is probably more immediate than in capacity poverty alleviation (von Pischke 1998). This might happens because finance is more related to income generation activities. The elements of capacity poverty require generally longer terms and strongest infrastructure requirements, especially with regard to health and education.

Meanwhile, earlier on, it has been discuss that there are two approaches to microcredit and poverty reduction: financial system approach and loans to alleviate the poverty approach. The argument of the financial system approach, also known as income generation approach, is that microcredit should provide sustainable financial services to low income people, not necessarily the poorest, but the neglected niches of the market. It is argued that there is no reason for subsidies, and that NGOs should play a secondary role in microcredit markets. Financial sustainability is desirable because sustainable microfinance institutions would have the chance of extending the operations in the future and it is maintained that credit is not the most important instrument to reduce the poverty. Nonetheless, the poverty leading approach as indicated in the theory, believes that the core aim of microcredit must be poverty reduction and people empowerment. It is suggested that it would be worthless to talk about financial sustainability if the services offered do not change the beneficiaries' level of poverty. Yet, for the sake of the general goal, complementary services are often needed and integral approaches need to be adopted. Funds from donors and subsidies could be needed as funds availability might burden the development of financial services to poor. Whereas the financial system approach considers financial services as the main objective of microfinance institutions, poverty lending approach deems these services a means to reach the aim of poverty reduction. Garson (1996), however, points out two limits of credit as an instrument to reduce poverty. It is argued that, it might not be easy to target credit to the poor and that, the poor might not be able to undertake viable economic activities. From the Microcredit Summit conclusions, microcredit might not be a panacea. It will be more effective as a poverty reduction tool if it is complemented with interventions of infrastructures supply, water, hygiene, primary education, woman rights and microenterprise management, in the line of poverty alleviation loans approach. The next discussion would focus on the kind of income generating activities microcredit supports and their impacts on beneficiaries' livelihoods.

2.6 Microcredit and income generating activities in perspective

The dimension of poverty defined in monetary terms especially income seems to call for an examination of the link between microcredit initiatives and income generation, especially from gender perspective. It is acknowledged that giving women access to working capital can help mobilize women's productive capacity to alleviate poverty and maximize economic output (Cheston and Kuhn 2002). Besides, it also gives opportunity to make a 'proper' economic contribution to the household and through this might enhance their sense of self-worth (Kabeer 1998). Despite this supposed positive impact, problem seems to occur when one looks at the type of activities women engage in, as these seem to be an extension of their domestic work which sadly might yield poor profits. Are the types of income generating activities undertaken by women of YOWE credit an extension of domestic work? What are their impacts on their livelihoods? Nonetheless, the activities might put pressure on the women as they struggle to perform their 'normal' home duties and at the same time engaging in income generating activities. Probing the results of a research carried out in Sri Lanka, Hunt and Kasynathan (2001) notes that, at best women gain very little for their labor for many traditional income generating activities. Similarly Johnson and Rogaly (1997) discuss the revision of Oxfam's experience with income-generating projects for women that raises serious questions about the profitability of such activities. They claim that certain factors are not included in the revision since they would have revealed some projects as loss-making ventures. It is argued that such omissions are the opportunity cost of labor and subsidization of income generating projects with income from other sources. Thus, it appears that instead of being potential for income growth, such activities seem to serve as source of subsistence. Data collected by De Mel *et al*. (2007) seem to show that returns on capital are greater for men than women, with women at times having zero return. The overlap between household and business seems to make it difficult for women to use the money for purely productive services since there is the daily demand to feed and care for family members (Berger 1989). Men, contrary with no such overlap obligations, are more likely to re-invest in business than women thereby increasing the chances for profit generation (De Mel *et al* 2007).

Consequently, investment in consumption related needs serves short term objective only while it has been recognized by Kabeer (1998) that re-investment in business can be regarded as a strategy for ensuring both consumption standards as well as security in the future.

Yet, exploring the reasons why women could engage in low income generating activities seems to show that one has to go beyond the provision of microcredit. Women often lack the skills and training for their activities (Mayoux 2002). If they are to expand their business, a simple minimalistic approach of providing financial services without provision of education and technical assistance might not be enough if loans are to have positive impact on their lives. De Mel (2008) seems to discover a correlation between years of schooling and an increase in profit. This is interesting, and my study would try to explore relationship between level of education and beneficiaries' ability to use the credit to improve living conditions. It can be argued that, this might calls for intervention which would guarantee better education of both girls and boys. Some might argue that this can be achieved through microcredit, since greater enrolment rates of children, especially girls, have been noted in the families where women have participated in microcredit programs (Kabeer 1998). However, before this can fully be lauded, it seems additional considerations have to be made. It is argued that through providing microfinance to women, who then invest their money in education of children, some responsibility could be taken off the shoulders of governments to focus on providing access to school facilities. Yet, it can be questionable how good an indicator enrolment rates are, since they do not say much about the educational attainment, retention and transition rates from primary to secondary school (Hunt and Kasynathan 2001). Possible dropout rates might be a direct consequence of microcredit, due to increased workload. Leach and Sitaram (2002), nevertheless, note absence of children in schools in India. It is argued that girls are often the ones that leave schools and Mayoux (1999) warns that this might replicate gender inequalities, leading back to the question of unpaid labor and empowerment dilemma discussed above. There is suggestion that women employ their daughters and daughters-in-law as unpaid laborers leading to increasing workload and decreasing ability to attend school. Unless these issues are addressed, it might lead to disempowerment among women.

It is argued that women decision to engage in non-risk activities is because it is more likely to allow women and not men to control the loans (Johnson and Rogaly 1997). These activities seem not to challenge the gender stereotype of appropriate work for women and men (Mayoux 1999). In reference to an example from Uganda, Mayoux (1999) discuss how a woman has to give up a more lucrative business of managing butchery for a less profitable but socially acceptable one for a woman to run a second-hand clothes shop. This again, calls for measures that would bring about change in gender relations. The problem is not, however, only restricted access to market as is the case in India and Bangladesh (Hunt and Kasynathan 2001) and Sudan (Mayoux, 1999) but also the structure of rural economy and absence of investment opportunities (Rahman 1999). The stagnation and low productivity in rural areas seems to limit the extent to which incomes can be raised in small-scale activities and credit alone cannot solve this problem (Bernasek 2003). Due to limitation to work in rural areas, the activities undertaken seem seasonal and volatile. From information on the study area, most inhabitants of the area are farmers and it is possible that they invest the money into farming. Given the unreliable rainfall patterns, crop failures may occur thereby affecting their ability to make profit on the loans and to repay. Do weather conditions have effect of income generating activities? It is argued that due to fluctuation in prices, women could not become independent (Leach and Sitaram 2002). Besides, the failure of MFIs to carry out a sound assessment of the market which could inform whether the activities undertaken would to be sustainable over the long term. I would be analyzing the monitoring mechanisms put in place to ensure efficiency in the use of loans for profitable business enterprises. Meanwhile, failure to provide market opportunities, training and education, and effort to change the power relation could have implications for empowerment dimension of poverty as well as income generation. Nevertheless, the continued encouragement of microcredit programs that lead women to experiment with the kinds of home-based enterprises that do not interfere with their domestic responsibilities can, according to Rankin (2001) only entrench and not challenge the gender division of labor that institutionalizes their subordination. Persisting in informal sector only reinforces women's presence there (Bernasek 2003) leaving them with little opportunities to climb out of poverty.

It is suggested that understanding the influence of socio-cultural environment on entrepreneurial development is crucial in explaining the established differences between different nations and different groups or classes of people but also informing culture-specific entrepreneurial development strategies. African nations seem to have strong socio-cultural environments that differ radically from those of other nations, particularly industrialized Western nations. It may be for this reason that the West's modus operandi and approaches have failed to solve African entrepreneurial problems. Women's multiple roles as mothers, wives and caretakers seem to act as barrier to their carrier as businesswomen. Social expectations regarding women's role and family responsibilities put greater responsibility for household, childcare and dependent care which can be a burden for them in trying to manage and balance responsibilities while trying to grow their business (OECD 1998). World Bank (1994) acknowledges that, the need to balance home and market responsibilities is a constraint on women's earning, output and accumulation of human capital. Thus, women who carry out business ventures outside the home are still responsible for the domestic work and thus bear a double work burden, which could serve as an obstacle to their businesses. Gender discrimination, which stems from tradition, conservative cultural attitudes and religion or religious interpretations, could undermine women's participation. In most places, women are still perceived as subordinate to men. It is asserted that, some of the barriers that women, especially the poor, face in obtaining and using financial services are closely related to their gender roles. World Bank (1994) states that, in many countries patriarchal traditions and loopholes in legislation prevent equalization of inheritance rights. Social and cultural defined roles and responsibilities could influence the kind of business activities that are likely to engage women and restrict their ability to take advantage of conventional banking and credit facilities. In most African countries, issues like property rights and traditional cultural norms are highlighted as key barriers for women entrepreneurs (UNECE 2004).

It is argued that one cultural barrier, which is common with third world women, is lack of decision-making power. In traditionally bound societies, social institutions such as family, school and work organizations believe in the hierarchy of authority (Kanungo *et al*. 1994). In most of these societies, authority and control continue to be based largely on inherited factors such as age and kinship, and hierarchy and authority seems to permeate all social institutions, particularly those in rural areas where traditional values and norms are still very intact. Hagen (1974) argues that hierarchy of authority in tradition-bound societies breed authoritarian leadership. Authoritarian leadership that prevails in most African societies, particularly in government departments, seems to deny people the opportunity to participate in decision-making and develop self-confidence in the running of an enterprise. According to Themba *et al*. (1996), this lack of self-confidence has tended to inhibit entrepreneurship in most African countries. Women in some regions cannot sit and discuss matters concerning them and the family with their husbands. This leaves the men to take whatever decision they wish without considering the woman's needs. In most cases, the men seem to have the final words. Lack of decision-making power leaves the women unable to decide for themselves and find difficulty in using loans for their activities. Religious belief is another cultural factor, which inhibits women's progress in their economic ventures. Some societies hold beliefs on the continuous existence of the ancestors. In Ghana for example, certain parts of the bushes are demarcated as sacred grooves and shrines where spirits and gods dwell. Traditional priests and herbalists are the only people allowed to go to these shrines. This affects women engaged in sheabutter production (Azure 2001). Besides, in some strict Muslim regions, women are restricted to carry out business only within the premises of the house which could affect the size of the woman's business and ability to get out of poverty.

2.7 Financial sector liberalization and microcredit for poverty reduction

Economic development involves the accumulation of physical and human capital. This seems to suggest that once the limitation of self-financing is reached, credit transactions will have a central place in the process (Hercules 2006). Economic growth is seen as essential in reducing poverty and raising the living standards of the poor. Most economic models are, however, based on the assumption of efficiency and perfect markets. However, as markets seem to be characterized by failures and the assumptions not met, there will be inefficient allocations in the market. Since the 1970s, the imperative to maintain a restrictive financial order no more seems to serve the motives of the advanced capitalist states and the interests of the dominant individuals or groups within those states (Weber 2004). However, this imperative was, and still seems to be a concern of some of the representatives of developing countries such as Ghana who continue to resist aspects of the liberalization of their financial sectors. This is a position put forward to the UNCTAD several years ago (Mendoza 1989). The international debt crisis that ensued then and the current credit crunch in 2009 made such a position harder to sustain, particularly in the context of neoliberal discipline and the forms of coercion exerted to bring about adjustment to the imperatives of the new economy (Weber 2004). It is asserted that, the way in which the global political system took shape generally in the post 1945 era and through the Bretton Woods institutions in particular, it become feasible to bring about adjustment to the imperatives of the new economy through conditionality in the form of SAPS attached to credit extended by the IMF and the World Bank. SAPs entailed the implementation of economic austerity measures including cutbacks on subsidies, liberalization of sectors of the macroeconomic level and the implementation of privatization programs. However, adverse social effects of SAPs resulted in various forms of popular resistance and the subsequent calls for 'adjustments with a human face' (Weber 2004). The Bretton Woods institutions responded to these concerns and targeted poverty reduction programs are included within the framework of SAPs often under the ‘social safety nets programs’. Most of these poverty reduction projects are designed to advance income generation and self-employment with microcredit components (Weber 2004). The use of microcredit as a tool for poverty reduction and development from the ‘bottom’ has been included in the enhanced Heavily In-Debted Poor Countries Initiative (HIPC) which Ghana opted for in 2000 as well as the latest poverty focused conditionality’s of the World Bank and IMF expressed through the Poverty Reduction Strategy Papers (PRSPs) (Weber 2004). There have, however, been several impact assessment studies that pose a critical challenge to the normative debate that have come to frame microcredit programs. Microcredit approach as a strategy can be seen to both advance and legitimize neoliberal reforms. Thus, in certain cases, it can be argued that the use microcredit could be seen as a way of responding quickly to the vulnerabilities of surplus labor in growing informal sectors during and after the adjustment process. How are beneficiaries of microcredit responding to its impacts on their lives?

2.8 Concluding remarks

Though most grand theories try to explain poverty, their arguments seem abstract, which meant that their arguments seem not to reflect the complexity of real world situation, hence the advocate for individual actor-oriented approaches. Based on the vicious circle of poverty, a credit investment framework seeks to explain why poverty might perpetuate itself in mutually reinforcing vicious circle. However, perhaps, the most important circular relationships seem to be those that affect the accumulation of capital in economically backward society. Hence, the adoption by development researchers the importance individual’s action in the face of structural constrains. Individual actor-oriented approach paints a picture of poor people having power and agency, although subordinate, and underestimating the value of the societal structures within which people are located. Developing a working approach for credit delivery has implication on how to access the facility. It is important to consider the economic and poverty status of target group in coming out with a suitable approach from diverse schools of thought to ensure that people whom microcredit is designed for are served. Issues of the impacts of microcredit on empowerment, poverty and income generating activities have been look at with divergent arguments.

The next chapter focuses on the characteristics of the study area and methodology use in data collection and analysis.

CHAPTER THREE
STUDY AREA AND RESEARCH METHODOLOGY

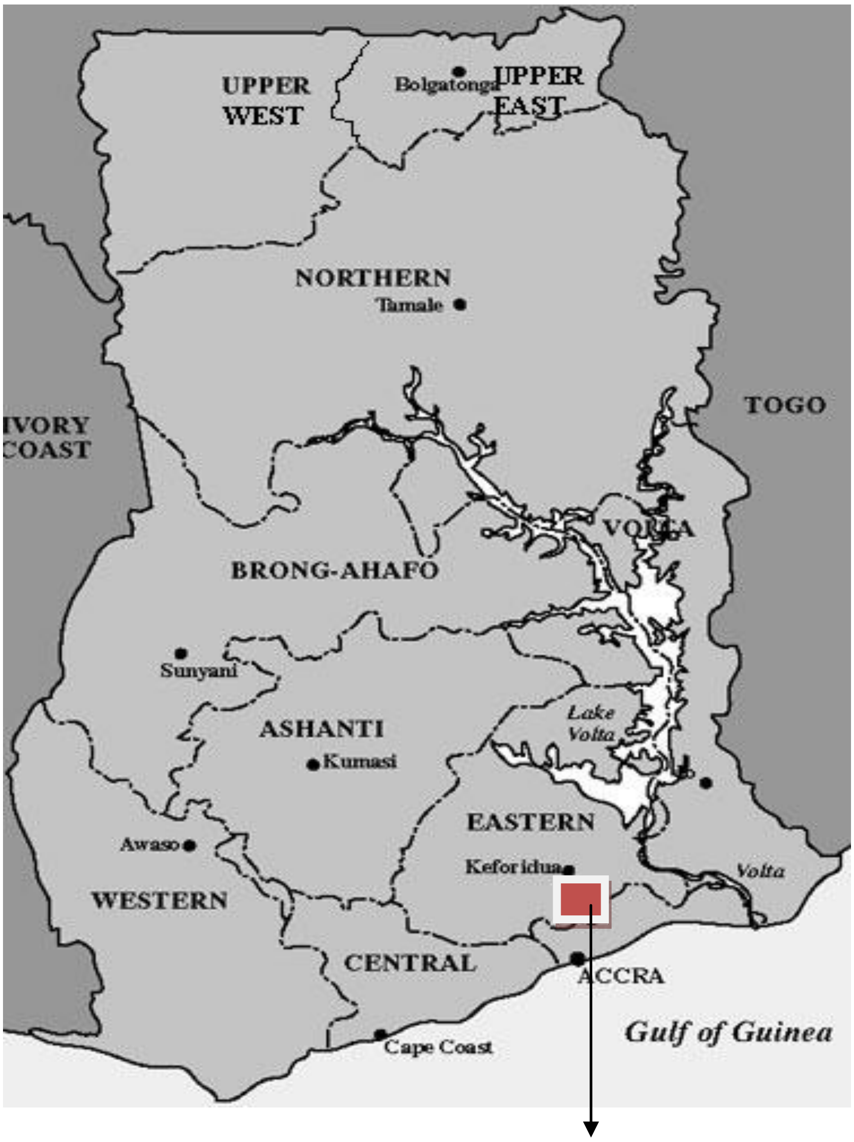
3.0 Introduction

This chapter focuses on the characteristics of the study area and research methodology. The study villages include Ayermesu, Korm, Lagos, Ketem, Poponya and Asite, located in the Manya Krobo district. Since the villages seem to share the characteristics of the district, information on it will be taken as a fair description of conditions in the villages.

3.1 Development in Manya Krobo within Ghana context

Ghana is located on the West Africa's Gulf of Guinea, only a few degrees north of the equator. Well endowed with natural resources, Ghana has roughly twice the per capita output of the poorest countries in West Africa. It is, however, not on the list of 50 most poor countries in the world. Yet, Ghana remains dependent on international financial and technical assistance. Gold and cocoa productions, and individual remittances, are major sources of foreign exchange. With the recent discovery of oil in commercial quantity, it is hoped that oil revenue will be managed well to aid the development process. The domestic economy continues to revolve around agriculture, which accounts for 35% of GDP and employs about 55% of the work force, mainly small landholders (ISSER 2007). Agriculture is the backbone of the Ghanaian economy contributing 37% of the gross domestic product (ISSER 2007). The nation has had a peaceful democracy over the last decades. Despite, agriculture being the backbone of the economy, the service sector also employs a sizeable proportion of the population. Women appear to take active part in trading in goods and services. There has been an expansion in the financial sector of the economy with more banks operating in the system. Nonetheless, access to credit is limited due to collateral needed to access loans. Nonetheless, NGOs appear to be filling-in the gap especially in the rural areas by providing credit for people to engage in income generating activities. The thematic priorities under Ghana's current Growth and Poverty Reduction Strategy, which also provides framework for development partner assistance are; macroeconomic stability, private sector competitiveness, human resource development, and good governance and civic responsibility. Empowerment, especially, the marginalized in society appears to be government major priority area. Development initiatives are aim and appear focus on human-centered approaches.

Fig. 3.1 Map of Ghana showing Manya Krobo district



SOURCE: www.ghana.gov.gh

The Manya Krobo[1] district is situated in the eastern part of Ghana. There are NGOs and CBOs undertaking various activities that are aimed at poverty reduction in the district. NGOs activities appear to aim at skill and entrepreneurial development for the youth (MKDA 2007). The youth are involved in activities such as trading, hairdressing, carpentry, fitting, farming and tie and dye business. The study villages are located in the middle belt of the Manya Krobo district. The climate is semi-equatorial in nature with two main raining seasons; the major and minor seasons. Farming appears to be a major economic activity in the villages.

[1] Manya Krobo is divided into Lower and Upper Manya districts but data available from the assembly combine the two districts.

Yet, the agriculture is rain-fed. In the past, when I was a boy, farming takes place in both seasons but with recent changes in weather condition, rains are becoming unreliable in the minor season making farming activities less productive hence the need to find alternative sources of livelihood. The topography is hilly, with undulating hills and valleys making the transportation services somehow bad. Even the road networks that link the villages and market centers in the district are in bad state, making transportation of goods and services difficult. The bad nature of roads appears to make transportation services expensive. The areas are sparsely populated, making interaction within and among villages difficult. Due to this, the local population might not be able to provide effective demand for goods and services. The inhabitants seem to leave on subsistence, hence lack the internal market for goods and services within their local economies. There is heavy dependence on external market for products. The villages appear to lack basic social infrastructure forcing people, especially the youth to migrate to the urban centers living the aged and children behind.

Meanwhile, the economically active population (ages 15 to 64) constitutes about 58% of the total population (MKDA 2006). The children population, which constitutes about 38% of the population, is the dependent group, which might hold a key for future development of the district (MKDA 2006). Hence, strenuous efforts are being made to provide them with good education, employment opportunities, potable water and other social and economic facilities to help develop their full potentials, though with challenges. It appears that the urban population increase significantly from 11% in 1970 to 23% in 1984, further moving to 40% in 2000 (MKDA 2007). The continuous decrease in the rural population over the years could be attributed to low yield from farming activities due and *lack of alternative livelihood strategies.* As a result, the youth migrate to the urban areas to seek greener pastures, learn trade or engage in petty trading. With the downward trend in rural population, food security in the district appears threatened as villages normally serve as food baskets. Besides, *increased urbanization seems to explaining the increasing demand for microcredit for trading activities.* The settlements pattern in the district exhibit *linear* or *nucleated* settlement patterns, due to topography. The *linear* settlement (*huza*) system is a trademark of the *Krobos*, the main inhabitants. The lower part of the district is comparatively urbanized. In Odumase and Kpong, population growth and the rate of housing development appear to have increased the urban sprawl and development control has in effect broken down.

Nonetheless, there seems to be large numbers of children who do not attend school. Those who are enrolled appear not attend school regularly, especially in the farming season when they might contribute to family labor and on market days. The girls normally help their mothers in the home hence some of them not being able to attend school to the highest level. It can be noted that walking distance to school is also high in rural area, a major limitation in improving access. Due to level of illiteracy, a good number of inhabitants are involved in farming and informal sectors such as trading in goods and services especially for women. The low levels of adult literacy appear to affect the ability to accept new ideas that will help them improve their living conditions including issues dealing with management of their finances.

