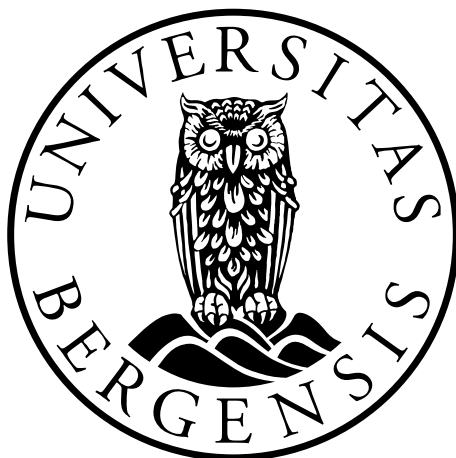


**MICROFINANCE SCHEMES AND POVERTY
REDUCTION AMONG WOMEN IN THE NORTHERN
REGION OF GHANA:
A Study of an NGO and a Rural Bank**

By

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DEDICATION

I wished to have met you on my return to Ghana but nature decided otherwise, your death was an event that shook me to the core of my social and academic life. Your departure has created a vacuum but I have no doubt that you have prepared me for the challenge ahead.

I hereby dedicate this thesis to you my late Father, Agyeman Humphrey Akanbasiam.

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Although my research journey has not been a singular effort, ultimate responsibility arising out of this study is mine.

TABLE OF CONTENTS

DEDICATION	i
ACKNOWLEDGEMENTS	ii
LIST OF ACRONYMS.....	viii
ABSTRACT.....	x
CHAPTER ONE: INTRODUCTION TO THE STUDY.....	1
1.0 Introduction.....	1
1.2 Significance of the Study.....	4
1.3 Research Objectives	5
1.4.0 Context of the Study.....	5
1.4.1 Tamale Metropolitan Assembly	5
1.4.1.1 Location and Size	6
1.4.1.2 Climatic Conditions	6
1.4.1.3 Demographic Features	7
1.4.1.4 Culture and Religion.....	7
1.4.1.5 Economic Features	8
1.4.1.6 Education and Other Social Services	8
1.4.2.0 Bonzali Rural Bank, Tamale Agency (Bonzali).....	9
1.4.2.1 The Mission of Bonzali.....	9
1.4.2.2 Focus and Target Group of Bonzali.....	10
1.4.2.3 Services and Products of Bonzali.....	10
1.4.3.0 Association of Progressive Entrepreneurs in Development (APED)	10
1.4.3.1 Mission of APED	11
1.4.3.2 Focus and Target Group of APED.....	11
1.4.3.3 Services and Products of APED	12
1.4.4 Eligibility Criteria for APED and Bonzali	12
1.4.5 Gendered Economics in Ghana	12

1.8	Structure of the Study.....	14
CHAPTER TWO: METHODOLOGY		15
2.0	Introduction.....	15
2.1	Gaining Access to Microfinance Institutions and Communities.....	15
2.2	Types and Sources of Data	17
2.3	Recruitment of Informants.....	17
2.4.0	Methods of Data Collection.....	19
2.4.1	Research Assistant	19
2.4.2	Focus group discussion.....	20
2.4.3	Selection of Informants and Conduct of FGDs	20
2.4.4	Individual Interviews	21
2.4.5	Participant Observation	22
2.5.0	My Position during Fieldwork.....	22
2.5.1	My Gender	23
2.5.2	Student from Abroad and Level of Education	23
2.5.3	Insider-Outsider Problems	24
2.6.0	Challenges during Fieldwork.....	24
2.6.1	Time.....	24
2.6.2	Interruptions and Interference	24
2.6.3	Transportation	25
2.7.0	Ethical Considerations.....	25
2.7.1	Informed Consent, Confidentiality, and Consequence	25
2.7.2	The Women’s Expectation and Data Collection	26
2.8	Data Analysis.....	26
CHAPTER THREE: CONCEPTUAL AND THEMATIC FRAMEWORKS- MICROFINANCE, EMPOWERMENT AND THE HOUSEHOLD		27
3.0	Introduction.....	27