It can be argued that the biggest asset a nation and for that matter a district can boast of is a healthy population. *Yet, it is often understood that Manya Krobo is one of the highest HIV/AIDS affected districts in Ghana, though debatable.* Sentinel surveillance data in the district over the years appears to reveal HIV prevalence rates above that of the nation. It has been suggested that HIV prevalence rates in Manya Krobo ranged from 8% in 1992 to 6% in 2001 and 7% in 2002 (MKDA 2007). The district's current prevalence rate of 7% seems to indicate that, an estimated 11,000 people are probably living with HIV infection, a situation that is upsetting. All age groups and gender appear to be at risk. It is argued that a cluster of potential risk groups include commercial drivers, traders, barbers, hairdressers' artisans and apprentices and 'hidden or invisible' commercial sex workers. However, *it must be emphasized that the initial testing centers for HIV in Ghana are located with the district. This has attracted a lot to people from other parts of the country to district and as with any statistics, it must be tie to a location.* It is, therefore, natural that the area might appear to have the highest prevalent rate. Nonetheless, these are some of the problems associated with vulnerable and excluded in the district; high illiteracy rate, high incidence of child labor and child delinquency (especially on market days), large number of single parent women and inadequate facilities and resources for training the vulnerable and excluded.

Financial Institutions play a key role in the mobilization of resources in the district. An analysis of financial institutions might give an indication of how local people utilize credit for internal development. Meanwhile, rural banks provide loans to the people, especially traders and farmers. The Upper Manya Krobo Rural Bank, in conjunction with two NGOs at Asesewa, provide micro-financing facilities to people in surrounding villages to aid them in their income generating activities. Also, there are several traditional money lenders or '*susu*'[2] collectors in the district. They appear to provide important service, as most individuals find it difficult accessing credit from established financial institutions due to lack of the necessary collateral security demanded by banks. Nevertheless, these traditional 'susu' collectors need to be monitored to avoid circumstances where some abscond with the peoples' money. Due to this state of affairs, role of NGOs in the provision of microcredit cannot be underestimated. But are the beneficiaries able to use credit to improve the living condition? Even where there are improvements, are they able to sustain it? What challenges do the face in use the credit in their income generating activities? There might be the need to take a holistic view of microcredit and situate it within the context of the current development paradigms.

Besides, middlemen and women appear to determine marketing and distribution of farm produce from within and outside the district. Prices of farm produce are generally low due to lack of storage facilities. The lack of storage facilities might force farmers to sell their produce soon after harvest, no matter the prevailing prices. Just like other parts of the country, markets infrastructure like physical structures such as stores, stalls, sheds, delivery bags and access roads, are chief components of development. In the district, however, market infrastructure is not well developed, leading to inconvenience in the marketing of produce. Markets are organized on periodic basis with most having two days per week. Traders come from within and without to engage in trading. The Asesewa market used to be the largest market in Ghana, but lost that status due to poor infrastructure development. It should be noted that a good and well-managed transportation system ensures a smooth flow of goods and services. Yet, one challenge is the state of roads in the area, which are deplorable hence hampering the effective movement of goods and services. This might affect the marketing of farm products thereby affecting the living condition of inhabitants. The principal source of funding for farming activities seem to farmer's own savings. Data from the district show that about 68% of district farmers depend solely on their own savings. But some farmers appear to be utilizing other sources like private money lenders, relatives and microcredit from NGOs. Credit facilities from the financial institutions, are naturally non-existent. Credit could have helped the farmers improve or expand their activities. Data available shows that about only 9% of farmers in the district benefit from bank loans, which imply that micro-financing for farmers, might be beneficial (MKDA 2007).

[2] Traditional savings money collectors and lenders

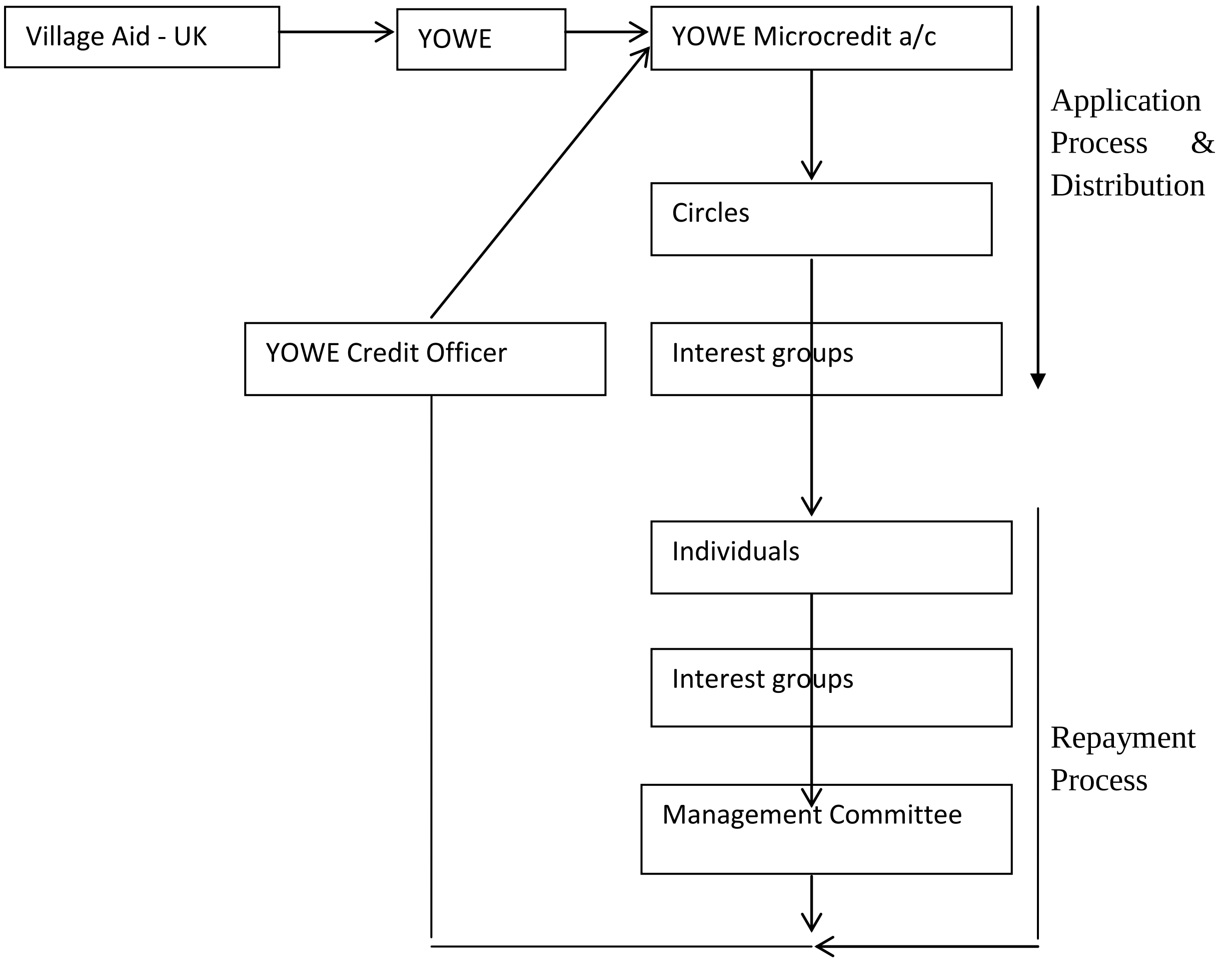
Though agriculture appears to be the backbone of the economy of the district, production is mainly at subsistence level. The main agricultural activity that is carried out in the district is crop farming, with quite a significant proportion of the people engaged in fishing and livestock rearing. The farm practice usually adopted by farmers is mixed cropping. The reason for this might be due to the issue of land acquisition, which is a problem affecting farmers. It could also be a major contributor to deforestation. However, production of crops are in their primary stages with farmers using traditional methods such as slash and burn and utilizing simple farming tools like hoes and cutlasses. These methods might lead to low output levels. Meanwhile, a common feature existing in the farming areas is that, farm holdings are small and scattered in distant locations. Such distribution of farm holdings in different places is a result of inadequate land at one place. The type of tools used on farms is energy sapping which can only be used by the energetic youth. Nonetheless, farming is undertaken by the aged due to migration of the youth to urban centers. Household labor is mostly used with some farmers depending on hired labor, while others combine the two. Few people use co-operative labor. Storage facilities for farm produce appear to be basically traditional. Maize and beans are the produces that are usually better stored. Crops like cassava and vegetables have no storage facilities, hence there is always a glut on the market when there is bumper harvest leading to low prices and low income from products. Certain farmers are engaged in animal rearing, but only few do so, on a large or commercial basis. The types of animals commonly reared include sheep, goats, cattle, poultry, pigs and ducks. Poultry keeping is the largest livestock activity. Fishing is another important agricultural activity that is carried out by certain inhabitants. Tilapia is the common fish in the district. Smoking, salting and freezing are the current methods of preserving the fish. Marketing of fish is done mostly at the local market. Do farmers have the financial and technical resources to preserve fish? The agricultural sector is beset by problems, leading to low productivity. These problems include poor roads and inadequate roads networks. Farm inputs, on the other hand are expensive. Inadequate funds or capital, couple with high inputs cost usually pose a threat to agricultural activities in the district. These prevent farmers from having access to modern inputs, like tractors, combine harvesters, improved seeds and chemicals, which will help them to engage in commercial or large-scale agriculture, resulting in an often low level of agriculture technology. The problem of marketing is compounded by lack of storage facilities, especially for vegetables. Farmers are compelled to sell at any price quoted by middlemen and women, whose activities appear to undermine the value of the farmers work. Rain-fed agriculture due to lack of irrigation and water storage facilities undermine productivity. Within the sector, there are also problems of degradation of forest, annual bush fires and land degradation due to erosion caused by the farming population utilizing whatever meager means possible to clear the land. To rejuvenate the district's economy, these problems need to be addressed by making credit facilities and technical assistance available to farmers. Besides farming, teaching, trading, sewing, dressmaking and services appear to be the other minor economic activities. It is, therefore, prudent to give farming the needed attention towards the development of the district. Trading is another leading economic activity of the people. Those involved are mostly petty traders due to inadequate capital to expand their activities. It could have served as a major source of livelihood if enough funding is provided. *This appears to be a reflection of the larger national trend where there is preference for trading to direct production activities.* There is great variation in the level of income in the district. Over 70% of low income earners are farmers who live in rural parts of the district and are mostly women (MKDA 2007). It is in this regard that there is the need to create safety nets to cater for the needs of the vulnerable and excluded in the society of which microcredit might be of immense important.

In addition, land is crucial ingredient in the production process. Its ownership and use have significant effect on agriculture production. In the district, land is acquired in the following ways; *individual ownership or inheritance from family, rent or hire from landowners or by mortgage.* The land tenure arrangements include; *owner occupancy* where the farmer is the owner of the land on which he or she works and provides all the necessary inputs for production. There is a *share tenancy* also known as '*abunnu'* or the '*abusa'* share cropping systems. Under this system, the landowner leases the land to the farmer. The farm produce are shared equally (*abunnu*) or a third of the produce go to the landlord, while two-third goes to the tenant (*abusa*). In both cases, tenant farmer provides the inputs while landowner provides the land. Besides, a baseline survey conducted reveals six ways of acquiring land. Thus, through the chief, family head, lease, inheritance, private-ownership or hiring.

3.1.1 Youth and Women Empowerment as agent for development

YOWE started operation to support poor and marginalized rural communities especially youth and women in the year 2000. The organization focuses on facilitating processes which address high rate of illiteracy and poverty with the aim of increasing grass root capacities to improve the lives of marginalized rural people. The mission of YOWE is to support the empowerment of vulnerable groups to improve quality of life through community initiatives that support adult learning mechanisms, promote human rights and citizenship, engage with people in responsibility and strengthen CBOs for improved livelihoods. The organization ensures that fairness and equality is incorporated into issues related to gender. YOWE network and collaborate with other organizations that are committed to working with vulnerable groups and share in its vision and core values in areas of funding, training, monitoring and evaluation of development programs. Upholding grassroots initiatives and working with local population and structures continue to be the main focus of YOWE. It remains rural in most of its operations and prioritizes the rural communities in all its dealings. Program Components of YOWE includes REFLECT, vocational skills and agricultural development, HIV and microcredit. However, the focus of my study would be on the microcredit which is integrated with vocational and agricultural development. REFLECT (Regenerated Frerean Literacy Empowering Community Technique), involves establishing literacy circles in all project communities under guidance of well trained community based facilitators. The process focuses on the use of Participatory Rural Appraisal (PRA) to acquire knowledge, identify actions, mobilize resources and drive their own as well as community development. The REFLECT is used for advocacy purposes. According to YOWE, the REFLECT activities have empowered the women to appreciable level which enable them to participate in decision making at various levels ranging from the family, community and the district (YOWE 2009). Vocational Skills Development comprises provision of training in income generation activities such as pomade and soap making, tie and dye batik and local cerelac. REFLECT circle participant and the youth groups are the immediate beneficiaries. Rural livelihood diversification strategies such as vocational and agricultural skills training programs organized in the project communities helped beneficiaries diversify their income generating activities. Participants are trained in grass cutter rearing after which they were supported with beehives and hive tools, grass cutter cages, soap and pomade making equipment. The agriculture skills development deals with introducing project communities to modern and environmentally friendly agricultural activities such as tree planting, composting, and beekeeping which is seen as the backbone of the microcredit program. The main strategy of the microcredit program is demand driven. This involves allowing beneficiaries to apply for loan sizes they think they are capable of managing. However, YOWE sets the minimum and maximum loan sizes. Two kinds of loans are provided which include short term loans attracting an interest rate of 20% with 6 weeks grace period and 12 weeks repayment period and the long term loans which attract 25% with 5 months grace period and 2 months repayment. Irrespective of the loan type, repayment is done fortnightly. Recovery rates are high. It is about 98% (YOWE 2009). The model can be presented diagrammatically below.

Fig 3.2 Credit Model Process.



Source: YOWE 2009.

Loans are granted to groups not individuals. This is to aid in loan recovery since group members serve as check on each other. For purposes of efficient loan recovery, the beneficiaries are further put into smaller groups known as interest or solidarity groups. Beneficiaries are made to complete contract forms before loans are disbursed. This is important for spelling out the responsibilities of the beneficiaries on the one hand and YOWE on the other hand. The microcredit facility involves provision of financial services to low income group to undertake income generating activities with the obligation of paying back within a specified period. No collateral security is required for one to benefit but relatively low interest rate is charged on loan taken to ensure continuity. Various training such as group dynamism, record keeping and small business management are provided to build capacity of clientele before loans are given. YOWE is committed to reduction of rural poverty through credit support and diversification of income generating activities. Microcredit facilities are given to farmers and petty traders to expand and start their income generating activities. The major economic activities that are supported include cassava and maize farming, cassava processing, grass cutter rearing, bee keeping, petty trading, palm wine tapping, inventory and storage of farm produce, fishing and fish mongering. According to YOWE, beneficiaries have witnessed significant improvement in their wellbeing and have been able to mobilize savings to meet their economic needs.

Nonetheless, the survival of organization amidst challenging trend of current development era depends to a large extent on partnership, networking and collaboration. Village Aid UK has been the major and strategic partner for YOWE in terms of funding and technical support. The organization also partners SEND Foundation Ghana, Ghana Aids Commission/Manya Krobo District Assembly, PAMOJA Ghana (Ghana REFLECT Practitioners Network), and Ghana HIV and AIDS Network (GHANET) in implementing its poverty reduction activities. YOWE experience over the years has revealed that women are more committed to the microcredit than the men. According to YOWE, due to the nature of economic activities, farming takes a sizeable amount of the credit as most beneficiaries in rural communities are farmers. This is quite different from most literature on microcredit. The cost of running the short-term loan is higher than long-term due to frequent visits collect repayments. More people are being attracted to the circle because of the credit.

3.2 Research methodology

The search for truth seems to have characterized the scientific endeavor for centuries through the use of changing philosophical and methodological traditions. Systems of knowledge with diverse assumptions and methodological rules about what could count as appropriate knowledge in time and place have evolved and replaced each other over time. But it could be argued that no knowledge is absolutely new since knowledge appears to build on existing knowledge. However, the philosophy and choice of methodology underpinning this study seem to be in line with the critical realist thinking. Critical realism is one of the new philosophies that seeks to extend humanistic approaches' main tenets into one that does not only cater for subjectivity but that which digs deeper to find mechanisms which are likely to lead to different events and experiences (Sayer 2000). In my attempt to find out about the efficiency of microcredit as a strategy for poverty reduction, I will explore why microcredit is working for certain group of beneficiaries but not working for others. What are the peculiar circumstances that account for this? The main tenets of critical realists are that: the world exists independently of our knowledge of it and social phenomena are concept-dependent, hence interpretation of meaning. The ontology of the critical realist proposes that the world is not only what we experience but also the real, the actual and the empirical (Sayer 2000). It is argued that our ability to perceive the world is constrained by structures. These structures include the real which are the mechanisms that are hidden and not observable, actual are events which are observable phenomena and the empirical comprising our experiences of events. In this study, whether the microcredit is working or not is the mechanism. How the credit is transforming the lives of the people are the events and the empirical are the experiences of the people about how the microcredit is working.

3.3 Fieldwork

The essence of fieldwork in any research seems to be the notion that an information and knowledge is lying somewhere that could be of importance to humanity hence the need to investigate such a phenomenon. It involves the process of initiations, where the fieldworker gradually crosses boundaries that separate insiders from outsiders (Sæther 2009). The procedure to get in contact with the study population, it can be argued depends on local tradition. In a rural area, it might be necessary to get permission from the chief before local level leaders can be approached. It might be important to explain that interviews must take place only with the chosen informants without the participation of a representative from the authorities (Hesselberg 2009). In a qualitative study, appointments are necessary since repeat visits could be made and the time for the interview is normally longer. In my case, the fieldwork took place between June and July 2009 which incidentally coincided with the farming season where most rural communities are busy harvesting their farming products. This made getting people for interview and focus group discussion a little difficult.

The first point of contact during the fieldwork is to make contact with the key informants in the study. These are the officials of the YOWE, the NGO providing the microcredit scheme. On arrival in Ghana, I contact the director but indicate that he would unfortunately not be around when I would arrive in the field area. He directed me to the youth coordinator and the credit officer. I explain the nature of the work to them and they were pleased to provide me with information to do the research on their organization. In order not to be prejudicial of the information that the beneficiaries of the credit scheme would provide, I explain to YOWE officials that even though I would have interviews with them, I would prefer to go to the field first to talk to the beneficiaries. They initially felt reluctant but I was able to convince them that their opinion would serve as the official stand of the study and would like to have a 'commonsense' view from the beneficiaries themselves first.

How do I get access to the field? YOWE operates in about 40 remote communities in the district. The list of communities and the loan repayment rates give an idea of the various target groups though it might not be accurate. It could be argued that loan repayment gives an idea of beneficiaries that were able to improve their lives and those that were not. The loan officer, however, revealed that one community, Ayermesu, was not able to repay the loan and YOWE had to take them to court. This could give a hint on beneficiaries' loans use. I have a pre-fieldwork visit to the communities. In order not to be seen as part of the NGO, I arranged with the loan officer who took me round on a weekend to the villages and meeting places. I tested the interview guide with some people from the communities to see how the people will react to the questions and examine their understanding of the study. There was initial difficult with some of the answers, necessitating some modification to the questions to avoid negative reactions from informants. I had personal interviews first before the focus group discussions so that the group discussion will not influence what individual informants will provide. Making initial approaches seem intimidating with a lot of uncertainties. When certain responses were not forthcoming, it seems to me that the research was going to be defective as most informants were busy harvesting their crops. However, it is argued that informants are not sitting there waiting the researcher (Sæther 2009), and that, this should not come as a surprise. Nonetheless, fieldwork seems to be about going there, entering people's daily lives in a different place and trying to make meaning out of what they do.

3.4 Qualitative research methods

There seems to be no perfect formula for choosing the satisfactory methods, techniques and tools for a research. However, experiences are being accumulated, recorded in textbooks and guidelines which seem to serve as illustrations of what is or not possible (Mikkelsen 1995). It can be said that the preference of methodological approach depends on the rationale of the research and looking generally at the kind of questions to explore. Debate seems to rage over the justification for using qualitative methods in social science research in general and in development studies in particular. The arguments seem to center on the scientific traditions with which qualitative and quantitative methods are associated. It is argued that besides the risks of over-generalization, qualitative methods seem to have association with phenomenological and interpretative research while quantitative with pure positivism.

The choice of qualitative method is because human actions seem to be notably influenced by the setting in which they occur and that one needs to study behavior in those real-life situations (Marshall and Rossmam 2006:53). Studies seem to maintain that qualitative approach might be sensitive to the human situation and involves a dialogue with the subjects being studied. Thus, it is distinctively sensitive and essential for capturing the experiences of the informants' everyday world. Qualitative research seems to be usually characterized by flexibility and the research process is often inductive. The researcher has the freedom to formulate and change questions around the issue being investigated as they come to mind. The qualitative research design is aimed at understanding reality through the perception of the informant's reality. Silverman (2005) argues that to use a qualitative approach is a promise to avoid or downplay statistical techniques used in quantitative studies. However, that is not to argue that qualitative method is superior to the quantitative method, but the choice of method will depend on what you intend to unveil. It is noted that qualitative research uses 'naturalistic approach' that seeks to understand phenomena in context-specific settings, such as real world setting where the researcher does not attempt to manipulate the phenomenon of interest (Patton 2001). It is a kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification (Strauss and Corbin 1990), instead, the research produces findings arrive at from real-world settings where the phenomenon of interest unfold naturally (Patton 2001). It is assumed that contrary to quantitative researchers who seek causal determination, prediction and generalization of findings, qualitative researchers instead seek illumination, understanding and extrapolation to similar situations (Hoepfl 1997). Qualitative analysis results in a type of knowledge dissimilar to quantitative inquiry as one argues from the underlying philosophical nature of each paradigm, enjoying detailed interviewing and the other focuses on the apparent compatibility of the research methods, enjoying the rewards of both numbers and words (Glesne and Peshkin 1992). This might mean that methods like interviews and observations become dominant in the naturalist (interpretive) paradigm and supplementary in the positive paradigm, where the use of survey serves in opposite order. Although it is contended (Winter 2000) that quantitative researchers attempt to disassociate themselves as much as possible from the research process, qualitative researchers have come to embrace their involvement and role within the research. Patton (2001), nonetheless, supports the notion of researcher's involvement and immersion into the research by discussing that the real world are subject to change and therefore, a qualitative researcher should be present during the changes to record an event after and before the change occurs.

Why qualitative method? A range of reasons might necessitate my choice of qualitative methods. My choice is informed by limited time for the research, which could not permit the use of the quantitative method, which might be time consuming. Furthermore, I intend to have an understanding of the women's own point of view issues. The use of a more rigid means or close ended questions might not have given details about the microcredit and the challenges that confront them in using the credit to improve their living condition. My choice is also informed by the notion that qualitative technique is most appropriate for studying complex and sensitive situations, as the researcher gets the opportunity to prepare the subject before asking the questions. It also seems to allow the participants to discuss what is meaningful and important using their own words and not being restricted to predetermined categories. Thus, informants feel more relaxed and blunt. Interviewers using qualitative method also appear to have the flexibility to use their knowledge, expertise, and interpersonal skills to explore interesting or unexpected ideas and themes raised by informants. Besides, it gives room to probe further for details which might not forthcoming. It is argued that it gives high credibility and face validity, making the results ring true to informants and make intuitive sense to lay audiences. Hesselberg (2009) notes that the most important aspect of the qualitative method is that, it allows for creativity in finding the appropriate techniques for data collection in research project. Furthermore, one could make the informant to follow a line of reasoning, and make follow-up questions. In that way, new information might come up while nuances might be given more complete picture. Nevertheless, qualitative research has peculiar challenges. It seems more intrusive than quantitative approaches. Participants might give more information than they intended and may regret later. Experience has indicated that it might be more reactive to personalities, moods and interpersonal dynamics between the interviewer and the interviewee. It can be argued that analyzing and interpreting qualitative interviews is much more time-consuming than analyzing and interpreting quantitative interviews. Besides, it also seems more subjective as the researcher decides which quotes or specific examples to report. However, given the complexity and sensitivity of my research, I think qualitative seems more appropriate as beneficiaries experiences would come naturally to bear on the findings.

3.4.1 Interviewing in qualitative research

Interviews at the most basic level seems like conversations. Qualitative research interviews attempt to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences and to uncover their lived world prior to scientific explanation. Patton (2001) identifies three basic types of qualitative interviewing for research. These include informal conversational interview, the interview guide approach and the standardized open-ended interview. Although these types vary in the formant and structure of questioning, they seem to have in common the idea that participant's responses are open-ended and not restricted to choices provided by the interviewer. The fourth type of interview, the closed, fixed-response interview, falls in the domain of quantitative interview. The informal conversational interview may occur spontaneously in the course of fieldwork, and informants may not know that an 'interview' is taking place. Questions emerge from the immediate context, so the wording of questions and even the topics are not predetermined. The major advantage is that the interview is highly individualized and relevant to the individual. Thus, it is likely to produce information or insights that the interviewer could not have anticipated. However, since different information is collected from different people, this kind of interview seems not systematic or comprehensive and can be difficult and time-consuming to analyze the data. Yet, the interview guide approach may be the most widely used formant for qualitative interviewing. With this technique, the interviewer has an outline of topics or issues to be covered, but has freedom to vary the wording and order of the questions. Its advantage is that the data seems systematic and comprehensive while the tone of the interview still remains fairly informal and conversational. Nonetheless, sticking to the outline topics might prevent other vital topics from being raised by informants. Despite being systematic compared to conversational interviews, it might be difficult to compare or analyze data as informants might be responding to somehow different questions. Standardized or structured open-ended interview involves the adherence to a strict script and there seems to be no flexibility in the wording or order of questions. Nevertheless, it is still considered a qualitative interview instead of quantitative interview since responses are open ended. It seems to be the most structured and useful for reducing bias where several interviewers are involved, less experienced or knowledgeable in an issue, and when it becomes important to compare the responses of different informants. It is useful for inexperience interviewers. Meanwhile, it seems to have little flexibility to respond to the particular concerns of the individual, and does not guarantee that the questions asked tap into the issues that are most relevant to particular informants. Though the value of qualitative interview lies in its flexibility and openness, it remains imperative for the researcher to think through the process and provide basic framework and structure which will make the study meaningful. Marshall and Rossmam (2006) note seven stages in design and implementation of interview in a study. These are thematizing, designing, interviewing, transcribing, analyzing, verifying and reporting. This research combines the use of informal conversational interview and the interview guide approach. It helps to get variety of opinion from the different informants since there is room to vary the pattern and framing of the questions depending on informants.

3.4.2 Informants

The informants are beneficiaries of YOWE microcredit scheme. Determining the kinds of informants is necessary if a research is to fulfill its purpose. In this study, informants are purposively selected. It is supposed to involve as many informants as possible so as to increase the chances of obtaining meaningful research findings (Pelto and Pelto 1987). *However, in qualitative research, the number of informant seems not to be too relevant but the quality and variety of information gathered is most important.* It is not possible or necessary to collect information from the total population. Instead, a subgroup of a target population or a sample is selected for purposes of research. Sampling involves a strategy of selecting a smaller section of the population that could represent the patterns of the target population as a whole. In purposive sampling, sampling is done with a purpose in mind. It involves selection in a deliberate and non-random fashion to achieve a certain aim. Purposive sample is sometime referred to as non-representative sample (Hesselberg 2009). It usually has one or more specific predefined groups that the researcher is seeking. It also involves preferentially recruit subjects who have the best knowledge and experience in an area. The strength of purposive sampling lies in selection of information rich-cases for in-depth analysis related to a central issue under studied.

The choice of *6 villages* is informed by the objectives of the study and the need to have a variety of opinions. It is importance to be open for conflicting stories from the consciously selected informants in order to get a variety of people with different views due to their experiences such as living conditions, education and income level. In order to get better understanding of the people, I went to each village to observe and study the kind of activities that people were involved in. What is the motivation to select these villages? Is it because of their peculiar characteristics? For instance, the choice of Ayermesu is informed by the fact that the beneficiaries default payment of loans and were taken to court. Even with that, some loans are still outstanding. This situation seems to give an idea of peoples' ability to use credit to improve their living condition or not. In the case of Asite, it is the only community located nearer to Agomanya, the main market in the district. It also seems to have high population resident and which might serve as market for small-scale business. Ketem seems to be the most remote community with bad road network. Lorries that transport people and goods to and from the area, go there once in a week. This might have negative consequences for operating business. It could make it difficult for people to get the best out of their businesses. Poponya on the contrary is a fishing community hence the need to find out how unique their businesses are operating. Fishing seems more seasonal, hence the need to find out how people survive during the lean season. The diversity of backgrounds of the villages would bring the variety of livelihood strategies and the challenges that confront them. *The informants chosen for interview is 40, mainly concentrating on women in small-scale businesses, as they form the focus of the study. These include 36 beneficiaries and 4 officials of YOWE.* The beneficiaries interviewed are involved in all type of businesses ranging from petty trading in foodstuff, provision, second hand dresses, poultry farming, grass cutter rearing, and bee keeping. Since the credit is given to groups and not individuals, I decided to contact the circle leaders in the selected villages so that they would lead me to the beneficiaries of the microcredit in the groups. After contact with the circle leaders of the various villages, I had contacts of the members of each group. I decide to have interviews with 6 members from each group in the 6 villages. Since women are the main focus of the study, I choose *26 females* and *10 males* in the study to have a fair representation of the various groups. *The focus groups, however, have between 10-15 members in each group with a total number of participations of 60 from the 6 villages.*

3.5 Data collection instruments

The research used primary and secondary sources of data. The data collection instruments use are divided into key informant interviews, interview guide for beneficiaries and field observations. The interview guides provide qualitative data from officials and beneficiaries of the microcredit scheme. The interview guides capture issues concerning reasons for obtaining credit, situation before credit is obtained, changes that occur in their lives, income levels, as well as type of investments undertaken, challenges in using credit, trainings receive and its impacts on business and the general difficulties in using credit to earn a living. Besides field observation are carried out as back up for information gathered through interviews.

3. 5.1 Interview process

Qualitative researchers rely quite extensively on in-depth interview. It is defined as a conversation with a purpose (Marshall and Rossmam 2006). Qualitative in-depth interviews typically seem like conversations than formal events with predetermined response categories. The researcher explores general topics to help uncover the participant's views but, however, respects how the informants frame and structure the responses. This method seems to be based on an assumption that the participants' perspective on the phenomenon of interest should unfold as the participant views it (emic perspective) but not as the researcher views it (etic perspective) (Marshall and Rossman 2006:101). Interviews seem to yield data quickly with immediate follow-ups and clarifications are possible. However, interviews seem to involve personal interaction, cooperation might be essential but interviewees may be unwilling or uncomfortable sharing all the interviewer hopes to explore. A general interview guide is used to elicit people's views on the efficiency of microcredit as a strategy for poverty reduction. The quality of research depends on response got from interviewees. Due to this, the research focused on three main categories of informants. These include:

a. *Those people who were able to use the credit to improve their living condition and sustain it.*

b. *Those people that were able to use the credit to improve their living condition but unable to sustain it.*

c. *Beneficiaries who were unable to improve the living condition with loans.*

The above seems to be a strategic sample use to solicit variety of views. Interviewing is one of the main techniques used in development studies. Participatory methods have contributed in adjusting interview to make it more conversational. The open-ended nature of questions enables me to get all the relevant information needed for the research. The use of the open-ended interview guide is meant to allow for open discussion from which I could pick up clues and other information that might not come up if close-ended questions are used. It gives opportunity for informants to express their feelings on issues though sometimes unrelated to the study but of importance to them which might prove valuable in understanding their perspectives on other issues boarding on other aspects of development. The interviews are mostly carried out in the morning, evening and Sundays. These times seem most convenient time for informants. Getting informants for interview initially is difficult due to busy schedules. I was, however, able to arrange for interviews in the evenings and those that could not be contacted in the evenings are interviewed on Sundays when most people stay in the house after church services. The ultimate stage of the interview process is concerned with in-depth interview with the officials of YOWE. The director of the YOWE was away but had to grant interview via phone. The other staffs agree to be available on a day so that I can come to conduct the interviews. They seem very open and ready to provide the needed information. Nevertheless, they appear more forthcoming on the difficulties they face in taking the loans back from beneficiaries than on issues bordering on beneficiaries inability to use the credit.

3.5.2 Focus group discussions

It argued that the method of interviewing participants in focus groups comes largely from marketing research but has since been adopted to include social and applied research. Participants in most focus group discussion seem to share certain characteristics relevant to the study’s questions (Marshall and Rossman 2006:114). The interviewer creates a supportive environment; ask focused questions to encourage discussion and expression of differing opinions and points of view. These interviews can be conducted several times with different individuals so that the researcher discovers trends in the perceptions and opinions expressed, which are revealed through careful, systemic analysis (Marshall and Rossman 2006). It is asserted that focus group discussion is one of the strategies used to collect data on issues involving problem solving to come out with a strategy. It requires immense observation skills to make the discussion meaningful. It might appear not good for sensitive personal issues and problems that can generate conflict. For this research, however, the focus groups discus microcredit as a strategy for poverty reduction based on the interview guide. Monitoring is necessary to guide the discussion so that it does not go way-ward. The focus groups are made up of credit groups and comprise purposely selected types of credit groups. *It comprises 6 credit groups with 10 to 15 members each.* The essence of the group's discussions is to cross check information gathered during the individual interviews. Experience appears to suggest that during group discussions, some people might hijack the discussion and minority views may not be represented. Some participants might refuse to express their views for fear of chastisement by their groups. Despite the difficulties in organizing individual interviews, that of the focus groups seems more challenging. The difficulties surround organizing the people, management of power and group dynamics, and controlling of the discussions to yield the needed result. I contacted the circle leaders in the villages so as to enable a meeting on days that they have the weekly meetings. However, to avoid interrupting the normal activities of the circles, the groups decided to stay on one hour longer after their meetings for the discussions on the study. To make up for the sacrifice, refreshment was provided after the focus groups discussions. One phenomenon about the groups is that, the women are involved in trading activities, thus, buying and selling business while the men are into farming. *The 6 focus group discussions comprise 4 all women and 2 mixed groups.* While leading the discussions by posting the questions for the groups to deliberate and writing at the same time, my research assistant also writes so as to capture the ideas I am not able to get myself at the meeting at home. However, during the mixed group discussions, the male members appear to be telling the whole story while female and minority views seem ignored but have to intervene at some point to allow everybody to express his or her view without intimidation. My village life experience aided me to appreciate and reason with beneficiaries by adjusting to the local conditions. Nonetheless, I have challenges with the '*literates'* in the groups since they seem to initially look down on the '*illiterates*' but I had to explain that the research is about how people earn a living and not how much education one has acquired.

It can be argued that the advantage of focus group interviews rest on its socially oriented nature which enable participants to be studied in an atmosphere more natural than artificial experimental circumstances and more relaxed than a one-to-one interview. It is also argued that when combined with participant observation, focus group can be useful for gaining access and even for checking tentative conclusions (Morgan 1997). The formant allows the facilitator the flexibility to explore unanticipated issues as they arise in the discussion. Nonetheless, the cost of focus groups is relatively low, provides quick results, and could increase the sample size of qualitative studies by permitting more people to be interviewed at one time. There are, however, certain shortcomings to this method as well. There is the challenge of maintaining the power dynamics in the focus-group setting. In addition, the interviewer often has less control over group interviews than an individual interview. Time could be lost while irrelevant issues are discussed and data seems difficult to analyze because context is critical to understanding the participants comments and the method requires the use of special room arrangements and high trained observer moderator. These challenges could undermine the efficiency of the method and hence the data as well.

3.5.3 Personal observations

In order to get a better understanding of beneficiaries' attitude and confirm some of the responses that were provided during the interviews and focus group discussions, field observation became eminent. Direct observation seems favorable compared to participants' observation due to time constrains. Aspects of income generating activities (IGA) and challenges those beneficiaries of loans face and issues on village life that informants might not be willing to discuss were observed. Visits were made to the IGA sites such as beehives and grass cutter cages to observe activities that go on in the area and the difficulties they face. Trochim (2006) asserts that a direct observer needs to be unnoticeable as possible whilst watching instead of becoming engrossed in the whole process. Observation might entail systematic noting and recording of events, behaviors and artifacts in the social setting under study. It seems to be a fundamental and important method in qualitative inquiry. It is used to discover complex interactions in natural social settings. It is, however, a method that requires a great deal of the researcher. It is argued that uncomfortable ethical dilemmas and even danger might be encountered. Marshall and Rossman (2006) notes that there might be difficulties in managing a relatively unobtrusive role as well as distinguishing the main issues while observing huge amount of fast-moving and complex behavior.

3.6 Data analysis and interpretation

The researcher's knowledge of qualitative analysis seems to encompasses data organization, theme development and interpretation, and report writing. Qualitative data seems complex and not readily convertible into standard measureable units of objects seen and heard. They, however, seem to vary in level of abstraction, frequency of occurrence and relevance to central questions in research. Typical analytic procedures fall into seven phases; organizing the data, immersing in the data, generating categories and themes, coding the data, offering interpretations through analytic memos, searching for alternative understanding and writing report (Marshall and Rossman 2006). Qualitative data analysis appears to be about making meaning out of the subject under study and it is intimately intertwined with the research design, the data collection and the interpretation of empirical data. In essence, the practice of data collection and analysis go jointly while the analytical process and interpretation happens throughout the research, consciously or unconsciously. The data are organized into various themes and interpreted while trying to sort alternative understandings. The analysis seeks to identify prevailing themes by coding and categorizing the essential meanings of responses. Interpretation of the data is done through induction and inference. In order to find the relationship between the empirical data and the theories, and how the empirical data answers my questions, I used an inductive approach by moving back and forth the data and the theories during the discussion. Direct quotes from interviewees were used to enhance the credibility of the findings and conclusions as it seems to make the research real.

3.7 Limitations of the study

As with any research, challenges are encountered during the fieldwork and data collection. In selecting informants, the circle leaders initially wish to choose the active members of the circles to be interviewed. I make them aware that even though I appreciate their offer, I would choose my informants. Language problems seem to be a frustration. Even though I speak the local language, translations of some of the questions appear to make them lose their meaning as certain English words cannot have exact replacement in the local language. Translations also delay the interview process and more time is required to conduct interview. Besides, the inability to record the interviews as most beneficiaries are not ready to be put on tape. As a researcher, I have to respect the informant consent the informants. A research assistant helped in writing the responses of informants. After each day, I study the notes and compare it with that of the research assistant to make up the lost in my write ups. It is quite tedious to write all information given by beneficiaries. Additionally, there seems to be difficulty in maintaining insider/outsider dichotomy. Doing research in areas that involves people’s livelihood seems difficult. Primarily, most beneficiaries appear to see me as part of the NGO hence trying to tell only the nice stories of the credit scheme. I have to explain to the informants that the aim of the research is not to find faults but to see how best to find solution to the challenges that conflict the credit industry. Beneficiaries also complain about a tendency of government machineries and political parties coming to them prior to elections with such programs but seem not to care immediately elections are over. I impress upon them that I am just a student doing my fieldwork to earn a degree. However, luck was on my side as certain informants seem to have children in school who have done some research at one time or the other. A promise to visit the villages before leaving for Norway seems to ensure some level of trust and bond. I visited 3 out of the 6 villages but send a research assistant to visit the rest villages due to time constrains. The issue of transportation seems to be one of the biggest challenges that face me during the fieldwork. Most of the villages are located far with bad road networks. In some villages, cars go there only on market days. Meanwhile, the beneficiaries also go to the market on those days hence the difficulty of how to get the people to take part in the research. Conversely, the only option is to hire a motorbike operated by YOWE to take me round throughout the two months of research. It seems to have increased the expenditure. There seems to be a problem of lack of co-operation from some informants since previous researches appears not to benefit participants. Informants appear reluctant in disclosing information concerning their business for fear of me being a government spy to accessing their businesses for tax purposes. Others seem to want financial compensation for their time and information. But have to convince them of my status as a student, and that, the research is for educational purpose while assuring them of anonymity and confidentiality of information obtain.

3.8 Ethical consideration

The success of qualitative researcher depends on paying exquisite sensitivity to ethical issues surrounding the research. It is argued that ethical considerations are generic informed consent and protecting participants' anonymity. The researcher ought to demonstrate awareness of the complex ethical issues in qualitative research and show that the research is both feasible and ethical (Marshall and Rossman 2006). It is often argued that people must consent to being researched in an unconstrained way, making their decision on the basis of comprehensive and accurate information about it, and that they should be free to withdraw at anytime (Hammersley and Atkinson 2007). It is asserted that research that is subsequently found objectionable by the researched and/or by gatekeepers may have the effect that other people might be refused access in the future. The researcher should not seem to be exploiting the researched. Thus, to avoid the situation where people supply the information the researcher needs, yet, get little or nothing in return. During the data collection, the beneficiaries decided to be anonymous and also declined the recording of interviews. Most of them seem to fear if YOWE get to know what they said, they might be denied further credit support. Nevertheless, they are made aware that the research is for academic purposes and voluntary.

3.9 Validity and reliability

Validity may be seen as the degree to which a study reflects or assesses the specific concept the researcher is attempting to measure. While reliability seems to concern with the accuracy of the actual measuring instrument or procedure, validity is concerned with the study's success at measuring. Validity deals with the strength of our conclusions, inferences or propositions. Cook and Campbell (1979) define it as the best available approximation to the truth or falsity of a given inference, proposition or conclusion. Reliability appears to be the extent to which an experiment, test, or any measuring procedure yields the same result on repeated trials. It is noted that without the agreement of independent observers to replicate research procedures, or the ability to use research tools and procedures that yield consistent measurements, researchers would be unable to satisfactorily draw conclusions, formulate theories, or make claims about the generality of a research[3]. Reliability concerns with the consistency of measurement, or degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. It can be seen as the repeatability of a measurement. An outcome is considered reliable if a person's score on the same test give similar results. Nonetheless, reliability is not measured but estimated.

Reliability and validity may mean different thing to various qualitative researchers. It might be necessary to present the various explanations of reliability and validity given by qualitative researchers from different perspectives. Although the term ‘reliability’ seems to be a concept use for testing or evaluating quantitative research, the idea is often also used in other researches. It is noted that a good qualitative study can help in understanding a situation that would otherwise be mysterious or confusing (Eisner 1991). This appears to relate to the concept of a good quality research when reliability is used to evaluate quality in quantitative study with a purpose of explaining while quality concept in qualitative study has the purpose

[3] http://writing.colostate.edu/guides/research/relval/pop2a.cfm

of generating understanding (Stenbacka 2001). It is further noted that the concept of reliability might be misleading in qualitative research. Thus, if a qualitative study is discussed with reliability as a criterion, the consequence of the study could be seen as not good enough. However, for Patton (2001), validity and reliability are two factors which any qualitative researcher should be concerned with while designing a study, analyzing results and judging the quality of the study. It seems to border on how an inquirer can persuade his or her audiences that the research findings are worth paying attention to (Lincoln and Guba 1985) Healy and Perry (2000) nonetheless assert that the quality of a study in each paradigm should be judged by its own paradigm's terms. It is argued that while the terms 'reliability and validity' might be essential criterion for quality in quantitative paradigms, in qualitative paradigms, the terms 'credibility, neutrality or conformability, consistency or dependability and applicability or transferability' might be the essential criteria for quality (Lincoln and Guba 1985). To be precise with the term 'reliability' in qualitative research, Lincoln and Guba (1985) use 'dependability' in qualitative research this seems to correspond to the notion of 'reliability' in quantitative research. They seem to emphasize the notion of 'inquiry audit' as one measure which might enhance the dependability of qualitative research. It is suggested that this can be used to examine both the process and product of research for consistency (Hoepfl 1997). Seale (1999) seems to endorse the concept of dependability with the concept of consistency or reliability in qualitative research. It opined that the consistency of data could be achieved when the steps of a research are verified through examination of such items as raw data, data reduction products and process notes (Campbell 1996). To ensure reliability in qualitative research, examination of trustworthiness appears crucial. Seale (1999), while establishing good quality studies through reliability and validity in qualitative research, states that, trustworthiness of a research lies at the heart of issues typically discuss as validity and reliability. In judging qualitative work, Strauss and Corbin (1990) suggest that the usual canons of 'good science' require redefinition in order to fit the realities of qualitative research. Stenbacka (2001) argues that since reliability concerns measurements, then, it appears to have no relevance in qualitative research. She adds that, the issue of reliability is an irrelevant matter in the judgment of quality of qualitative research. To widen the spectrum of conceptualization of reliability and revealing the congruence of reliability and validity in qualitative research, Lincoln and Guba (1985) seem to reckon that since there can be no validity without reliability, a demonstration of the former (validity) is sufficient to establish the latter (reliability). Patton (2001) argues that, with regards to the researcher's ability and skill in qualitative research, reliability seems to be a consequence of the validity.