3.1	Microfinance in a Historical Perspective: Global and Local Trends and Perspectives	28
3.1.1	Emerging Trends in the Microfinance Sub-Sector	29
3.1.2	The Preference for Women in Microfinance Programmes	30
3.1.3	Microfinance and Women’s Empowerment: the Emerging Paradigms.....	31
3.1.3.1	The Feminist Empowerment Paradigm (FEP)	31
3.1.3.2	Financial Sustainability Paradigm (FSP)	31
3.1.3.3	Poverty Alleviation Paradigm (PAP)	32
3.1.4	Microfinance in Ghana	32
3.2	Informality-Formality Framework	35
3.3	The Theory of Empowerment.....	37
3.4	The Concept of the Household	39
3.4.1	The Bargaining Model.....	41
3.4.1.1	“Separate Spheres Perspective”	42
3.4.1.2	The Institutional Perspective.....	43
CHAPTER FOUR: MICROFINANCE INSTITUTIONS; A REVIEW OF THEIR POLICIES, PROGRAMMES AND PRACTICES		44
4.0	Introduction	44
4.1	Microfinance Institutions; A Comparative Review of their Goals, Ideals and Reality	44
4.2	Types of Microfinance Schemes Offered by the MFIs	47
4.3	Targeting and Organisation of Microfinance Programmes	50
4.4	The Delivery of Microfinance Schemes by MFIs.....	54
4.5	Challenges in the Delivery of Microfinance Schemes	57
4.5.1	‘Proxy Group Membership’ and Defaults.....	58
4.5.2	Inadequate Funding	58
4.5.3	High Staff Turnover	59
4.5.4	Legal and Regulatory Framework	59
Conclusion		60

CHAPTER FIVE: MICROFINANCE: ADDRESSING WOMEN’S BUSINESS OR HOUSEHOLD NEEDS? 62

5.0 Introduction 62

5.1 Women’s Perceptions of the Microfinance Schemes: “It is not easy but, can I leave...?” ... 62

5.2 The Perceptions of Household Members on Women’s Participation in Microfinance Programmes: “We are also concerned about their participation” 66

5.3 Microfinance for our Businesses, What about our Households Needs?..... 68

5.4 The Economic Activities of the Women 69

5.4.1 ‘Large-sized’ businesses: The success cases?..... 71

5.4.1.1 Gina’s Case 71

5.4.1.2 Asana’s Case 73

5.4.1.3 Rita’s Case 74

5.4.2.0 Medium-sized and Small-Sized Businesses: ‘it’s just that we can’t sit idle but help ourselves’ 75

5.4.2.1 The Case of Akos 75

5.4.2.2 The Case of Sarah 77

5.4.2.3 The Case of Helen 78

5.4.2.4 The Case of Gifty 78

5.5 Group Dynamics and the Credibility Question: ‘Small, small grows’; and ‘people are not all the same’ 80

5.6.0 Challenges of Women in Microfinance Programmes..... 83

5.6.1 Repayment Period 83

5.6.2 Access to Savings 84

5.6.3 Illiteracy 85

5.7 Conclusion..... 85

CHAPTER SIX: PARTICIPATION IN DECISION-MAKING: IS MICROFINANCE THE ANSWER?..... 87

6.0 Introduction 87

6.1.0 Factors that Influence the Voices and Capability of Women in the Household 87

6.1.1	Gendered Economic Spheres in the Household: Implications for the Women	88
6.1.2	Marriage; Is it a Blessing or Burden?	90
6.2.0	Voice in the household: is it my money or my Age?	95
6.2.1	Yes, it is my Money that Enhance my Voice.....	96
6.2.2	No, it is my age that enhances my voice.....	97
6.2.3	Hmm! It is Both my Age and Income	98
6.3	Level of Control of Resources	98
6.4	Conclusion.....	99
CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS		101
7.1	Conclusion	101
7.2	Any Future for the Microfinance Sub-Sector?	104
7.3	The way Forward for Microfinance	105
REFERENCES.....		106
APPENDICES.....		114

LIST OF TABLES

Table 1:	Breakdown of informants for the study	18
Table 2:	Demographic Characteristics of Informants, Bella-N-Nabra Women's Association.....	18
Table 3:	Demographic Characteristics of Informants, Zaapayim Women's Association	19
Table 4:	Microfinance data of Bella-N-Nabra Women’s Assoc, Bonzali Rural Bank.....	56
Table 5:	Microfinance Data of Zaapayim Women’s Association, APPED Tamale.....	56

LIST OF FIGURES

Figure 3:	Edifice of Tamale Central Mosque.....	7
Figure 4:	Entrance of Bonzali Rural Bank, Tamale Branch	9
Figure 5:	APED’s Vehicle in Front of the Office.....	11
Figure 6:	Representatives of MFIs Introducing me to the Women Groups [Bella-N-Nabra (left) and Zaapayim (right)]	16
Figure 7:	During FGDs with the women of Zaapayim (left) and Bella-N-Nabra (right).....	21