Discussions on validity in qualitative studies seem inconclusive. Validity is not a single, fixed or universal concept, but a contingent construct, inescapably grounded in the processes and intentions of research methodologies and projects (Winter 2000). Although some qualitative researchers have argued that the term validity is not applicable in qualitative research, they seem to realize the need for some kind of qualifying check or measure for any research. Creswell and Miller (2000) suggest that validity seems to be affected by the researcher's perception of it in a study and his/her choice of paradigm postulation. As a consequence, most researchers appear to have developed their own concepts of validity and often generate or adopt what they consider to be more suitable terms, such as quality, rigor and trustworthiness (Davies and Dodd 2002). The issue of validity in qualitative research has, however, not been disregarded by Stenbacka (2001) as she has for the issue of reliability in qualitative research. Instead, she argues that the concept of validity should be redefined for qualitative researches. Stenbacka (2001) note that the notion of reliability as one of the concepts in qualitative research which need to be solved in order to claim a study as a proper research. In search for the meaning of rigor in research, Davies and Dodd (2002) seem to find that the term rigor appears in reference to discussion on reliability and validity. Davies and Dodd (2002) argue that the application of the notion rigor in qualitative research should differ from those in quantitative research by accepting that there is a quantitative bias in the concept of rigor, by moving on to develop a re-conception of rigor by exploring subjectivity, reflexivity, and the social interaction of interviewing. If concepts like reliability, validity, trustworthiness, quality and rigor are meant in differentiating a 'good' from 'bad' research then testing and increasing the reliability, validity, trustworthiness, quality and rigor might be important to research in any paradigm. Nevertheless, despite the challenges that seem to be encountered, data that seems to be reliable in answering the questions were gathered. Though there could be errors during the data collection process, the data seems helpful in investigating and deriving an understanding of efficiency of microcredit as a strategy for poverty reduction. The methods appear to provide the needed information to achieving the objectives of the study. The data collected appear to have some amount of truth and reliability as most informants answer as sincerely as possible. Besides, the responses are crosschecked through observation. Validity of the data seems fairly high and could provide a good assessment of the problem.

3.10 Concluding remarks

The chapter has focus of the study area and research methodology. The methods used to collect data and analyzes on microcredit and poverty reduction are qualitative. The purpose of using this method is to get a variety of opinions from operators in the microcredit industry. Primary data are obtained mainly through in-depth interviews, focus group discussions and personal observations on the field. Secondary data is obtained from other sources which serve as the theoretical basis of the study. Despite limitations such as time and difficulty in arranging for interviews and focus group discussion as well as the issue of validity and reliability of data, enough information is collected that would be useful in understanding the efficiency of microcredit as a development strategy in relationship to poverty reduction.

The next chapter discusses the impact of microcredit on poverty reduction.

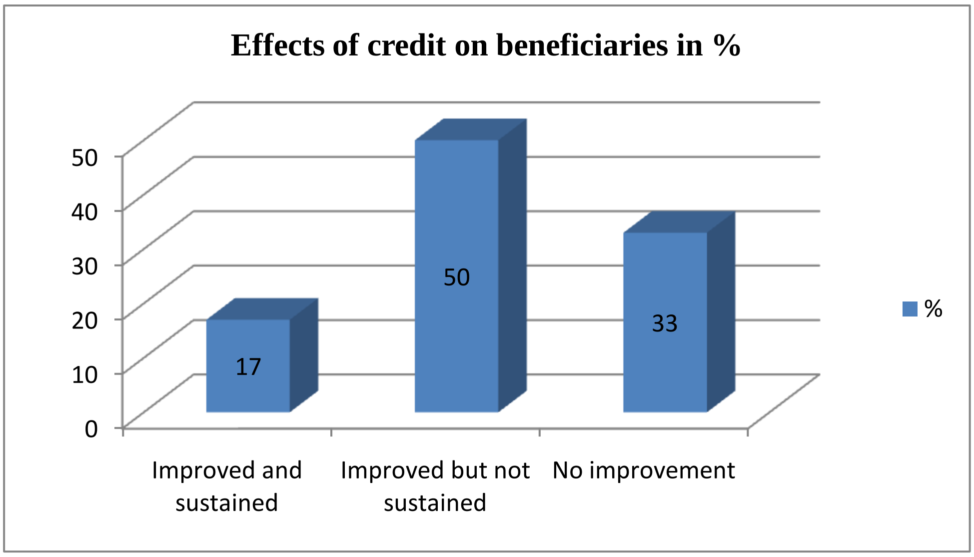
CHAPTER FOUR

IMPACTS OF MICROCREDIT ON LIVELIHOODS

4.0 Introduction

This chapter discusses the effectiveness of microcredit as a means to development. It seeks to inquiry reasons why some beneficiaries succeed while others do not and challenges that confront the microcredit industry in the area. It discusses the activities of YOWE and how they impact on poverty reduction in the villages they operate. Yet, are beneficiaries better-off before or after the intervention? Interrogating the effects of microcredit on living conditions of beneficiaries, there are indications from the data that about 17% of the beneficiaries are able to improve their living conditions and sustain the improvement while about 50% are able to improve their lives but could not sustain it. Meanwhile about 33% seem not to have improvement their living conditions. Nonetheless, these categories are not exclusive as there might be some beneficiaries in transition but that is not the focus of this discussion. **Fig.4.1** below appears to illustrate the categories of beneficiaries and their response to loan use.

Fig.4.1 Effects of Microcredit on Beneficiaries[4].



N (36)

Source: Fieldwork 2009

Moreover, in discussing the effects of microcredit on poverty reduction among beneficiaries, the first part, 4.1, focuses on the category of beneficiaries who are able to improve the lives and sustained it. Section 4.2 deals with category of beneficiaries who are able to improve

---

[4] **Besides N (36) that forms the personal interviews, 60 beneficiaries are involved in focus group discussion.**

their lives but had difficulty in sustaining it while section 4.3 focuses on the group of beneficiaries who for certain reasons are unable to improve the lives with the loans. The last part of the discussion focuses on challenges in the microcredit industry in the study villages.

4.1 'Development from below': beneficiaries with improved and sustained conditions

The effects of microcredit on development and poverty reduction might be seen in terms of a balance of progress and setback and not necessarily a sheer disappointment. In lieu of this, this section seeks to find out what reasons account for beneficiaries ability to successfully use the credit to improve their living conditions. From the interviews and focus group discussions, various reasons seem to count for beneficiaries' ability to use loans fruitfully. It seems to comprise diversification of income source, cooperation among and within beneficiaries, good financial and business management, long term investment ventures and efficient credit monitoring strategy. It could be argued that it is a combination of factors that are driving beneficiaries out of poverty to take care of themselves and families as well. *Besides, microcredit appears to be a grass-root development paradigm for beneficiaries.*

Moreover, one important benefit of microcredit programs seems to be its ability to reduce vulnerability among the poor. Nonetheless, reduction occurs through different channels. Information from the field seems to suggest that microcredit programs help borrowers to insure themselves against economic hardships by helping to build household assets. The assets, nonetheless, can be sold if need be to salvage family fortunes. Moreover, assets could also be used as a security or proof of credit worthiness when dealing with business agencies or traditional lending agencies. Diversification of assets seems to reduce the risks of loss in most businesses (Zaman 2000). For example, a family that seems to rely on a single crop could easily be ruined by a single crop loss, whereas a family with a diversified base of crops, livestock and other business holdings could survive when one of the holdings appear to have failed. Traditionally, inhabitants of the study area are farmers. Nevertheless, with recent changes in profitability of farming businesses, the trend seems to be shifting towards alternative survival strategies, which microcredit programs seem to be pushing. Aspects of microcredit programs like skills training and female empowerment appears to be contributing to family's ability to cope with economic difficulties by increasing the variety of responses a family can make. The difficulties seem to come in diverse forms; ranging from low income, unemployment, hunger and abject poverty. More so, reductions in vulnerability appear to be important as it allows the poor to take care of themselves and their voices to be held in society. *It can be argued that without diversification, gains made in thriving times might not be protected during difficult periods thereby enabling the cycle of poverty to perpetuate.* During the research, interactions with beneficiaries and observations, seems to indicate that most successful beneficiaries are involved in variety of income generating activities.

> 'My association with this microcredit program has educated me not to rely on one business for survival because when one income generating activity fails, the other will be there to support you. Nonetheless, I am also quite sure that not all the businesses will fail at the same time' (beneficiary)

The spreading of investment opportunities appears to enable beneficiaries to spread the risks associated with managing small-scale business. It seems to allow them to continue benefiting from other ventures even if one fails to yield the necessary output. Such business diversification seems to confirm the local adage which says *'do not put your eggs in one basket.'* The ability of local entrepreneurs to put their talents together despite the challenges in the national economy is quite phenomenal. It seems to reinforce the *ideas of people-centered development paradigm which emphasis the poor the solution to their problem.* It dispels the notion of ***'a savior'*** to redeem the poor from poverty. This resilience seems to be driving the local economy forward. Nevertheless, this appears to be made possible through vocational and agricultural skills development activities. The vocational skills development activities comprises provision of training in income generating activities such as *pomade and soap making, tie and dye batik training and local cerelac production.* REFLECT circle participants and the youth groups are the immediate beneficiaries. It is hoped that as they benefit, it would have *ripple effects* on their families and society. However, has the idea of trickle-down effect work in other development paradigms? These ideas seem not to have worked in most developing countries. During the focus group discussions, it came out that agriculture skills development deals with introducing project communities to modern and environmentally friendly agricultural activities such as tree planting, composting, beekeeping, grass cutter rearing and the use of agricultural extension officers. It is assumed that these techniques would make the people more efficient in their economic activities. Nonetheless, are these what the people really need? What has been the level of consultation? In spite of these interventions, not all beneficiaries seem to be able to diversify their income source except for those who appear to be well established in other businesses before they access the microcredit since the credit appears insufficient to meet their business operation needs.

Meanwhile, there appears to be other family needs that the loans are needed for. Consequently, unless those needs are met, there idea of using credit to engineering microenterprise development might be an illusion. Those who have regular sources of income to meet their daily needs appears better place to diversify their sources of income with the microcredit as the others incomes meets the needs of the family.

Yet, in order to encourage the diversification of income sources, YOWE's program is developed to support small and microenterprises managed by resident of the villages especially women. The program appears to consider economic activities that have short maturity period to enable beneficiaries to meet the repayment obligation. Won't this undermine the efforts at reducing poverty in the long-term? Why not encourage long-term business? The NGO might seem selfish on meeting repayment goals at the expense of beneficiaries' welfare. There are indications that among the enterprises operated by beneficiaries, farming seems to be taking a sizeable amount of loans from the beneficiaries. The explanation for this appears to be, as farming is the main economic activity in the area, beneficiaries prefer to invest their credits into the farming businesses. This could have serious implications for the repayment of loans as farm products take longer time to mature and moreover, unpredictable weather conditions could have negative impact on crop yields. Farming appears to be a weather related economic activity and instances where rainfall pattern becomes unfavorable, yields might failed and repayment could be become a bit difficult for beneficiaries. Besides, it takes a longer time for farms to be ready for harvesting and that calls for long term loan and not short term ones. In addition, preference is given to establish, exiting economic activities as those ones are more likely to succeed then those who might use the credit to start new businesses from scratch. This idea seems to support the theory which explains that credit is either use to start a new enterprise or expand an existing one. The *bee keeping* aspect of the microcredit appears to be the organization's *backbone to the microcredit.* YOWE, therefore, provide ready market for the honey to encourage production. This is done through YOWE buying directly from the producers. The credit officer also appears to provide free technical support in terms of stocking the beehives and harvesting services. The beehives and other equipment such as wellington boots and gloves are given free to ease the burden on beneficiaries. The aim of these services is to make beneficiaries broaden their income base so that when the normal traditional crops fail, non-traditional economic activities could be used to meet their daily needs. **Fig. 4.2** a, b, c, d shows some income generating activities undertaken by beneficiaries.

Fig. 4.2a Bee keeping project at Ketem

Source: Fieldwork 2009

Fig.4.2b Grass cutter rearing project at Lagos

Source: Fieldwork 2009

Fig.4.2c A Loan beneficiary on a pepper farm

Source: Fieldwork 2009

Fig. 4.2d Woman uses microcredit for dressmaking business

Source: Fieldwork 2009

Despite YOWE's ostensible efforts at helping beneficiaries at improving living conditions through alternative livelihoods strategies, the challenges appear endless. It appears that management of viable business requires knowledge of one's environment. Nonetheless, it looks like the inability of beneficiaries to study and understand the economic and political situation of the immediate environment might be retarding the efforts of viable business. To make such local businesses thrive, the needs and wants of the potential market need to be analyzed carefully to fashion out strategies to meet their demands. It might involve bringing up innovative ideas with products and services that can satisfy customers' requirement and the ability to understand and anticipate their wishes and desires. Products that potential buyers need should be the focus of business entities and not wants. Education and training in this regard seems vital for success in business as well as access to capital. It could equally influence the design and implementation of business activities such as market development and personal management. In lieu of this, organizing training workshops before and after disbursement of loans has been part of the modus operandi of YOWE. The series of financial and business management trainings are regularly organize to update beneficiaries on current development on best practices in marketing, branding and advertising of products locally to boost their income generating activities. Have beneficiaries been taking such trainings serious? Do they put such ideas into practice? There might be the need to institute mechanisms that monitor how beneficiaries put what they learn into practice if the desire results are to be realized. It might be a progressive process that allows individuals to thrive while their innovations and increase productivity benefit society as a whole. This would, however, depend on individual beneficiary's motivation and a drive for achievement which might not aim only at personal gain but also convert this into productive investment that could eventually benefit society as at large. Achieving this could be made possible through empowerment and cooperation within and among beneficiaries.

It seems to me that one vision that could drive beneficiaries out of poverty is the need to enable the poor to take direct action in meeting their needs. It can be asserted that the things that humanity really need might not be met from the center of power but can be done more efficiently by the people themselves. It seems most natural for every person born into this world to use his or her hands in a productive way and it is not beyond the reach of man to make this possible. This appears to be the essence of the use of microcredit to empower the poor to do things on their own. Narayan (2005) explains empowerment to mean the expansion of freedom of choice and action to shape one's life, that is, the control over resources and decisions. Unfortunately, it seems women freedom is typically curtailed by factors like local culture, which appears to position them in a subordinate position in relation to their male counterparts. *This subordination, often seem to be embedded in a culture of uneven institutional relations.* It is suggested that empowerment involves expansion of assets and capabilities of women to participate in, negotiate with, influence, control, and hold institutions that affect their lives accountable. From the above argument, it seems quite obvious that the significance of cooperation and empowerment cannot be underestimated if microcredit could serve a lead role in improvement in living conditions of beneficiaries. The findings of the research seem to suggest that cooperation within solidarity groups and families is vital for effective management of businesses as it encourages group cohesion and exposes individuals to group dynamism. YOWE microcredit operates on the principle that no further loans are disbursed till all members in the credit group have finished paying their loans. Nonetheless, in situations where some group members do not pay their loans early, it appears to deny others who might have paid the loans with the intension of obtaining additional loans to expand their business the opportunity of doing so. However, cooperation within the household appears to empower women and wives to take part in family and community decision making. Nevertheless, there might be limit in the claim that microcredit programs empower women. Planning for low-income groups such women need to be based on their interest, thus, their prioritized concerns. In actual sense the interest and position of women in society and the kind of economic activity they might undertake depends on a variety of different criteria such as class, ethnicity and gender. Most often access to loan seems to be distorted by a range of exploitative social relationships. There appears to be an illusion that making small amount of credit available to poor people would provide the missing link in enabling them to build up petty trading and allied businesses and to cover their subsistence needs. Though credit could bring beneficiaries into the income stream without the usual sacrifices required under wage employment situation, it seems not to guarantee success. Nevertheless, it allows beneficiaries to do whatever they do best and earn money for it. Scully (2004) argues that the empowerment of women is limited by patriarchal systems that undermine women at the community and household levels. It is argued that a woman's access to credit will not resolve structurally fixed ailments of patriarchy which are deeply rooted in traditions, values, beliefs and culture. Meanwhile, it can be argued that when women and for that matter less privileged group are empowered, both economically, socially and politically, they can challenge the existing power relation in society to their advantage.

However, from my discussions with the focus groups, microcredit seems to lead to an appreciable level of improvement in living condition. *It is earning an appreciable level respect for women in their communities especially from their husbands.* This is because they appear to contribute financially for the upkeep of the home. There seems to be an emerging trend where the men no longer see themselves as superior to the women. The *'we and them'* attitude appears gradually eroding, especially among households, husbands and wives see each other as partners in development.

> 'My husband now sees me as a stakeholder in the family's welfare. We discuss issues that confront us as family and ways of moving the business of the family forward' (woman beneficiary)

It also appears to have succeeded in breaking the culture of silence among some women. Due to their contributions economically to households and society in general, they are becoming part and parcel of the decision making process. However, are their voices and concerns really heard? They may appear to be part of the process but in actual sense just *passive* members who just support what their male counterparts might discuss. Besides, there might be difficulty in measuring the level of participation. The mere fact that a women sit in meet might not necessarily indicate participation. Do they contribute to the debate at such meetings? If they do, are their suggestions given the due considerations it derives? However, as outline in the theoretical framework, it appears that at the *household level decision-making is becoming more participatory* because men seem to perceive their wives as friends and economic partners with the goal of improving the living conditions of their families. This, to a large extent has translated into the village level where women now seem to take part in planning and implementation of community projects. Thus, the status and confidence level of women in the study villages appears to have improved as a result of the microcredit scheme. The increase in confidence level of women has made it possible for them to occupy positions in circle committees and other community based organizations. The implication is that the microcredit scheme seems to have brought about behavioral change in the villages as beneficiaries have become confident and capable of mobilizing resources, both human and material for development of their villages. The initiatives seem to have assisted beneficiaries to elevate themselves and their families out of poverty and dependency. What mechanisms are in place to sustain such privileged positions that women occupy? It might require the need to make the women more assertive and proactive in pushing for the rightful position in society.

Nonetheless, women appear to be the most discriminated against in resource allocation. That motivation informs the idea of using microcredit as a catalyst to get the poor out of poverty. *It should be noted that humans are made equal and it is society and human arrangements that seem to superimpose some category of human as superior to others.* The unfortunate thing is that such arrangements have become acceptable norm hence the need to challenge and correct them. YOWE also appears to see women as being in subordinate position in society, hence the need to use microcredit to empower them to be productive members of society. What is encouraging and refreshing from the data is that women appear more committed to the activities of YOWE especially the microcredit. They seem to pay the loans promptly than their male counterparts. Besides, women appear more innovative in managing credit and starting business. It can be argued that with little capital, a woman could start a small business and nurture it into a big business entity due to craftiness and ingenuity. However, from the data, the ability of the women to nurture such small businesses depends on the continue flow of credit. YOWE has not stopped giving out loans yet, it is when beneficiaries are able to rely on their own capital and continues to thrive in the businesses, that such claims can be supported. It might be too early to exaggerate the abilities and weaknesses of the beneficiaries. But men might wait for a larger sum of money before starting anything. Capitalizing on the creativity and assertiveness of women could be crucial in the drive to develop and reduce poverty. This seems to authenticate why most microcredit institutions are more comfortable working with women. Nonetheless, men also benefit from the credit. It appears that leaving men who might be in need out would mean disempowering such people. *Development should not be selective but inclusive.* It requires the recognition of both women as well as men needs. It is through this that developing a just and save society might be realized. It is important to note that men prefer to be in the same group with their wives. This might enable them to pull resources together for the good of the families.

Even within the female beneficiaries, there appears to be heterogeneity. The peculiar circumstances of the women might affect their ability to use the credit efficiently. For instance a divorced woman complained that the burden of taking care of her children alone without the support of a husband has taken all most all the loan. Meanwhile, some married women admitted their husbands support have enhance their ability to make savings for the future. It seems that meeting women's practical and strategic needs requires mainstreaming gender issues in development. It involves distinguishing between the needs of the women in terms of their gender responsibilities for household survival and reproduction, and issues surrounding the importance of supporting women to challenge the entrenched gender relations. It might be useful to understand the kinds of policies appropriate for improving women's positions vis-à-vis men and improvement of material status. Such distinction seems to be lost in discussion of anti-poverty strategies which have tended to focus on the concentration of women amongst the poorest groups in society at the expenses of applying a gender analysis to the causes of poverty and effectiveness of poverty reduction strategies. Though development might still largely be seen in terms of international structural and political inequalities and the ways in which these are reflected in people's lives, the fact is that gender seems to be an important indicator of whether a person is poor or not. Feminization of poverty seems to have become part of human history of development which tends to be bizarrely represented among the lowest income groups of most economies or societies. Nevertheless, it appears that the poorer the family, the likely its head is a woman.

It seems that generating prospective viable business ideas requires consciousness about one's environment. It requires coming up with ideas, products and services that could satisfy customers' requirement and one's ability to understand and anticipate customer needs and wants. This might require craftiness and capacity building. In view of this, the United Nations Conference on Trade and Development states that, the personal attributes, skills and competencies of the entrepreneur largely determine how the enterprise is managed in critical functional areas; thus, determining its chances for success (UNCTAD 2000). It appears that successful use of microcredit depends on how beneficiaries have sound knowledge of financial and business management. Even if people are not born with such qualities, through training, they can develop such attributes. As some leaders are born while others are made, entrepreneurs can also be made. Nonetheless, it appears that most successful beneficiaries are those who are able to engage in long-term business investment plans. Such long term plans give room for trial and taking risks that might yield positive results. Nevertheless, it is discovered that YOWE normally take beneficiaries through financial and business management training before and after loan disbursement but give preference for short term investments. The training includes business and family planning, demand-driven investment ventures, branding of products, marketing, assessment of local population and their readiness to buy products and innovative production strategies. It appears location assessments are made and appropriate IGAs are identified for each village with the aim of encouraging the correct and feasible business. It appears that training to recognize the relationship between business and family planning is aim at making beneficiaries aware that controlling the number and improvement in quality of children might lead to saves in monetary terms to improve their business in the future. There would be less mouth to feed but at the same time fewer hands to help in management of the business. It can be argued that the success of any business partly depends on how well a product is market which to a large extend depend on branding. The capacity to appeal to the taste and passions of prospective customers might determine how a business can hit the market running. One informant remarks

> 'I can now package my goods well to attract a lot of customers. At first I was not doing that and most of my food goes rotten. I also try to do things differently from other people. It pays to be unique' (beneficiary)

From the data, there are indications that training and education are seen as key components of the YOWE's program. Initial sensitization on the activities of YOWE is paramount as part of the community entry strategies which might significantly informed potential beneficiaries as to the decision on the type of businesses to undertake. Beneficiaries are first taken through relevant trainings on group formation, group dynamism and management of capital and profits. Such activities are aimed at instilling a sense of cohesion and cooperation among beneficiaries. It could also serve as the starting point for beneficiaries to try the possibilities of forming joint ventures. It appears that as the loan took off, beneficiaries are further taken through education in business management, specifically focusing on identifying and analyzing successful enterprises, increasing sales, managing business money and handling profit. The trainings are meant to equip beneficiaries to take decisive actions to increase profit margins. Furthermore, on healthier family life, beneficiaries are carried through malaria management and prevention, breastfeeding, immunization and HIV and AIDS. These trainings are organized sequentially with the credit and is usually described as 'the road to behavioral change' to achieve expected results. Though economic empower may be the driving force, other aspects such political and social empowerment seem paramount. Education on health issues appears necessary because sicknesses can take away all the gains beneficiaries have made as they might be forced to use the credit money to treating illnesses if they do not live a healthy life style. It could nonetheless be argued that these trainings are necessary but not sufficient conditions to make a business successful. It might require a holistic approach to business development which capitalizes on the capabilities of the poor and the need to help them achieve things for themselves. The poor appears not to need hand-outs but entrepreneurship training. Nevertheless, the best form of motivation seems to be self-motivation and this is what the poor appears to be demanding. Beneficiaries might be encouraged to share during the training sections some of the best practices they appear to have applied in their individual businesses. In this way erroneous ideas could be corrected and best practices reinforced. However, the unfortunate thing is that this regular training is more or less seen by beneficiaries as routines and an opportunity to a delicacy. Most of them come there purposely because of the nice food served and pay little attention to the training that goes on. Besides the food, the money given as transport also seems to be another driving force that encourages beneficiaries to come to the monthly meetings.

Nonetheless, can the level of education of beneficiaries affect their ability to accept new ideas in good financial and entrepreneurial skills? Data appears to indicate that the informants have diverse background as far as education is concerned. Most informants appear to have some form of formal education. Nonetheless, one critical issue is that despite most beneficiaries having some form of formal education, most of them could neither read nor write. I see such situation as people who have been to *'school and not necessarily educated.'* Just going through an educational institution does not seem to amount to education. Education is supposed to transform and lead to attitudinal change. Until recently education has not been a priority for people in the area. They would prefer to take up the economic activities of their parents, mostly farming farm for the men, while the women are destined for the kitchen and eventually marriage. However, such perceptions are changing gradually as beneficiaries are now appreciating the essence of education. The changes are supposed to transform how businesses are managed. Greater proportion of beneficiaries appears to acquire some level of education. Generally, this might indicate an appreciable level of literacy. Those with high education are mostly educationists who use microcredit to supplement their incomes. YOWE uses those beneficiaries as facilitators for the REFLECT program which aim at improving adult literacy. *Indications are that beneficiaries' living conditions and the impacts of the microcredit might be related to education while people's ability to use microcredit efficiently could also be influenced by the level of education.* However, this might not be absolutely true as there are people who are not formerly educated but can manage their businesses better. There seems to be difference between knowledge and wisdom. While knowledge is acquired through education, wisdom is not necessarily acquired through education. *It can be argued that personal wisdom could be the driving force for the success of certain businesses at the expense of others.* Yet, the educated might be able to accept conventional ideas in entrepreneurship and use it to improve their businesses. Nonetheless, low level of education among women is not quite surprising since sexual discrimination in education favored boys from time past. Male kids appear to receive priority in education while women are assumed to be predestined for marriage, where they will be materially supported by their male counterparts. Women have to drop out of school, either due to financial constrains of parents or parents having more children and girls have to give way for boys to carry on to high levels as financial burdens increase. In addition, female education has not been a priority of most parents but the trend appears to currently changing. Most females take to learning hairdressing, dressmaking and bread making through apprenticeship training. It is thought such are the rightful profession for women. These appear to be conventional gender roles ascribe to women at birth and are made to accept the roles as natural.

The view that microcredit is not primarily used for the purposes of investment but often used for consumption smoothing purposes seems to be gaining acceptance both in academia and development circles. Loans appear to be used for payment of health care, repairs to buildings, basic educational fees and usually to bridge the gap between income insecurity and meeting basic daily needs like food. Even though such expenditures appear not to be wrong for the well being of humans, it might become misplaced priorities when loans acquire for the purpose of doing business are used for such payments. In business arrangement, it might be necessary to respect the laws of contract by using the loans for the intended purpose. Repayments of such loans appear to be often sustained through a downward curve of susceptible livelihoods, either through cross borrowing or over lapping loans and pyramid loans systems. It involves the widespread practices of borrowing from one NGO to pay off the other and taking out of new loans to service repayments (Weber 2004). This loan practices do not auger well for development practice. In order to avoid the situation, the data seems to show that, YOWE ensures that in the implementation of the microcredit, loans that are provided for individuals and/or groups of individuals are persistently monitored. It involves institutional and peer monitoring. It can nonetheless be argued that peer group monitoring might be the most efficient mechanism. YOWE (2009) together with its partner institutions appear to have established an internal peer group monitoring mechanism that enables members to hold each other in check. The monitoring appears to provide the chance to know how the loans are utilized by beneficiaries and whether or not the loans facility is yielding any impact. Monitoring also enables staff of YOWE to improve their loan policies and strategies based on lessons learnt. It can be argued that monitoring mechanism increases accountability on the part of staff and beneficiaries. It is against this background that YOWE have appointed a credit officer to be solely responsible for credit management. The credit officer report all matter concerning the credit schemes to project management. The credit officer is also in charge of the IGAs. It is to help the organization to evaluate how beneficiaries businesses are doing and to provide technical support when it becomes necessary. The peer and self monitoring is to bring a sense of ownership to beneficiaries.

Nonetheless, an important feature that characterizes the credit scheme is the idea of re-negotiating corporate policy project that appears to be participatory in nature. This implies that the implementation of project is based on learning by doing. Programs incorporate skills training for staff from partner organization. Emphasis is placed on fund raising skills, quality improvement, pricing, packaging, record keeping, advertising, marketing and risk analysis. The project is managed, implemented and evaluated by donors, partner organizations and beneficiaries. For example, group-based credit involved circle committees or interest groups who are responsible for the daily monitoring of the schemes activities. This is done at learning circles' level where the chairperson and group facilitator continually lead discussions on emerging issues surrounding the credit. Thus, circle committees or interest groups assisted YOWE in the assessment of the preparedness of loan beneficiaries to meet their obligations. Participatory monitoring might reduces misapplication or misappropriation of funds as well as the occurrence of defaults. Explicitly, monitoring covers loan repayment, passbooks, progress report of business activities, credit use, impact of credit, individual and group problems and best practices. Effective loan monitoring is necessary for ensuring that loans are used for their intended purposes. It appears that there is a weak collaboration between the two parties in the microcredit business, i.e. YOWE and the beneficiaries. The institution might feel that since it is not involved in the selection of beneficiaries in the various groups, the responsibility to monitor and ensure that the loans are paid back lie at the door steps to the groups. It might even become more complex where beneficiaries are made to pay the loans of their colleagues if they default. In sum, the essence of diversification of income, cooperation and empowerment, training in financial management and credit monitoring is to help beneficiaries at the grass-root level to take their 'destiny' into their own hands. It aims at equipping them to be proactive and this is what I would call 'development from below'. Policy makers appear to believe that once microcredit is provided, beneficiaries can make use of the money to improve their lives but in my opinion, they refuse to analyze the structural and institutional frameworks that can inhibit effective utilization of the credit. What might be accepted globally may not necessarily work at local level. It might require local ingenuity to make it work at the local stage.

4.1.1 Summary

The success of any credit program appears to depend on how it affects the poor positively. From the discussions, certain factors seem to facilitate the success stories of certain beneficiaries. What account for such apparent successes? Cooperation among and within groups, credible financial and business management, long term investment ventures with foresight, efficient credit monitoring and beneficiaries ability to diversify their income sources seem to be among the driving forces for the success stories. It appears that sharing of social, economic and entrepreneurial ideas make businesses thrive well. YOWE and beneficiaries act as an invisible police that ensure that loans are invested in the meaningful ventures. Beneficiaries' ability to seek alternatives investment avenues and not 'putting all their eggs in one basket' seem to insure against shocks and setbacks. The idea of multiple and diversified investment portfolios serves as insurance for most beneficiaries. It insulates their businesses against uncertainties. My next analysis will look at how beneficiaries sustain their living conditions without further credit support. Can the beneficiaries hold on their abilities and resources to continue to enjoy good quality of life?

4.2 Reality or rhetoric: beneficiaries with improved lives but challenges in sustaining

The driving force of any microcredit intervention seems to be that after sometime beneficiaries might be able to take care of their own and continue to develop their businesses. Nonetheless, how do beneficiaries sustain their living conditions without further credit support? This part of the analysis seeks to explore how beneficiaries sustain their improved living condition without further credit support. Yet, are such mechanisms the best options available? Nevertheless, there are indications that beneficiaries adopt various complex and diverse coping mechanisms to reduce the economic risks that confront them. Even though their actions and inactions might have global under pinning, local initiatives appears eminent if beneficiaries are to gain significant benefits from microcredit activities.

> 'If a beneficiary is to continue to enjoy improve living condition, you must not break ties with your social networks as they serve as sources of information and market. You must also save in various forms to meet the uncertainties of the future. Such savings might not necessarily be the conventional forms of savings but indispensable' (beneficiary)

The coping strategies seem to include regular meetings by groups to deliberate on issues that improve their welfare, relying on the social capital which enables them to borrow from family members and friends. Besides, participation in credit rotation savings association and savings in both monetary and non-financial forms are integral part of the whole strategy aimed at improving their lives. However, at times some of these strategies might be unreliable and unsustainable in the long term as demands of daily life become complex.

Participation in credit groups could reduce vulnerability mainly by building human and social assets. It can be argued that beneficiaries' participation in credit groups helps especially women develop inner strength, overcome panic and to take control of the realities of life. It is observed that being part of a group is self fulfilling and aid in raising personal ego of beneficiaries. Besides, there appears to be a sense of teaching each other new business skills, efficient money management and the essence of entrepreneurship. Such qualities appear essential for managing an enterprise including microcredit business. In addition, the credit groups enable beneficiaries to share market information and build extra self-discipline and to have a broader perspective on life. Through the groups, women might make fresh friends and build relationship they could rely on in expanding their microcredit business empire. It is apparent that members lend hand to each other through lending money and other services to members that might be helpful to their businesses. Nonetheless, regular meetings within groups provide an indispensable web of personal and business relationships that help beneficiaries deal to with the challenges of microenterprises. It appears to provide avenues to discuss issues bordering on expenditure management, importance of savings, planning and innovation which looks necessary if beneficiaries are to sustain their improved living conditions. However, are meetings and cooperation sufficient conditions to sustain improved living condition? It might be a common acknowledge that we think globally but act locally. It can be argued that human challenges are universal but responses to solve challenges appear locally oriented. Nonetheless, it can be asserted that analyzing the international frameworks could serve as a basis for initiating actions that could propel indigenous development. What frameworks are needed to be put in place at the local level for beneficiaries of microcredit to get the maximum benefits?

> 'Development and poverty reduction goes beyond mere provision of microcredit. It must be looked at holistically by providing structures and institutional arrangements that drive business, motivate personal initiative and challenge individual actions and inactions' (YOWE official)

The groups appear to provide an avenue for beneficiaries to recognize and be recognized by other women, a forum for learning leadership skills and for developing trust, friendship and financial assistance. It gives opportunity for beneficiaries to contribute to one another's marriages, naming ceremonies and funerals, patronize each other's businesses and share business information. Cooperation might enable debt and burdens associated with life cycle events to be spread among the group thereby easing the load on individual group members. Nevertheless, the social networks formed through microcredit program are seldom static. The formations of such networks appear to be motivated by interest and needs. However, social capital might develop and consolidate over time or decline. The consolidation or decline of a social network appears to be influenced by whether such network is meeting individual needs and aspirations. Nonetheless, it is obvious that beneficiaries would not continue to be in such associations if they think their aspirations and goals for joining are not being met. It can also be argued that social assets might be destroyed by enforcement of payment obligations because of dissatisfaction within groups. This can negatively affect the social framework that makes the self-enforcement aspect of group credit schemes feasible. However, failure of group members to enforce the loan repayments with a fear of losing such social networks might end up collapsing the microcredit scheme. It would be better to instill discipline in members and save the group and the benefits that comes with it, than sit down unconcern which might collapse the loan scheme. The credit group cooperation might lead to what is known as the microenterprise cluster. Microenterprise cluster could give opportunity to operators in the industry to share ideas and make the best out of the strengths and weaknesses of one another.

What is microenterprise clusters? Have clusters allure to the benefit of individual members in a cluster? It can be asserted that the essence of clustering is the perceived 'collective efficiency' which it might produce. It is suggested that microcredit funded business ventures are often plagued with the problems of small size and isolation. Consequently, micro-businesses typically rely on local patronage, which might not be enough to support long term growth. It is argued that with microcredit clusters, however, these problems can partly be overcome (Weijland 1999). It can be averred that beneficiaries might be captivated by the possibility of making cheap, bulk purchases while traders in raw materials are also attracted by the possibility of making bulk sales. The proximity of a number of businesses in the same area of work might allow for labor sharing and subcontracting within businesses. In addition, clustered enterprises may also specialize thereby benefiting from the idea of division of labor.

It might be put forward that microenterprise clusters tend to be successful when located near roads or crossroads, despite the increasing attraction associated with clustering in recent times. This might be facilitated by the ease with which sharing of information and technological innovations within beneficiaries in the cluster are made possible. It is at times suggested that rural microenterprise clusters have been found to have certain competitive advantages. This might be because most rural microenterprises usually have flexible to non-existent rules for land use and environmental impact. But with current trends in development practices, this might be changing. Often land use policies within rural areas appear quite flexible and the bureaucracy in land acquisition is limited. Nevertheless, in the study area, most lands are owned by the people including the beneficiaries hence the ease with which to acquire land to start a business. Labor also appears to be cheap, flexible and unregulated since beneficiaries depend on family labor. Although the issue of labor flexibility and non-regulation could be advantageous, it could lead to labor insecurity and exploitation. Besides, certain raw materials seem to be available either at low prices or for almost free. The incentives would cut down the cost of production and might lead to maximization of profit. It appears that microcredit programs and clustered microenterprise programs offer a number of benefits to beneficiaries in the study area. It could be successful in lifting beneficiaries out of poverty and preventing others from falling into it. There seems to be significant reasons for optimism but with caution in assessing the ability to use microcredit cluster as a means to improve living conditions without extra credit support. It can be argued that certain stakeholders could be beneficiaries of failures in the loan industry hence their desire to frustration efficiency in the operation of the enterprises. It can be asserted that some stakeholders fear that when the poor become economically independent and stop taking loans, it might force them out of business. Maintaining their hegemony and control over resources become paramount. Even within beneficiaries, the successful ones might be lending monies at exorbitant rate to fellow group members thereby compounding the idea of benefiting from the failures of others. Hence, actions that drive the whole cluster to prosperity should be the guiding principle.

> ‘Beneficiaries tend to centre on interactions within themselves at the expense of outside interactions. Most businesses in the village appear to monitor one another and adopt new techniques developed within the area. The business strategies must moved away from only the inward looking strategy to a more outward development as well’ (YOWE official)

Nonetheless it is unlikely for the same businesses to follow the same process when it comes to outside innovations. Even when outside innovations are introduced into credit groups, there appear to be resistance. There could be challenges when credit groups are forced into competition with more products from outside. These products might turn to put the local entrepreneur off business which has negative implications for local development and poverty reduction. Though competition might be good, the influx of cheap products from outside could destroy local initiatives. However, beneficiaries might see influx of goods and services from other quarters as a challenge that might motivate them to do something different.

It can be noted that if beneficiaries are to improve their living condition without extra credit support, the issue of savings need to be inculcated. However, savings is often seen as the forgotten half of microcredit (Robinson 2001). Development thinkers, policymakers and bankers in most parts of the developing world including Ghana appear to believe the poor do not have the capacity to save. Even when they do, they might prefer nonfinancial forms of savings. This wrong idea appears to have been preached overtime and most of the poor have come to accept their faith that savings is for the rich and affluent. Nonetheless, one does not have to be rich to save; it is an attitude that needs to be learnt. But, however, how sustainable are such claims? The idea of savings, it must be emphasized has been with humanity since time immemorial though it might have taken different form depending on time and space. Nevertheless, every human race has got its unique way to save including the poor women in a village. That might not be universally accepted but when place in context, it forms a crucial aspect of savings. What is the import of savings? It could serve as a safety net for people to rely upon in times of need. Most poor people try to save in various forms. The forms, however, appear to be culture specific which might depend on motivation and aspirations of individuals in society. People normally save in forms that are socially and economically rewarding. Though the idea of savings seems universal, it could be culture specific as well. In order to introduce people to a new form of savings within a cultural setting, it would need re-orientations of people needs and aspirations which might take a gradual process.

From the data, it appears saving is low among beneficiaries. In addition, most of the savings are informal in character. The savings comprise of some form of cash savings and non-cash ones such as animals, raw materials and finished goods, land, grains and food crops, farming materials, gold and beads. Besides, other forms include savings by lending and deposits with savings collectors or locally called ‘susu’ collectors. Lending as a form of savings is quite a strange phenomenon among beneficiaries in the area. How can lending money to someone without interest savings? Nonetheless, it is believe to be a form of savings, as at least, it deprives the own from spending the money at a point in time. Such monies might serve as 'shock absorbers' can be relied on at a latter day. However, the question is, what of at the time you might need such money, the borrower is not able to provide it? Though it might appear risky, certain beneficiaries prefer to take such options. It is believed that, to be owned by someone is more acceptable than not having any money at all. Furthermore, the idea that the poor do not and cannot save might appear erroneous. It came out during the study that, beneficiaries especially women are even ready to pay 'susu' collectors to hold their monies in trust for them. The savings serve as safety nets on which beneficiaries rely during difficult times. However, beneficiaries who are not able to save might be as a result of their poor economic situations. Beneficiaries appear to have a lot of basic daily needs to meet, beside food, school fees and medical expenses. Meeting such exigencies of life does not give room for savings. Beneficiaries seem to have basic challenges with the idea of savings. Several questions might remain unanswered. How can you save where there appears to be difficulties in meeting the daily needs of your family? What is the essence of saving if you are not certain of the value the savings in the future? It can be argued that beneficiaries believe in only save surplus income and not what they need to survive. Besides, the activities of YOWE have not also motivated beneficiaries to save. From my interaction with the official of YOWE, despite encouraging the beneficiaries to save, there are no practical steps and mechanisms to motivate beneficiaries to save.

> 'Beneficiaries would use the savings as bait to come for the money and just run away. This situation can undermine the operation of the organization and its ability to reach out to as many poor people as possible' (YOWE officials)

What is the real interest of YOWE? Is it maintaining the organization in business or poverty reduction? Are they part of the groups of NGOs who are benefiting from peoples' poverty? Do they fear that once poverty is eradicated, they would be out of employment? If indeed, it is poverty that they set themselves out to fight, then it high time they sit up and the stop the rhetoric about saving. In order to avoid a situation where beneficiaries use saves as a means to get loans and walk away, YOWE decide not to take mandatory savings from the beneficiaries but tries to encourage them to save on their own evolution. Nonetheless, the challenge is that there seem to be no visible mechanism to monitor the level of savings among beneficiaries. As to how and when to saving is more or less none of their business. It might serve YOWE’s interest in poverty reduction if they do more in encouraging savings-driven activities. These savings might ease support burden on the organization in the future.