LIST OF ACRONYMS

APED- Association of Progressive Entrepreneurs in Development

BoG-Bank of Ghana

Bonzali-Bonzali Rural Bank, Tamale Agency

CWE-Credit with Education

CDP-Community Development Programmes

ERP-Economic Recovery Programme

FaDEP- Family and Development Programme

FCUBE-Free Compulsory Universal Basic Education

FGD-Focus Group Discussion

FFHP- Freedom from Hunger Project

FEP-Feminist Empowerment Paradigm

FSP-Financial Sustainability Paradigm

GIGA- German Institute of Global and Area Studies

GH¢-Ghana Cedis

GHAMFIN- Ghana Microfinance Institutions Network

GPRS-Ghana Poverty Reduction Strategy

GSS-Ghana Statistical Service

IGA-Income Generating Activities

ILO-International Labour Organisation

MASLOC- Microfinance and Small Loans Centre

MFI-Microfinance Institution

NHIS-National Health Insurance Scheme

NGO-Non-Governmental Organisation

PAP-Poverty Alleviation Paradigm

SADA-Savannah Accelerated Development Authority

SAP-Structural Adjustment Programme

SIF- Social Investment Fund

TMA-Tamale Metropolitan Assembly

UN-United Nations

WVG-World Vision Ghana

ABSTRACT

In Ghana like in other developing countries, microfinance has been acknowledged as a pro-poor development intervention because of its special programme models in meeting the special needs of the poor especially women. The Ghanaian informal economic landscape is replete with MFIs, which are assumed to have varied orientations and outcomes for their clients. MFIs have long provided microfinance products and services with the expectation of improving the socio-economic and political wellbeing of the Ghanaian woman. This study explores the contributions of microfinance programmes to poverty reduction and empowerment among women. In addition, the study examines not only the challenges that confront MFIs in the implementation of their programmes but also the challenges that women face in the use of microfinance schemes provided by MFIs. Specific objectives were developed to facilitate the achievement of the aims of the study. Qualitative methodologies were used to collect the primary data from about 29 informants recruited from the MFIs.

Three conceptual frameworks were used to examine the data (the informality-formality framework, the theory of empowerment and the household analysis framework). The study found that the MFIs give credits with conditions that are not favourable to the needs of women. It was also found that the dependency burdens on women coupled with the low credit that the women access from the MFIs for their productive activities lead the women to deploy the credits to meet the demands of both their businesses and households. As a result, the women are put under stress as they strive to meet their basic needs and to avoid defaults. The study also found that irrespective of the women's access to credits and incomes their bargaining power and fallback positions in household decision-making processes are largely defined by the gendered regimes within the household economy. I therefore argue that the MFIs have implicitly sought to help women to effectively carry out their gendered role within the separate spheres in the household. This is contrary to the expectations of feminist perspective on microfinance programmes that expects MFIs to provide the basis for the strengthening of individual agency or group solidarity in demanding social transformation through the provision of financial services and gender-based sensitization programmes. I therefore suggest that attempts to help women to reduce poverty and to empower themselves should go beyond making only financial products available to women. It should include mainstreaming educational programmes that will help women to mobilize individual agency and group solidarity to resist, challenge and ultimately transform institutional structures that may inhibit the promotion of gender equality.

CHAPTER ONE: INTRODUCTION TO THE STUDY

1.0 Introduction

The Government of Ghana has since independence in 1957 undertaken number of development interventions to reduce poverty among its citizenry, for example, Free Compulsory Universal Basic Education (FCUBE), School Feeding Programmes, Economic Recovery Programme (ERP), Structural Adjustment Programme (SAP) and Women in Development Fund (WDF). According to the Ghana Statistical Service (2007 as cited in African Development Fund, Human Development Department (OSHD) (2008, 4) on *Ghana Country Gender Profile*, the level of poverty fell from 51.7 percent in 1991/92 to 39.5 percent in 1998/99 and further to 28.5 percent in 2005/06. Notwithstanding these reductions in level of poverty over the years, the Ghana Poverty Reduction Strategy (GPRS) Report (2003, 13) noted that the *“progress, however, masks the uneven decline in poverty and incidents of growing and deepening poverty in some geographical areas. The evidence suggests that the vulnerability and exclusion among some geographical groups, socio-economic groups, gender and age groups may have worsened”*. Thus, a lot more still needs to be done to achieve the goal of poverty reduction. To achieve equitable poverty reduction, access to financial services is vital for the development of the private and informal sectors of the national economy, sectors that hardly meet the requirements of mainstream financial services. According to Sundaresan (2008, 1), “access to basic financial services (such as credit, saving, and insurance) is most likely to develop the entrepreneurial skills and opportunities among those poor who are currently outside the perimeter of such financial markets and services”, something which again will address the “low levels of financial intermediation” (UN Report 2009¹, 135) in the informal economy.