It appears that saving habits of beneficiaries affect their capacity to sustain their living condition. Generally, beneficiaries of low-income households in the study area save informally in a variety of forms. Cash savings appears to be convenient for beneficiaries as it seems important to keep cash in the house for emergencies. Beside, trading and business opportunities can come unexpectedly which might require cash to buy raw materials for household up-keep and for production purposes. However, it appears that keeping of cash could have security implications for beneficiaries due to thieves and also the temptation to lend the money to family members and friends who might fail to pay back. The keeping of physical cash can also lead to depreciation in value of the money due to inflation and moreover, cash savings in the home appears not to bring financial return. In addition, rural households in the study area do keep few animals as a savings strategy. The animals kept might differ due to the environment but goats, sheep and poultry are common. The idea of ‘animal savings’ can provide reasonable returns given normal reproduction cycle and in some instances sold reasonably quickly. Moreover, products such as egg from poultry could serve as good source of family food thereby leading to saving of money that could be used to buy such items. In certain households where most adults might be busy with work and the children have to go to school, rearing such animals becomes a little difficult, principally in areas where grazing land and space might be scarce and limited as well.

> ‘Rearing animals though vital aspect of savings becomes timing consuming especially where your neighbors have made farms nearer their houses and the responsibility depends on you the owner to prevent the animal from destroying the neighbors’ farm products’ (beneficiary)

This could generate conflict among beneficiaries which seems not to be good for business and marketing strategy as it may lead to losing of potential customers. Where there is conflict within and among beneficiaries, they may avoid purchasing products from each other. It could lead to general discontent. In certain cases animals are given to people on a share herding basis but it also has its peculiar challenges as the real owner might not be able to monitor the care and propagation of the animals under such situations and might be cheated in the process.

Meanwhile, a new dimension of savings common to most beneficiaries especially the women is the savings in gold, beads and jewelry which might serve as a hedge strategy against inflation and could provide a potential capital gain. Culturally, jewelry and beads are vital parts of beneficiaries' cultural heritage. It must be emphasized that prestige and respect appear to be associated with such materials and most women beneficiaries of the microcredit sometimes uses the loan to acquire some of those things which might be sold when things are not going well. Nevertheless, such actions could be seen as misappropriation of funds as the loans are not meant for such purposes. In the villages, gold, silver and beads serve as status symbols and could at times be used as collateral for loans. Although beneficiaries acknowledge the importance of beads and gold as good long-term investment, these items might not be suitable for everyday savings needs of households. Nonetheless, Beads and jewelry are cherished household possessions. However, there seems to be security reasons for households who decide to keep these jewelries as thieves might come to steal them.

> 'When there are beads and other jewelry at home, the fears of attacks do not allow you to sleep peacefully. The home becomes a target for potential robbers' (beneficiary)

Besides, most beneficiaries appears skeptical about keeping savings in the form of beads and jewelry as these are becoming less fashionable due to modernization and would prefer other liquid form of savings. Nonetheless, the importance of such items as status symbols appears to be diminishing as values of society evolves. Cash and other liquid forms of savings appear more readily available for use by beneficiaries. Yet, due to the nature of economic activities in the study area, savings in raw materials and finished goods by beneficiaries cannot be underestimated. It appears that savings in unprocessed materials is widespread among producers of goods. These might include dressmakers saving in clothes, carpenters save in wood, and farmers also save their farmer products. This makes it possible for beneficiaries to purchase certain products when prices are low and save for later use. However, it should be noted that storage materials could depreciate and occasionally go out of fashion. Entrepreneurs who produce or trade in goods also save in finished products that are ready for sale. Some beneficiaries in the study area with cash, purchase goods that they would expect to sell in the future. There appears, however, risks associated with such ventures as prices of goods could appreciate or depreciate. Certain beneficiaries also save by depositing with savings collectors which they collect back when the need be. Savings appears vital for sustaining their living condition to the extent that beneficiaries are ready and willing to pay for the opportunity to save outside the home, thereby entrusting their savings to paid collectors for safe keeping. The beneficiaries save a predetermined amount every day and at the end of the month the collector gets one day's saves as commission. Despite the challenges associated with these kinds of savings and the fact that the savings habits among beneficiaries is quite low, those who embrace it appear to be able to sustain their living conditions with these savings. However, is it for a long time or just a short while? For development researchers, the use of microcredit as a tool for poverty reduction seems skeptical and it can, at best only be used to manage it. Even though microcredit appears to be a great tool for survival for the poor, it seems poverty might not be eradicated with such strategy given the experiences of most advanced countries. It can be argued that, it is instead, vigorous infrastructure development and industrialization that have seen most of them out of poverty. For those who doubt the power of microcredit in poverty reduction, its success stories are yet to see the light of day.

4.2.1 Summary

The desires of beneficiaries to continue enjoying improved lives amid challenges appears to demonstrate the resilience of the poor. Like any other human, the poor would have wished for the best things in lives but circumstances limit the choices available for them. Despite these challenges, the poor adopt certain coping mechanisms that help them to meet the basic necessities of life even with limitations. From the data, the coping strategies include regular meetings by groups to deliberate on issues that improve their welfare and the relying on the social capital which enables them to borrow from family members and friends. Besides participation in credit rotation savings association, savings in monetary and non-financial forms seems to be an integral part of a strategy aimed at improving their lives. However, at times, some of these strategies might become unreliable and unsustainable in the long term. This would lead to a discussion of what I call the "race to the bottom" due to the effects of microcredit. Generally, beneficiaries appear not to be necessarily getting out of poverty but instead sinking into it. Why has poverty continue to be with humanity after years of implementing pro-poor programs? Even where there have been improvements in livelihoods, it could at best be describe as negligible. What has gone wrong or have not been done right? These questions might continue to bother international and national agencies as far as certain parts of the world continue to wallow in poverty.

4.3 'Race to the bottom': beneficiaries without improvement in living conditions

Indications are that, despite efforts of YOWE to use microcredit as a catalyst to improve the living conditions of beneficiaries and if feasible gets them out of poverty, the results seem not to be uniform, as some beneficiaries are experiencing improvements, others still appear to live in poverty after the intervention. What might have accounted for this unfortunate situation? Are the difficulties associated with institutional arrangements or beneficiaries? The answers to these questions might not be straightforward. Reasons for ability or inability to use the credit to improve their living conditions are varied and complex. It could range from economic, cultural and social challenges. There are indications from the study that the factors responsible for beneficiaries' inability to use credit to improve living conditions ranges from diverting loans and business capital into unproductive ventures such as marriages, funerals, birthday parties, buying clothing, beads and jewelries and payment of school fess which appear not to yield any profit. Besides, unstable market conditions resulting in unexpected falls in income, loss of capital through low market prices and low demand for goods and services also complicate beneficiaries' capability to use loans to improve their lives. Nonetheless, the issue of poor management of income and profit cannot be left out as beneficiaries sees every money that come from the business as money that could be spent without paying particular attention to its implications. Furthermore, most businesses undertaken by beneficiaries appear to be short term in nature. By their nature, short term business strategies could not meet the needs and aspirations of the poor in the long-term. It appears that such arrangements make beneficiaries more reliance on NGOs as saviors which should not be the case. It can be argued that beneficiaries' ability and willingness to do things on their own might be the greatest asset in a fight against poverty, not reliance out hand-outs.

It is worth to emphasis that since most of the beneficiaries are farmers, the credit is at times invested into the farming activities. However, with recent changes on climate, farming activities are becoming more risky and unreliable. These weather failures, it appears could affect beneficiaries' ability to get the maximum benefit from the credit as crops may not yield the required and desirable outcome which could make beneficiaries more dependent on loans. Eventually, the notion of microcredit dependency and larger family size to feed cannot be underrated. The beneficiaries, even though, are made aware by YOWE that the microcredit cannot be there forever, seems to ignore such advices and hope that the credit will be there to support them all the time. Therefore, once the credit stops, they are taken suddenly by surprise, living them with nothing to hold-on to. In addition, ceremonies like funerals, marriages, naming of a child and birthdays are becoming popular among rural dwellers and the study is no exception. Most of these activities have turn into merry making and partying where people have to buy drink and food for those who come without resort to their ability to afford but with the notion that ‘everybody is doing it’.

> ‘Even though most villages do not have electricity, during funerals and marriage ceremonies, people have hire bands from the nearby towns to play music for us. You are compelled by public opinion to cook expensive food for those who come to these occasions. You might feel reluctant but since this is a general trend, you are compelled follow suit’ (beneficiary)

Meanwhile, because there is no electricity as stated above, they have to hire a generator which is fuelled by petrol at another cost. These activities might increase the debt burden on beneficiaries and unless there are changes in attitude, poverty may never elude them. It is time that beneficiaries have to see reason in whatever they do and not necessary follow what everybody else is doing. Meanwhile, the issue of large family size to feed and diverting credit money to pay school fees for kids cannot be left out of the debate. It should be noted that in the village setting, having more children is seen as a sign of prestige and at times the erroneous ideas that at least one of the children might grow to become responsible citizen to take care of the parents. It parents do not take proper care of the children, how do they expect the children to become responsible people in the future? Would not they become nuisance to society? This appears to make parents to go at any length to take care of their children even if it demands the use of credit money so that the children would become responsible and take of them at old age. Even though this might be laudable, it has implication for sustaining microcredit activities as the money are not meant for such purposes. In view of this, education on birth control might appear paramount so that parents can have fewer children that they can take good care of with the meager resources. In the absence of such initiatives, the poor might be racing towards the bottom of the poverty ladder.

It appears that since microcredit provides small amounts of money and requires beneficiaries to repay their loans back quickly, it may only serve as a consumption stabilizer, for reducing the negative effects of shocks like seasonal fluctuations, and to provide a means for taking advantage of very small business opportunities. It could be argued that, it serves as a means of redistribution of incomes among the relatively poor and not an overall increase in incomes of the poor. Microcredit beneficiaries could find themselves in a state of microcredit enslavement in which they rely on loans for consumption not for productive purposes. When it happens, they cannot just do without a credit and become addicted to loans as survival strategy. Consequently, microcredit might not primarily be used for purposes of investment but for consumption. This might create a situation where credit is used for payment of health care, repairs of building and generally to bridge the gap between the income insecurity and meeting of basic daily needs such as food. Repayments might, however, be sustained through a downward spiral of vulnerable livelihoods, either through cross-borrowing or over-lapping through pyramids loans systems (Weber 2004). This might result in borrowing from one microcredit organization to pay the loans of other organizations which seem to deepen the debt burden of beneficiaries. It could be pointed out that, the idea of high repayment rates, repeated borrowing, and low drop-out rates recorded among beneficiaries indicate a dependency on microcredit programs and not an attraction to successful microcredit programs on the part of borrowers. Beneficiaries might have no alternative to borrowing from microcredit programs, and consequently cannot afford to default. Neither can they afford to stop borrowing or drop-out of the programs as their livelihoods appear to depend on loans.

> 'There is nowhere for me to go. In order to stay in excellent status with the microcredit program, I may even be required to resort to alternate sources of funding to pay my loans just to keep the system going' (beneficiary)

It appears that unless beneficiaries can increase their incomes, they may become permanently dependent on microcredit lending. An incident that happened during the data collection might sum up the dependent position of beneficiaries in the study area. I was interviewing one official of YOWE at the office when two beneficiaries come to them that they came to a funeral over the weekend and their monies got finish. They came to YOWE if they could provide them with money to go back. According to the officials, this is not the first time and that the beneficiaries usually come to them for such monies almost all the time. It seems that, you cannot just help than continue to support such vulnerable groups in society. There is a possibility where beneficiaries might see the credit institutions as there to provide their needs for as long as possible. There appears to be malfunction as microcredit programs publicize themselves as more progressive alternatives to the existing systems of informal credit which have caused problems in poverty areas. It can be argued that the chances of microcredit programs becoming just another form of debt-based oppression are real and need to be addressed before microcredit programs can progress much further. Yet, it appears that this has scarcely been looked at while microcredit is seen as an antidote to the predicaments of the poor without proper scrutiny. It should nonetheless be noted that injection of cash into an area is bound to have some effect on poor beneficiaries. But this does not necessarily mean that the effect will be permanent. It is noted that poverty reductions may be rolled back in two ways. In the first place, borrowers may use loans for consumption purposes which result in a momentary increase in living standards, but which must be paid for by cuts in future consumption. Besides, secondly, borrowers might make a net profit on their investments. Otherwise, as noted, might become dependent on the creditor programs. However, even if beneficiaries do not become dependent on microcredit lenders, they might still have failed to improve their economic position and this would be a failure of microcredit lenders to achieve their goals of reducing poverty. Beneficiaries might be sinking further into poverty and this is what could be referred to as a 'race to the bottom'. People might become poorer and poorer due to defects in the credit system. It appears that until the factors that really cause poverty are given honest attention, the dream of lasting prosperity would remain a fleeting illusion.

It appears that gender vulnerability risk is a dimension of development challenges faced by microcredit industry. Nonetheless, most of research on microcredit turns to treat the industry as a single entity without taking into consideration of the various interest groups including the gender dynamics. However, experiences of women might differ from that of men.

> 'Women tend to perceive more risks associated with domestic factors than men. Risks such as violence within the home, lack of cooperation with husband and neglect by their husbands. Such incidences might affect the operational efficiency of business entities' (YOWE official)

These risks factors could impede women's ability to use the credit effectively to improve their living condition and sustain it. Women who are neglected by their husbands become more vulnerable because they lose status and protection in the community. In Ghana, the social status of women is vital in acquiring credit facilities especially where most loans require social collateral. In such case, social status in a community and the group is critical. Meanwhile, when it comes to good social status, married ones have an edge over the single parents. It appears to give an advantage in having access to credit. In fact, women household heads are found to be less likely to be accepted as group members because they might lack other potential income earners and thus are perceived to be more likely to default on loan repayments (Sebstad and Cohen 2000). It should be recognized that prejudices could deprive poor but needy women the opportunity to get loans to improve their lives. But this should also be viewed in the interest of the microcredit program as the institution tries to avoid extreme risk. Microcredit is not charity, it is an investment portfolio. Nevertheless, part of the problem with both microcredit plans and its criticisms has to do with the assumption that the women involved share the same visions and characteristics. On the question of 'is microcredit empowering' appears to lie the view that women recognize and reproduce themselves as a collectivity entity called 'women' within the context of self-help groups. Don't the women in the groups have different needs and interests? This group referred to as 'women' is a heterogeneous entity with varied needs and motivation but it appears poverty binds them together. However, in addressing poverty which binds them together, it might be necessary to study the dynamics within the group. Is microcredit an isolated phenomenon in the world or a brand-new paradigm for women empowerment? The empowerment debate on microcredit might best be seen as both rhetoric and reality. At least, there has been some level of improvement in lives through such programs while others get worse after going through it. Why not situate microcredit within the broader context of development paradigms? (Moodie 2008) in a study of microcredit as a strategy for women empowerment, notes that what makes microcredit so attractive to women is not that financial gains or sisterhood born of self-help group which might dramatically altering women's lives. Instead, it is argued that microcredit has become part of the palimpsest that constitutes what may be called a platform for articulation of concern with questions of how resources should be distributed and possibility of grassroots feminism. Microcredit might seem as an avenue for women to make their voices heard. Though microcredit could be seen as a viable strategy for poverty reduction, it should be viewed within the broader framework of development strategies. This could be done by mainstreaming microcredit into the broader spectrum of development process in order to the desire effects. Its isolation as one efficient strategy might have grievous consequences.

4.3.1 Summary

It appears that the ability or inability to use loans to improve living conditions is multifaceted. It might range from economic, cultural and social challenges. Data seems to indicate that beneficiaries' inability to use credit to improve living conditions includes diverting loans and business capital into unproductive ventures such as marriages, funerals, birthday parties, buying clothing, beads and jewelries and payment of school fess which appear not to yield profit. Besides, unstable market conditions which might results in falls in income and loss of capital through low market prices seems to inhibit the profitability of businesses. The low demand for goods and services also complicate beneficiaries' capability to use loans to improve their lives. Poor management of income and profit by beneficiaries appears to be complicating matters as the poor might see proceeds that come from the business as money that could be spent without paying particular attention to its implications for long-term business development strategy. Besides, treatment of beneficiaries as single entity does not make room for meeting of individual needs.

4.4 Challenges in the microcredit industry

It should be noted that the emergence of NGOs and microcredit is and should be considered as a revolution and expression of civil society anger against the failures of the state. Nonetheless, it appears their activities seek to fill-in the gap left behind by inefficiencies in state led development strategies. However, it can be argued that NGOs and its operators appear to be beneficiaries of their programs and not necessarily the poor they aspire to help. In poor and developing countries, the spring of NGO activities could be analyzed from the perspective that the educated middle class use microcredit activities to serve their selfish interest and not that of the poor. Inherently, such NGOs are started to create jobs and wealth for educated few as they able to use the poor as a bait to raise fund internationally to cater for their needs at the expense of those they claim to help. Most of the money appears to be used for conferences and payment of allowances of the staffs with little going into poverty reduction activities. In the case of microcredit, it appears is ran as private enterprise with the intention of making profit. The poor are made to pay more than they could afford in the name of encouraging efficiency. In some cases, beneficiaries turn to be perpetual borrowers and NGOs as saviors. Due to such subordination, the poor look up to the NGO practitioner for leadership. By their action, it could be argued that NGOs are not interested in poverty reduction. Even where they try to support microenterprises, such activities are beleaguered by various challenges. The difficulties appear to be the focus of analysis in this section. It should be noted that the constraints might militate against the effective development of microenterprises in the study area are complex. Although some large scale businesses experience financial constraints, poor management, marketing challenges and poor quality of products, microenterprises seem particularly vulnerable to these weaknesses as well. It appears that the challenges associated with the development of microenterprises might highlight the difficulties associated with financing rural women microenterprises with microcredit.

Ghana as a nation and for that matter the certain beneficiaries appear to be faced with the ages-old problem of limited market size. The limited market size highlights some of the the frustration of beneficiaries.

> ‘What is the essence of trading when you go to the market and no one asks you what you are selling? At times you walk through the village and just hope that someone calls you and ask of what you are selling so that you can use the opportunity to relax but it never happens’ (beneficiary)

It can be argued that this could partly be as a result of impoverished population where per capita income is quite low. This invariably might limits the effective demand for goods and services and hence the growth of small-scale and microenterprises. Where People lack the capacity to buy, the market would shrink. Nonetheless, as demand for goods and services fall, the zeal and motivation to produce more also declines. The low annual per capita income might affect demand for goods and services which are needed to promote the growth and development of microenterprises. According to GLSS (2003/4), Eastern Region is one of the six poorest regions in Ghana. The GLSS 2003/4 report indicates that, 6 out of 10 people in the region are poor, with an annual income below GH¢100.00. The situation of low level incomes appears even worse in rural parts of the region like the Manya Krobo district where majority of beneficiaries reside in rural areas. The situation seems to make it difficult for demand for goods and services which are needed to promote growth and development in the districts and its implication for improvement in the living conditions of the people. It appears that the only option available is to cut spending as the market shrinks. The larger local population, it can be argued lacks the ability to buy the goods and services available in the area. Hence the need to find market for goods outside the immediate environment which are either choked or far away which might increase production cost due to high transportation cost. Beside low levels of income, the issue of poor marketing strategies by local microenterprises undermines their ability to make the best out of their businesses. Ultimately, it can be suggested that the success of every business requires a satisfactory level of sales. Promoting sales requires talent and skills which most local entrepreneurs appear to lack. Those activities that have the most direct impact on achieving successes in sales are marketing activities which most beneficiaries ignore.

> 'Most beneficiaries fail to brand their goods and services to attract customers. They seem not to appreciate the essence of customer services and its impact to attract more people to buy a product' (YOWE official)

It might be vital, therefore, that microenterprises managers recognize the importance of marketing and understand how to develop good marketing strategy. On the contrary, most beneficiaries in the study area appear not to take such activities seriously. It should be emphasized that a good marketing strategy could be as critical for business survival as a strong financial base. What profit could an entrepreneur make if you cannot sell what you produce? However, most beneficiaries seem to believe that marketing strategy is a practice limited to large organizations. The lack of adequate studies concerning consumer need, wants and sales appeal might constrain the growth and expansion of microenterprises. Perhaps, it appears the marketing weaknesses of microenterprises are clearly seen in the difficulty in managing the quality of products and services. How much should a small village entity spend on advertising? What medium should be used? How can the effectiveness of advertising be measured? For most beneficiaries, these questions are particularly difficult to answer. In contrast, large firms appear to spend a budgeted amount of money on advertising which might throw many small and microenterprises out of the market. The lack of answers to these questions by local entrepreneurs normally put them away from applying them to their businesses as other competitors overtake them in the business.

Product quality standards are pretty poor in enterprises run by beneficiaries with the credit. It should be emphasized that if an enterprise is to be profitable, it must control the various elements of the production process. It might include equipment maintenance, quality control strategies, work improvement and finding out how to improve their products to attract more customers. However, from the data it appears that beneficiaries have not cultivated the culture of maintenance. Maintenance function in a business might be intended to correct inefficient equipment and to prevent future breakdowns of such equipment. Nonetheless, poor quality raw materials also contribute to poor quality products. This is a particular challenge which appears is facing the soap making aspect of the microcredit enterprise in the study villages. Beneficiaries do not have adequate raw materials for their activities. Beneficiaries appear not to have the right type of suppliers or supply sources as most of them place cost first instead of quality. In line with the above argument, Boapeh (1995) commenting on the quality of product of small-scale and microenterprises, indicates that because of human resource management problems relating to training and motivating of personnel, microenterprises have low products or services.

It can be stated that poor road network and bad nature of feeder roads in rural communities in Ghana might affect the smooth development of microcredit enterprises since people finds it difficult to haul their products to the market centers. In Manya Krobo district, the road network linking Agomanya and Asesewa, the major market centers and the villages where YOWE operates its credit scheme are in deplorable state. The roads networks might become almost unusable for car during the raining season. Beneficiaries of microcredit find it difficult to transport their gari[5], soap and farm produce to the market centers during most parts of the raining season due to bad nature of the roads. This hindrance in transportation results in loses to beneficiaries as business activities come to a standstill.

> ‘The roads that lead to the villages are bad and most cars are not ready to ply the area. Those which come charge high fares but since there are no alternatives, beneficiaries have to manage. The cars are not reliable, coming here weekly. High fares increase business cost’ (beneficiary)

This invariably affects working capital and profit margins of most beneficiaries. It might be imperative on the part of YOWE and beneficiaries to find ready market for microcredit products if the loans are to have a lasting effect on their lives. This might be done by looking for people who will buy the products at the production sites. When this is done, beneficiaries could get the maximum benefits from their activities to improve their living condition and sustain it. Market infrastructure such as market stalls and storage facilities appear to be in bad shape on the markets in the Manya Krobo district. Storage facilities to house unsold stock to the next market day are virtually in non-existence in the market centers. From the data, it appears that unsold products of beneficiaries are exposed to thieves. Even where these facilities exist, they are expensive for beneficiaries to bear thereby affecting the profitability of business entities.

Furthermore, it can be argued that the success of any business entity depends on how well such an establishment is managed. Poor management appears as a challenge that limits effective development of microenterprises operated by beneficiaries. Managerial inefficiency appears to prevail in most microenterprises. Consequently, good number of microenterprises

[5] A local food made from cassava

in the study area such soap making and petty trading, due to managerial inefficiencies are becoming unprofitable businesses and struggling to survive. According to Page (1979), at best certain microenterprises in rural areas earn only a scanty amount for their owners. The reason for their condition is that, it is argued the businesses 'run' and that it might be an exaggeration to say that such businesses are 'managed'. Even so, weak management appears to show up in the service received by customers, low profits or losses at times, high labor turnover, working capital problems and poor labor management problems. Financial constraints seems to make it difficult for microenterprises to pay for training courses and seminars on improved management practices, project and business planning and identification of new business opportunities. It can be noted that the poor management practice seems permeate entrepreneurs who have little formal education. Meanwhile, in the Manya Krobo district for example, the adult illiteracy rate is estimated to be above 50%, and most women engage in soap making and gari processing appears less educated (MKDA 2007). Thus, they find it difficult to keep records of their business activities. As a result of this, managerial practices become poor and this affects their marketing strategies and general development of the microenterprises.

> 'Beneficiaries in rural areas do not keep accurate records due to lack of adequate knowledge in record keeping. The inability of beneficiaries of the credit to prepare simple financial statements makes it difficult in evaluating the actual performance of the enterprise over time' (beneficiary)

It can be noted that a simple accounting system provides valuable information for planning, controlling and evaluating the performances of microenterprises. Ostensibly, a business may appear viable but may be in poor financial state. In view of this, keeping reliable financial information might be necessary to reveal waste and errors, as well as providing necessary information for beneficiaries, the NGO and prospective creditors. Even though YOWE have been organizing such training workshops for beneficiaries, it appears that that most beneficiaries do not put what they have learnt into their individual businesses. Beneficiaries seem to find it difficult in accepting such new ideas and continue to rely on their old ways of doing things. It appears beneficiaries require attitudinal change while YOWE might need to tap into the indigenous knowledge of doing business in order to impact new ideas. This could not be done abruptly but a gradual process which needs compromises from both sides, as beneficiaries might resist giving away what they already know and cherish.

In the view of Aryeetey (2004), microenterprises loans requirements are small, so the costs of processing the loans tend to be high relative to the loan amount. Besides, it might be difficult for financial institutions to obtain information to assess the risks of new, unproven ventures, especially where the success of microenterprises often depend on the abilities of the entrepreneur. Nonetheless, the probability of failure for new small ventures might be high. How would microcredit institution know a small business venture is viable? This might affect willingness of loan institutions to provide adequate credit for beneficiaries. Inadequate working capital appears as a key constraint to small, medium and microenterprises in the Manya Krobo district, especially the capital requirement to purchase cassava to process into gari by women. During the major harvest seasons, where there are abundant raw materials for processing, working capital might become a barrier to production, processing and marketing. This is because to have access to adequate materials, it might be prudent to pre-finance the activities of farmers which require a substantial amount of capital. However, microcredit alone might not be able provide such investment. It implies that if there are enough working capital, women might be able to stock pile and process more raw materials and store the end products in order to enjoy higher prices during the lean season to make extra profit on their investment. The profit if generated on sustainable basis can help pay the school fees of children, pay family medical bills and improve the general well-being of the entire household. The profit could also be reinvested into the business to aid their expansion drive. It appears that inadequate access to credit for women microenterprises might compel women entrepreneurs to borrow from friends, some of which are not beneficial to the borrower due to high interest rates. For instance, traders might be required to provide the working capital needs of entrepreneurs in order to maintain ownership of their products. Even though YOWE have been providing credit to women entrepreneurs, the amount given/loans sizes appears small (GH¢60.00) and sometimes nowhere near the realistic working capital of the beneficiaries or what they demand. How suitable are loan size for beneficiaries? It is suggested that some microcredit institutions automatically increase loan size for members after each loan cycle regardless of their need or repayment capacity but this appears not to be the case of YOWE. Beneficiaries normally have the room to decide on how much to borrow although there are lower and upper limits to the credit given. In most cases, YOWE could not meet the loan requirements of its beneficiaries. It appears that beneficiaries require relax and timely products with manageable repayments arrangements. Nonetheless, for well established households, larger loan sizes might enable them to take advantage of investment opportunities with potentially higher returns. In the case of disadvantaged beneficiaries, smaller and more frequent installments stretched out over a longer repayment might be more appropriate. Sometimes, due to funding constraints, YOWE which largely depend on donor funds are unable to disburse the loans to beneficiaries at the right time. However, it can be argued that for poor households, the risk of taking a loan could be reduced if repayment amount and cycles correspond to income flows and repayment capacity of borrowers.

> ‘At times you need a loan to start a business but the NGO is not willing to provide the money because other group members have not paid their loans. You might have missed an opportunity to make some profit which might never come again. Doing business is like gambling and one has to make use of the chances that comes one’s way’ (beneficiary)

It appears that taking into account the variable character of beneficiaries’ income flows with corresponding repayments amounts and cycles might improve a beneficiary’s capacity to repay. It might also encourage borrowing over a long term which might reduce the risk of borrowing for beneficiaries as well as YOWE.

Besides, there is a challenge of developing financial products, services and delivery mechanisms that meet the financial needs of a wider spectrum of beneficiaries. It can be noted that in order to expand and extend outreach and impact, microcredit appears to be confronted with developing products that might respond to the needs of beneficiaries from both poor and somehow better-off households. Product development could involve both improving the terms and conditions of existing products and developing new products. YOWE appears currently to be developing an urban based credit to serve the needs and aspirations of that category of beneficiaries. Nonetheless, the microcredit industry has often been treated as a homogenous entity. Though some variations in loan sizes exist, differences in interest rates and other terms and conditions often seem the same. This defect might cripple the effectiveness of microcredit in poverty reduction since borrowers differ and might require specific needs. According to Sebstad and Cohen (2000), a challenge for microcredit institutions is the extent to which microcredit programs can respond to the demand for individual loans within the groups. It appears that some beneficiaries, especially from better-off households might not able or unwilling to bear the high borrower transaction costs associated with group lending system. High borrower transaction costs appears to be related to weak group dynamics, cumbersome group size or processes, or the seeding out process that often goes on during the formation phase. It could also relate to variations in the creditworthiness of group members or loan terms and conditions that might seem rigid. Nonetheless, women appear to value the opportunity to participate in credit groups. Even though the opportunity cost of their time might be high. That cost appears to be outweighed by the benefits of building social assets, developing new skills and gaining of certain benefits through participation in credit groups. These social assets and skills are necessary to sustain business activity when the credit finally pulls out. How can beneficiaries manage and recover from losses associated with unanticipated economic events. Institutions might be challenged to provide more flexible loans and savings products.

> 'When things like sickness, death, and at times theft occur, the use of loan for such emergencies become eminent. It is difficult but unavoidable since money cannot be kept while human life is at stake. It seems irrational and inhumane' (beneficiary)

In that case, emergency loans could play a vital role in aiding beneficiaries who find themselves in such unfortunate circumstances. The loans could help beneficiaries recover from such events more quickly and continue to pay their loans and still stay in the programs. It might discourage the use of negative coping mechanisms such as withdrawing children from school and selling out productive assets, while ensuring that beneficiaries reduce vulnerability to risks in the future. Nonetheless, if emergency loans are to have positive outcome, the timing needs to be correct. The money should be made readily available when beneficiaries need it most. It appears that beneficiaries, who might be in the middle of a loan cycle, might need emergency loans to enable them continue repay their loans and stay in the programs when business activities are not doing well. However, while ability of beneficiaries to carry on debt needs to be weighed carefully, emergency loans could be effective where livelihoods seem to be in danger. The data appears to indicate that paying attention to beneficiaries' preferences in relation to loan size, repayment cycles, flexible loans and transaction costs in the design of products and delivery mechanisms could improve microcredit outreach and retention. It might lower the risk of borrowing for beneficiaries. It might necessitate analyzing a relation that could link household monetary and investment flows with loan and repayment cycles.

4.5 Concluding remarks

The chapter has focused on discussion the effects of microcredit on poverty reductions. It examines the success stories of certain beneficiaries in using the credit to improve the lives and challenges that confront their businesses. It delve into why certain group of beneficiaries have not seen any improvement and are "racing to the bottom" of poverty. It is discovered that the improvement in living conditions could be attributed diversification of incomes sources by beneficiaries, empowerment and cooperation among and within beneficiaries and YOWE, good financial and business management and efficient microcredit monitoring techniques. Even though large scale businesses appear to experience financial constraints, poor management, marketing challenges and poor quality of products difficulties, small microenterprises seem vulnerable to these weaknesses as well, which appears to limit beneficiaries' ability to expand the businesses that could promote development. Nonetheless, beneficiaries appear to depend on various strategies to sustain their living conditions. It includes adopting regular meetings by groups to deliberate on issues that improves their welfare, relying on the social capital which enable them to borrow from family members, friends, and participation in credit rotation savings association and savings in both monetary and non-financial forms. Field data appears to suggest that certain economic, cultural and social challenges do not enable beneficiaries to use credit to improve their lives. It can be noted that factors responsible for beneficiaries' inability to use credit to improve living conditions range from diverting loans and business capital into unproductive ventures such as marriages, funerals, birthday parties, buying clothing, beads and jewelries, and payment of school fess which do not yield profit. It can, therefore, be argued that though microcredit could serve as a safety net for poverty reduction, it might not necessarily eradicate it and the pontification of microcredit as a panacea for development might make the efforts at poverty reduction a delusion.

The next chapter looks at the summary, conclusion and recommendation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary and conclusion

The study explores the impact of microcredit in poverty reduction especially among women. It aims at finding out whether beneficiaries are better or worse-off after taking part in the microcredit. Even where beneficiaries have seen improvement in their lives or not, what might have accounted for such state of affairs. Nonetheless, certain basic ideas seem to guide the research. These include: What reasons enable certain beneficiaries to succeed in using the loans more efficiently? How do beneficiaries maintain their living conditions without supplementary loans support? Why is it that certain beneficiaries are not able to improve their living conditions with the loans? What challenges confront beneficiaries in using microcredit to earn a living? The responses to these questions might be intriguing to explore.

The research starts by appraisal of poverty and subordination of humanity especially women. It highlights the effort at addressing the issue of poverty at local and global levels. This seems to include the need for more pro-poor strategies that challenges conventional development paradigms which appear to have yielded little results over the years. It appears that microcredit has become an alternative to top-down government-sponsored and NGO-run development initiatives that can be equated to Western approaches to addressing global poverty. *Nonetheless, its implementation often ignores cultural peculiarity of poverty and development by assuming that what works in one part of the world, will work everywhere else.* It can be argued that *microcredit* should be given a *geographical dimension*. It appears that due to such defects, the pleasant assumptions of microcredit have done little to bring most beneficiaries out of poverty as institutional and organizational arrangements that could drive local business are lacking in most villages that are supposed to benefit from the loans. The research also explores the theory and practice of microcredit and development which comes with structural adjustment programs as prescribed by development partners. It discusses the relationship between microcredit and empowerment, poverty and income generating activities. The context of study area and research methodology has also been discussed. Based on data collected, the study discusses the impacts of microcredit on poverty in order to come out with recommendation. The outcome of the study appears to show that the effect of microcredit on the living conditions might not be uniform. While certain beneficiaries were able to improve their living conditions and sustain it, others despite being able to improve their lives, could not sustain it. Meanwhile, some beneficiaries were not able to improve their living conditions at all with loan support.

What conditions allow beneficiaries to meaningfully use loans to improve their lives and sustain it? Analyzing reasons that might drive the successful use of microcredit to improve living conditions, there are indications that the factors are multifaceted. Nonetheless, these appear to include diversification of income source, cooperation and empowerment, good financial and business management, long term investment ventures and credit monitoring. There are indications that microcredit might help some borrowers to *insure themselves against critical moments by building up household assets.* From the theory, Sinha and Martin (1998) argue that loans can enable women to build capital base which might be used for investment in varied retail and skill activities. These assets might be used as security or proof of credit worthiness when dealing with businessmen or more traditional lending agencies. Although Selinger (2008) discounts the empowerment narratives because it is argued that such views are compromised by national pride and personal ambitions, the findings indicates that the value of cooperation and empowerment cannot be underestimated if loans are to lead to improvement in living conditions of the beneficiaries. It should be noted that *cooperation within solidarity groups and families is fundamental for effective management of businesses since it encourages group cohesion and might exposes individuals to group dynamism which are critical ingredients for development.* It can be concluded that generating prospective doable business ideas requires a great deal of awareness of the business environment. This seem to in line with the UN (2005) argument that microcredit, under the right conditions, can promote the empowerment of the poor and catalyzed opportunities for poor women to become active participants in economic activities and to attain new roles as cash earners and managers of household incomes. Though this might be a necessary condition, it might not be sufficient condition to development of human potentials. Beneficiaries' ability to come up with ideas on products and services that can satisfy customers requires an ability to understand and anticipate their needs and wants. It is apparent from the studies that, most successful beneficiaries are the ones who are able to capitalize on the environments created due to cooperation among and within groups, good financial and business management and the effective monitoring of loan facility both by YOWE and *peer monitoring which more or less serve as an invisible police within groups.* It appears that loans have led to cooperation between wives and husbands as both contribute to family income. However, it appears that beneficiaries' ability to improve and sustain their living condition is dependent on a continuous flow of loans. Once YOWE stop providing loans, most beneficiaries would be found wanting. This seems to be at variant with conventional arguments on microcredit which assume that beneficiaries would become empowered even after loans have stopped.

How do beneficiaries improve their lives without further loan support? It appears that the constraints that inhibit the effective development of microenterprises and beneficiaries ability to improve their lives in the study area are diverse. Aryeetey (2004) argues that beneficiaries that might be constraint in access to credit and other assets and skills may not be able to survive economic challenges. *However, in practice, beneficiaries survive but at the cost of adopting other livelihood strategies.* This study appears to reveal that, financial constraints, poor management, marketing challenges and poor quality of products difficulties are main challenges that confront most beneficiaries. Besides, *microcredit, to a certain extent has failed to respond to the demand for individual loans within the groups.* It appears that beneficiaries, from better-off households are not able or unwilling to bear the high borrower transaction costs associated with group lending system. Nonetheless, it seems that since credit is a group-based phenomenon, it might cripple individual initiatives as beneficiaries have to do almost all activities at group and not individual pace. Ledgerwood (1998) argues that group members mutually guarantee each other's loan and are held legally responsible for loan repayment. More so, loans are suspended from individual members until all group members pay their loans which normally do not facilitate good business development strategy. In addition, it appears that managerial inefficiency prevails in most businesses. It can be noted that due to managerial difficulties microenterprises like soap making and petty trading in the area are becoming unprofitable and struggling to survive from day-to-day. It is discovered that businesses in villages earn a just little for beneficiaries because the businesses appear just in operation. *It might be an overstatement to assume that they are administered.* This translates into weak service received by customers, low profits and losses at times, and working capital problems. *The desire to be working appears to be what is driving local entrepreneurs to do what they do.* UNCTAD (2000) states that the personal attributes, skills and competencies of the entrepreneur largely determine how the enterprise is managed in fundamental functional area, which might determine its chances for success. Page (1979) too argues that at best microenterprises in rural areas earn only a scanty amount for their owners. It is argued that the reason for their condition is that, they 'run' and it would be an exaggeration to say that they are 'managed'. Nevertheless, despite these difficulties beneficiaries sustain the improved lives through strategies like regular meetings by groups to deliberate on issues that improves their welfare, *relying on the social capital which enable them to borrow from family members, friends, and participation in credit rotation savings association and savings in monetary and non-financial forms.* It must, however, be emphasized that at times, some of the strategies appear unreliable and unsustainable in the long term. From the data, it can be concluded that participation in credit groups could reduce vulnerability through building human and social assets.

Why is it that certain beneficiaries are unable to use loans to improve their lives? It can be noted that socio-economic factors could inhibit people's ability to use microcredit in a beneficial manner. World Bank (1994) argues that in most countries patriarchal traditions and loopholes in legislation might prevent equalization of inheritance rights. *It appears that socially and culturally defined roles and responsibilities influence the kind of business activities that are most likely to engage women.* This might restrict their ability to take advantage of conventional banking and credit facilities. Nonetheless, in most African countries, issues like property rights and traditional cultural norms are highlighted as key barriers for women entrepreneurs (UNECE 2004). These arguments seem to support the findings on the economic, cultural and social challenges that appear to be inhibiting certain beneficiaries to use the credit to improve their lives. It is discovered that the cultural and social reasons that are accountable for beneficiaries' inability to use credit to improve living conditions range from *diverting loans and business capital into unproductive ventures such as marriages, funerals, birthday parties, buying clothing, beads and jewelries and payment of school fess which appear not to yield any immediate profit.* In addition, unstable market conditions resulting in fall in income, loss of capital through low market prices and low demand for goods and services. Markets appear to be characterized by failures and inefficiencies which might not allow the beneficiaries to get the right benefits from the loans (Weber 2004). *It appears that gender and vulnerability risk of developmental challenges in the microcredit industry affect women the most.* Nonetheless, most research on microcredit turns to treat the industry as a single entity without taking into consideration of the various interest groups including the gender dynamics. It should be noted that women tend to suffer more risks associated with domestic factors than men. Risks like violence within the home and lack of cooperation and neglect by husband. Incidences of that nature might affect the operational efficiency of businesses. Besides, beneficiaries tend to center on interactions within themselves at the expense of outside interactions. It can be argued that the *business strategies must moved from the inward looking strategy to a more outward development.*

It can be noted that poverty might be reduced if microcredit products are well designed to meet the needs of beneficiaries. It appears that microcredit affords women who could not under normal condition be granted credit by traditional banks, an opportunity to access credit to increase the capital base of their economic activities. Nonetheless, some women normally go on to give their loans to the men. However, it is argued that the passing on of loans take place because men appear to posses better managerial skills. It also seems that men appear more experienced and better acquainted with the market situation. It is also noted that there might be cultural inhibitions that might prevent women from taking active part in economic activities (Osmani 2007). *Contrary to the above argument, women are found to be better managers of loans than their male counterparts.* Women who are benefiting from YOWE credit program are enjoying some level of improved income and standard of living, and are contributing significantly to asset household expenditure. Nonetheless, it is argued that MFIs themselves do not contribute as much to change the power structures. Bunning (2004) for example criticizes the manner microcredit services are provided in which the management positions are reserved for men while women are the borrowers. However, in the case of YOWE, it appears that, though the manager and youth organizer are men, the *accountant* is a *woman*. This might aim at *balancing the power dynamics within the institution.* The group lending approach as practiced by YOWE in implementing credit program has both social and economic impacts. For the women, not only have they become successful in their businesses but also become more self-confident and gain insight into business management and other social issues. Despite general satisfaction among beneficiaries with the services being provided by YOWE, the interest rate and frequency of loan repayment put beneficiaries under intense pressure. It might be important for the program to aim more at the welfare of the poor in the society by reducing the interest rate. The findings seem to confirm the notion that increases in working capital is important for economic empowerment for the poor and vulnerable in society. As a result, the women beneficiaries indicate that, improve access to credit has increased their capital base making them more creditworthy. *It can, therefore, be argued that, although microcredit could serve as a safety net for poverty reduction, it might not necessarily eradicate it and any pontification of microcredit as a panacea for development might make the efforts at poverty reduction a fantasy.*

5.2 Recommendation

It appears that the provision of access to financial services is essential but not sufficient for poverty reduction. Direction appears important for beneficiaries, who have less formal education and less experience with formal organizations and their operations. Besides, financial services, it might be imperative to equip the women with training in small enterprise, entrepreneurship and management. Meanwhile, trainings offered in business and financial management to beneficiaries appears critical and should be sustained. Nonetheless, there might be a need *to institute a periodic review mechanism into the content of the training model to ensure that contemporary issues in business.* Training should also tackle traditional norms which might perpetuate poverty like spending income on buying of beads and clothing, puberty rite and funerals at the expanse of their children education and health care.

With continuing demand for bigger loan by beneficiaries, YOWE could build capacity of women to deal directly with banks to create room for expansion of loan facility to cover women outside the current villages. This might have immense potential of building the capacity of women to deal with traditional financial institutions with little or no support. Besides, interest rate on loan needs be reduced since it appears to put burden on borrowers. Beneficiaries attribute their inability to make enough profit and repay loans promptly to high interest charge and a reduction in interest rate is crucial if empowerment of women especially those in low income group. Grace period is important to enable borrowers prepare for loan repayment. This arrangement, would allow more time to raise enough income to handle repayment and family obligations without much adverse effect on economic activities. Although beneficiaries express satisfaction for loans, it would be prudent that those who need bigger loan be assessed on viability of their businesses, past records, commitment and goodwill to establish their capacity to repay. Loans might be increased for such beneficiaries if their strength to repay bigger loans is established. In conclusion, there might be a need to develop a program that graduates beneficiaries through stages. Thus, women might benefit from YOWE program for a given number of years on group base, but later graduate to a level where individuals access loans on their own. It can encourage individual ingenuity and serve as a catalyst to get people out of poverty. It is important for both YOWE and beneficiaries to see microcredit as a means to an end and not an end in itself. *Nonetheless, further research might be needed to ascertain the geographical dimension of loan effectiveness.*

References

Adams, D.W and von Pischke, J.D. 1992. Microenterprise Credit Programs: Deja Vu, *World Development*, 20.

Arku, C. and Arku, F.S. 2009. More Money, New Household Cultural Dynamics: Women in Micro-finance in Ghana. *Development in Practice*, 19 (2).

Asenso-Okyere, W.K., Asante, F.A. and Gyekye, L.O. 1993. Policies and Strategies for Rural Poverty Alleviation in Ghana. *Technical Publication No. 57*. ISSER, University of Ghana, Legon.

Aryeetey, E. 2004. Household Asset Choice among the Rural Poor: *Paper presented at authors' workshop of the project on 'Understanding Poverty in Ghana' organized by ISSER, University of Ghana,* Legon.

Azure, E.C. 2001. *The Opportunities and Constraints of Women in Economic Activities: A Case Study of Women in Sheabutter Production in Northern Ghana.* University of Ghana, Legon.

Baden, S. and Milward, K. 1995. Gender and poverty. *BRIDGE Report* No. 30. *Institute of Development Studies*, Brighton.

Bauer, P.T. 1981. Western Guilt Third World Poverty. *Equality, the Third World, and Economic Delusion*. Harvard University Press, Harvard.

Bhavnani, K., Foran, J. and Kurian, P. 2003. Feminist Futures—Re-Imagining Women. *Culture and Development*. Zed Books, London.

Bernasek, A. 2003. Banking on Social Change, Grameen Bank Lending to Women. *International Journal of Politics. Culture and Society*, 16. 369-385.

Berger, T. 1995. Key Issues on Women's Access to and Use of Credit in the Micro and Small-Scale Enterprise Sector. *Digard, L. and Havet, J. (eds). Women in Micro and Small-Scale Enterprise Development.* Westview Press, Boulder.

Berger, M. 1989. Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty. *World Development*, 17 (I).

Boapeh, S.N. 1995. Financing Small Rural Enterprise through Formal Arrangement: A Case Study of the Ahanta West of Ghana. *Presented at a seminar on Small Enterprise Credit in West Africa*. Accra.

Bunning, A. 2004. A Microcredit Success Story: Women Make the Difference. *Development Bulletin*, 64. 63-66.

Campbell, T. 1996. Technology, Multimedia and Qualitative Research in Education. *Journal of Research on Computing in Education, 30* (9). 122-133.

Cook, T.D. and Campbell, D.T. 1979. *Quasi Experimentation: Design and Analysis Issues for Field Settings*. Rand McNally, Chicago.

Cheston, S. and Kuhn, L. 2002. Empowering Women through Microfinance. *UNIFEM*, New York.

Creswell, J.W. and Miller, D.L. 2000. Determining Validity in Qualitative Inquiry. *Theory into Practice, 39* (3). 124-131.

Davies, D and Dodd, J. 2002. Qualitative Research and the Question of Rigor. *Qualitative Health research, 12* (2).

De Mel, S, McKenzie, D. and Woodruff, C. 2007. Who does Microfinance Fail to Reach? Experimental Evidence on Gender and Microenterprise Returns. *Bureau for Research and Economic Analysis of Development.*

De Mel, S.M. 2008. Returns to Capital in Microenterprises: Evidence from a Field Experience. *The Quarterly Journal of Economics.*

Dos Santos, T. 1973. The Crisis of Development Theory and the Problem of Dependence in Latin America. *Bernstein, H. (ed.) Underdevelopment and Development. The Third World Today.* Pengiun Books.

Eisner, E.W. 1991. *The Enlightened Eye: Qualitative Inquiry and the Enhancement of Educational Practice.* Macmillan, New York.

Fikkert, B. 2003. Christian Microfinance: Which Way Now? *Association of Christian Economists 20th Anniversary Conference: 'Economists, Practitioners, and the Attack on Poverty: Toward Christian Collaboration'* January 5-6, 2003, Working Paper 205. Washington, D.C.

Garson, J. 1996. *Microfinance and Anti-Poverty Strategies: A Donor Perspective*. United Nations Development Program (UNDP). New York.

Ghana Standard Living Survey (GLSS), 2003/2004. Accra.

Glesne, C and Peshkin, P. 1992. *Becoming Qualitative Researches: An Introduction*. Longman, New York.

Gouws, A. 2005. Rethinking Development from a Gender Perspective. *Department of Political Science, University of Stellenbosch, South Africa CODESRIA Bulletin,* No. 3.

Grootaert, C. 2003. Assessing Empowerment in the ECA Region. *Paper presented at the 'Measuring Empowerment: Cross-Disciplinary Perspectives' workshop, ECA Region,* World Bank, February 4-5. Washington, D.C.

Gulli, H. and M. Berger 1999. Micro-Finance and Poverty Reduction: Evidence from Latin America. *Small Enterprise Development Journal*, 10 (3).

Hammersley, M. and P. Atkinson, P. 2007. *Ethnography*. Routledge, London.

Hagen, E.E. 1974. The Theory of Social Science: How Economic Growth Begins. *Hammeed, K.A (ed.) Industrial Entrepreneurship in Development.* Sage, London.

Hashemi, S, Sidney, M, Schuler, R, and Riley, A.P. 1996. Rural Credit Programs and Women Empowerment in Bangladesh. *World Development*, 24 (4). 635-53.

Hirschman, A. O. 1958. Interregional and International Transmission of Economic Growth. *The Strategy of Economic Development,* Yale University Press, Yale.

Hirschland, M. 2003. Serving Small Depositors: Overcoming the Obstacles, Recognizing the Tradeoffs. *The Micro-Banking Bulletin 9.*

Healy, M. and Perry, C. 2000. Comprehensive Criteria to Judge Validity and Reliability of Qualitative Research within the Realism Paradigm. *Qualitative Market Research*, *3* (3).

Hercules, S. 2006. *Microcredit- A Way to Overcome Problems of Financial Markets in Developing Countries?* Lund University Press, Lund.

Hesselberg, J. 2009. *Fieldwork in Developing Countries: A Student Guide for Data Collection in the South.* Department of Sociology and Human Geography, University of Oslo.

Hoepfl, M.C. 1997. Choosing Qualitative Research: A Primer for Technology Education Researchers. *Journal of Technology Education*, 9 (1). 47-63.

Hulme, D. and Mosley, P. 1996. *Finance against Poverty. Volume II: Country Case Studies*. Routledge, London.

Hunt, J. and Kasynathan, N. 2001. Pathways to Empowerment: Reflections of Microfinance and Gender Transformation in South-East Asia. *Gender and Development*, 9 (1). 42-52.

Islam, T. 2006. Microcredit and Poverty Alleviation. *Aldershot*, Ashgate.

ISSER 2007. *The State of Ghanaian Economy, 2006*. University of Ghana, Legon, Accra.

Jonhson, S. and Rogaly, B. 1997. *Microfinance and Poverty Reduction*. Oxfam, UK.

Kabeer, N. 1996. Agency, Well-being and Inequality: Reflections on the Gender Dimensions of Poverty. *IDS Bulletin*, 27 (1).

Kabeer, N. 1998. Can Buy Me Love? *Re-evaluating the Empowerment Impact of Lending to Women in Rural Bangladesh.* Institute of Development Studies, Sussex.

Kabeer, N. 1999. Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment. *Development and Change*, 30. 435-464.

Kabeer N. 2001. Conflicts over Credit: Re-evaluation the Empowerment Potential of Loans to Women in Rural Bangladesh. *World Development*, 29(1).

Kanunga, R.N. *et al*. 1994. The Need for Indigenous Management in Developing Countries. *Kanungo et al (eds). Work Motivation: Models for Developing Nations*. Sage, India.

Karin, R. and Osada, M. 1998. Dropping Out: An Emerging Factor in the Success of Microcredit-based Poverty Alleviation Programs. *The Developing Economies*, 36 (3).

Khandker, S.R. 1998. *Fighting Poverty with Microcredit: Experience in Bangladesh,* World Bank, Oxford University Press, Oxford.

Krishna, A. 2003. Social Capital, Community Driven Development, and Empowerment*: World Bank Working Paper 33077. World Bank,* Washington, D.C.

Leach, F. and Sitaram, S. 2002. Microfinance and Women's Empowerment: A Lesson from India. *Development in Practice*, 12 (5). 575-588.

Ledgerwood, J. 1998. *Microfinance Handbook: An Institutional and Financial Perspective. The World Bank,* Washington, D. C.

Lincoln, Y.S. and Guba, E.G. 1985. *Naturalistic Inquiry*. Sage, Beverly Hills, CA.

Long, N. 2001. *Development Sociology: Actor Perspective.* Routledge, New York.

Malhotra, A, Sidney R.S, and Carol B. 2002. Measuring Women's Empowerment as a Variable in International Development. *International Center for Research on Women and the Gender and Development Group. World Bank*, Washington, D. C.

Manya Krobo District Assembly (MKDA). 2006. District Development Plan. Odumase.

Manya Krobo District Assembly (MKDA). 2007. District Development Plan. Odumase.

Mayoux, L. 1997. Impact Assessment and Women's Empowerment in Micro-finance Programs: Issues for a Participatory Learning and Action Approach. *CGAP meeting on Impact Assessment of Micro-Finance Program,* Washington, D.C.

Mayoux, L. 1999. Questioning Virtuous Spirals: Microfinance and Women's Empowerment. *Africa Journal of International Development*, December, 1999.

Mayoux, L. 2001. Tackling the Down Side: Social Capital, Women's Empowerment and Micro-Finance in Cameroon. *Development and Change*, 32 (3). 435-64.

Mayoux, L. 2002. Women's Empowerment and Sustainability? Towards a New Paradigm in Microfinance Programs. *Lemire B, Pearson R, and Cambell G. B, (eds). Women and Credit: Researching the Past, Refiguring the Future,* Oxford.

Mateja, C. 2009. *Women and Microfinance: a Route to Poverty Reduction?* University of Birmingham, Birmingham.

McKernan, S.M. 2002. The Impact of Micro-Credit Programs on Self- Employment Profits: Do Non-Credit Program Aspects Matter? *The Review of Economics and Statistics, 84 (1).*

Mendoza, M.R. 1989. Latin America and the Negotiations on Trade in Service. *UNCTAD, Uruguay Round-Papers on Selected Issues*. United Nations, Geneva.

Mikkelsen, B. 1995. *Methods for Development Work and Research: A Guide for Practitioners.* Sage, New Delhi.

Moodie, M. 2008. *Enter Microcredit: A new Culture of Women's Empowerment in Tajasthan?* University of California, Santa Cruz.

Morgan D.L. 1997. *Focus Groups as Qualitative Research*. Sage, London.

Myrdal, G. 1971. The Economic Impact of Colonialism. *Mountjoy A. B. (ed). Developing the Underdeveloped Countries.* Macmillan, New York.

Narayan, D. 2005. *Measuring Empowerment; Cross-Disciplinary Perspectives.* World Bank, Washington, D.C.

Nissanke, M. and E. Aryeetey 1998. *Financial Integration and Development, Liberalization and Reform in Sub-Saharan Africa*. Routledge, London.

Nurkse, R. 1967. *Problem of Capital Formation in Underdeveloped Countries and Pattern of Trade and Development.* Oxford University Press, Oxford.

Nurske, R. 1971. The Theory of Development and the Idea of Balanced Growth. *Mountjoy, A.B. (ed). Developing the Underdeveloped Countries.* Macmillan, New York.

OECD, 1998. *Women Entrepreneurs in Small and Medium Enterprises*. Paris.

Osmani, L. 2007. A Breakthrough in Women's Bargaining Power: the Impact of Microcredit. *Journal of International Development*, 19.

Otero, M. and Rhyne, E. 1994. *The New World of Micro Enterprise Finance: Building Healthy Financial Institutions for the Poor*. Kumarian Press, New York.

Patton, M. 2001. *Qualitative Research and Evaluation Method*. (3rd Edition) Sage, CA.

Parpart, J.L, Rai, S.M, and Staudt, K. (*eds*). 2002. *Rethinking Empowerment - Gender and Development in Global/Local World*. Routledge, London.

Page, J.M. 1979. Small Enterprises in African Development: *A Survey, World Bank Working Paper* No. 363. Washington, D.C.

Piálek, N. 2008. Is this really the end of the road for gender mainstreaming? Getting to grips with gender and institutional change. *The Challenge of Development Alternatives: Can NGOs make a difference? S Hickney, S, Bebbington, A. and Mitlin, D (eds.)* Zed Books, London.

Pelto, P.J. and Pelto, G.H. 1978. *Anthropological Research: The Structure of Enquiry* (2nd). Cambridge University Press, Cambridge.

Rahman, A. 1999. *Women and Microcredit in Rural Bangladesh.* Westview Press, Oxford.

Rankin, K. 2001. Governing Development: Neo-liberalism, Microcredit and Rational Economic Woman. *Economy and Society,* 30 (1).

Rhyne, E. 1998. The Yin and Yang of Microfinance: Reaching the Poor and Sustainability. *Microbanking Bulletin*, July 1998.

Robinson, M.S. 2001. The Microfinance Revolution, Sustainable Finance for the Poor. *Open Society Institute*, New York.

Rodney, W. 1972. Europe and the Roots of African Underdevelopment- to 1885 (Extract). *How Europe Underdeveloped Africa*. Bogle-L'Ouverture.

Rossman, G. and Marshall, C. 2006. *Designing Qualitative Research*. Sage, London.

Sebstad, J. and Cohen, M. 2000. *Microfinance, Risk Management and Poverty*. USAID, Washington, D.C.

Sayer A. 2000. *Realism and Social Science*. Sage, London.

Scully, N 2004. Microcredit No Panacea for Poor Women. *Global Development Research Centre,* Washington, D. C.

Seale, C. 1999. Quality in Qualitative Research. *Qualitative Inquiry, 5*(4). 465-478.

Seppålå, P. 1998. *Diversification and Accumulation and Rural Tazania: Anthropological Perspectives on Village Economics.* Elanders Gotab, Stockholm.

Selinger, E. 2008. *Does Microcredit Empower? Reflections on the Grameen Bank Debate*. Spinger Science +Business Media B.V.

Sæther, E. 2009. *Fieldwork as Coping and Learning.* (Lecture Paper, University of Oslo).

Sinha, S. and Matin, I. 1998. Informal Credit Transactions of Micro-Credit Borrowers in Rural Bangladesh. *Sinha, S, (ed.) Micro credit: Impact, Targeting and Sustainability. IDS Bulletin,* 24 (9).

Schultz, T.W. 1980. Noble Lecture: the Economics of Being Poor. *Journal of Political Economy*, 88 (4). University of Chicago Press, Chicago.

Silverman, D. 2005. *Doing Qualitative Research* (2nd). Sage, London.

Stenbacka, C. 2001. Qualitative Research Requires Quality Concepts of its Own. *Management Decision, 39* (7). 551-555.

Strauss, A. and Corbin, J. 1990. *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*. Sage, Newbury Park, CA.

Themba et al. 1996. Impact of Micro-Environmental Factors on Entrprneurship Development in Developing Countries. *Kinunda-Rutashobya and Olomi (eds). Africa Entrepreneurship and Small Business Development.*, University of Dar es Salaam.

Trochim, W.M. 2006. The Research Methods Knowledge Base, 2nd Edition.

UNDP. 1995. *Human Development Report*. New York.

United Nations Economic Commission for Europe (UNECE). 2004. *Access to Financing and ICT for Women Entrepreneurs in UNECE Region: Challenges and Practices.* Geneva.

UN. 2005. *Millennium Development Goals* (http://www.un.org/millenniumgoals)

UNCDF. 2005. *Microfinance and the Millennium Development Goals.*

United Nations Conference on Trade and Development (UNCTAD). 2000. *Women Entrepreneurs in Africa: Experience from Selected Countries.* UNITED NATIONS.

Von Pischke, J.D. 1998. Poverty, Human Development and Financial Services. *Occasional Paper 25*, UNDP, New York.

World Bank. 1994. *Enhancing Women's Participation in Economic Development: A Policy Paper*, May. Washington, D.C.

World Bank 2001. Attacking Poverty: *World Development Report*, Washington, D.C.

World Bank 2002. *Integrating Gender into the World Bank's Work: A Strategy for Action*. World Bank, Washington, D.C.

Weber, H. 2002. The Imposition of Global Development Architecture: the example of Microcredit. *British International Studies Association*.

Weber, H. 2004. The new economy and social risk: banking on the poor? *Review of International Political Economy*. University of Aberden, Aberden.

Weijland, H. 1999. Microenterprise Clusters in Rural Indonesia: Industrial Seedbed and Policy Target. *World Development*, 27(9).

Winter, G. 2000. A Comparative Discussion of the Notion of Validity in Qualitative and Quantitative Research. *The Qualitative Report*, *4*(3 and 4).

Wright, G. 2000. *Microfinance Systems: Designing Quality Financial Services for the Poor*. The University Press Limited, Dhaka.

Young, K. 2002. WID, GAD and WAD. *Vandana Deisai and Robert B. Potter (eds.) The Companion to Development Studies*, Arnold. London.

YOWE 2009. *Annual Report*. Odumase-Krobo.

Yunus, M. 2003a. Having Poverty by 2015 – We Can Actually Make it Happen. *The Round Table*, 370.

Zaman, H. 2000. *Assessing the Poverty and Vulnerability Impact of Micro-Credit in Bangladesh: A Case Study of BRAC* (WDR 2000/2001) World Bank, Washington, D.C.

Appendix

Interview guide

Research Guide for the NGO, Youth and Women Empowerment (Key Informants)

A. NGOs Activities

1. When did this organization start operating in the Manya Krobo District?

2. What are the main aims or goals of the organization in Manya Krobo?

3. What kind of activities do you undertake? (a) Major activities (b) Minor activities

4. Who are your target groups? (a) Main groups (b) Others

5. Do you usually give preference to income generating activities?

6. Do you take gender into consideration in giving of the credit?

7. What more should I know about the NGO which I have not ask?

B. Loans

8. Do clients need to have guarantors or collateral security before they are granted loans?

9. Do they pay back the credit received?

10. If no, how do you ensure the loans are paid back?

11. If yes, how long does it take them to start paying the loans back?

12. What problems do they face in repayment of the loans?

13. Do they pay back with interest? What is the rate?

14. Do you organize training for clients about how to manage the credit? Is it before or after the credit has been received?

15. What are the purposes of the training programs and do the clients view it as beneficial?

C. Uses of Credit/Loans

16. What are the challenges clients faces in using the credit to improve their lives?

17. What are the activities that they use the loans for?

18. What are the problems confronting clients who are into income generating activities?

19. Do you think the credit is able to boost income generating activities? How?

20. Do you think credit has help to improve the living condition? Explain.

21. How are beneficiaries able to sustain their improved living condition without further credit support?

22. Why do you think credit has not help to improve the living condition of most clients? Give reasons.

23. What reasons do you think accounts for the inability of even those who have use the credit to improve their lives could not sustained it?

24. What kind of problems you encounter in delivering credit to clients?

25. What measures can be taken microcredit more efficient and beneficial to clients?

Interview Guide for Beneficiaries of Microcredit Programs (Informants)

A. Personal Data

1. Sex (a) Male (b) Female

2. Age groups ……. 20s ( ) 30s ( ) 40s ( ) 50s ( ) 60+ ( )

3. Educational Level. (a) Non-formal (b) Primary (c) Secondary (d) Tertiary

4. Do you have children? How many?

5. Do you have other dependents?

6. Do your children and other dependents go to school or help you in your occupation? How do they help?

B. Economic Condition

7. What economic activities do you engage in?

8. When did you start with income generating activities based on the loans?

9. Which organizations have been supporting your activities?

10. How did you get to know of the activities of YOWE?

11. How did you get to know of the credit facility offered by YOWE?

12. How has the credit affected your kind of economic activities?

13. How much is given as credit? Is it enough to help improve your business and how?

14. Do you usually pay back the credit obtained? How often? (a) monthly (b) weekly

15. Do you pay interest rate and at what rate?

16. Do you need permission from any one in order to obtain credit? If yes, from who? Husband, father-in-law, mother-in-law, father, others, (specify)

17. How is the credit obtained spent and by whom?

18. Do credit support lead to increase in productivity and improvement in your living conditions? How?

C. Marketing of Products Based on Loans

19. Where do you sell the products of your activities?

20. Do you have ready market for you products? If yes, how does the market help to improving your income generation?

If no, how does it negatively affect your effort to earn a living?

21. Do you sell your products yourself or through some other means or people? (Specify)

22. What challenges do you face in marketing your products? Mention them.

D. Training, Records and Savings

23. Do you have contacts with the NGO after sourcing the funds?

24. If yes, what is the contact about?

25. Do you find the contact beneficial? Explain?

26. What do you use the income from your loan activities for? Mention

27. Do you usually save part of your income generated from the loans? If yes how much?

28. Do you always seek permission from your husband on how to use your income? Why?

E. Effects of Microcredit on Livelihoods

29. Has microcredit led to improvement in your living condition? Yes/no

30. If yes, are you able to sustain such improved living conditions?

31. Why are you not able to sustain the improved living condition? Explain

32. On the whole has credit lead to improvement in your living condition?

F. Gender Roles

33. In your family, who is supposed to provide for the up-keep of the household?

34. Are the above roles being performed by the responsible persons? Explain

35. What is the main occupation of your husband/wife?

36. Do you help him/her in his occupation? Explain

37. Does he/her also help you in your activities?

38. Has your status changed in your family after you have started to receive credit for your income generating activities?

G. **Problems, Benefits and Aspirations**

39. What problems do you face in using the credit in income generating activities?

40. What challenges do you face in the repayment process?

41. Did the credit lead to improvement in your living condition? How?

42. How are you able to sustain the improved living condition without further credit support?

43. If the credit has not led to improvement in your living condition, what factors might have accounted for this? Explain

44. What do you think can be done to enable participants in microcredit schemes benefit substantially?

45. What are the problems facing you in your daily activities? Mention them

46. What do you think can be the most practical solutions to the problems mentioned above?

47. What in your view can be done to improve the credit scheme?

48. In your opinion what do you think can be done to improve the overall living condition?

49. What can be done for credit to reach those that need it most to bring them out of poverty?

50. Can you tell me anything else about the problems/benefits?