Microfinance has emerged as an alternative to the failure of mainstream financial sector to make their services available to the poor. Microfinance schemes have spread widely across the world because they are “considered as one of the most effective and flexible strategies in the fight against global poverty. ...informed by the logic that the poor households and the *“unbankable”* could be dependable bank clients” (Cull et al 2009, Walter 2008 as cited in Kotir and Obeng-Odoom 2009, 85). What then is microfinance? According to Bliss (2005, 3);

¹ on “Rethinking Poverty: Report on the World Social Situation 2010”

“microfinance includes access to a range of financial services and products, including credit, savings, money transfers, insurance and asset building mechanisms required by the unique and widely varying needs of poor people to enhance their ability to increase incomes and mitigate vulnerability in times of economic stress”. Besides, Khandker (2005, 263) notes, “microfinance programs also offer skills-based training to augment productivity and organisational support and consciousness-raising training to empower the poor”. In view of the above definitions, microfinance includes pro-poor financial services and complementing training programmes aimed at boosting the economic and socio-political lives of the poor, especially women, “who account for the vast majority of clients” (UN Report 2009, 135).

Following the predominance of microcredit in the microfinance subsector, there is an emerging tendency to use the concepts “*microfinance*” and “*microcredit*” interchangeably (as done in the UN Report 2009, “Rethinking Poverty: Report on the World Social Situation 2010, see also Kotir and Obeng-Odoom 2009, 86). This creeping tendency within the microfinance sub-sector is worth avoiding since it has the potential of affecting conceptual precision and eventual measurable results. To this end, Bliss (2005, 3) argues; “*microcredit’ and ‘microfinance’ are not identical concepts*”. According to Bliss (2005, 2) microcredit is “*the name given to small loans made to poor people who are regarded as bad financial risks, by conventional banks, as they have insufficient savings or assets to obtain a loan*”. Microcredit is thus one of the components of microfinance which involves only the giving out of small loans to clients, whereas microfinance include a broad range of financial services (microcredit, micro savings, micro insurance, money transfer) and non-financial services (business training, consciousness raising) that are offered to clients. In simple terms, microcredit is a sub-set of the much broader concept of microfinance.

In the development discourse, microfinance schemes are viewed as participatory and bottom-up means of poverty reduction that can address the economic, social, and political needs of the poor who are engaged in entrepreneurial activities in the informal economy. The above assumptions of the benefits of microfinance have led to significant public and private sector investments into microfinance schemes, which are made available to the poor. In Ghana, particularly the Northern Region, these microfinance schemes are made available especially to women and women’s groups. However, after years of implementation of microfinance programmes the level of poverty by gender as noted earlier seems to persist if not worsened.

Women's economic, social and political situations appear questionable (see page 1 and below). There is therefore a need for a context-specific inquiry into the provision and use of microfinance schemes, as well as an inquiry into the benefits of these schemes to women and challenges they face.

1.1 Problem Statement

The Northern Region is one of the three poorest regions of Ghana. Based on consumption expenditure that is needed to achieve minimum nutritional needs, the overall upper poverty line is ninety Ghana Cedis² per adult per year (GH¢90.00, about US\$59.45). In view of this poverty line, seven out of every ten people were considered poor in the Northern Region (GPRS 2003³, 15). In addition, gender disparity exists with respect to the control and use of a range of resources such as land, credit, and labour (Coalition on the Women's Manifesto for Ghana 2005, 13). Women's livelihood, control of their lives and contribution to decision making in the family, community and national politics are also limited by their gender. This lack of control and low participation in decision-making of the northern woman in particular has become and continues to be a challenge to many social and development thinkers and practitioners, both local and international. In an attempt to address women's poverty, the Northern Region has experienced an influx of Microfinance Institutions (MFIs) (Schindler 2010, 244). These MFIs include Non-Governmental Organisations (NGOs), rural and community banks, loans and savings companies, and governmental agencies such as Microfinance and Small Loans Centre (MASLOC), Social Investment Fund (SIF), and many others. The microfinance schemes of these institutions are said to range from credit and savings to skills training or capacity building programmes.

The arguments of the proponents of microfinance are that when financial services with some capacity building programmes are made available to poor women, this will lead to poverty reduction and empowerment; it will make the poor gain their equal membership and voices in their households and make them become part of mainstream community and national life. However, most beneficiaries of microfinance schemes (especially women) in the Northern Region of Ghana appear not to have achieved these expected benefits as the proponents of

² The national currency of Ghana

³ I had no access to recent data. But there is no reason to indicate that there has been a significant change

microfinance claim should happen. The questions then are; why is poverty still pervasive despite microfinance interventions in Northern Region? Does it have something to do with the missions or goals of the microfinance institutions? Are the deliveries of the microfinance schemes not well targeted and monitored? Or is the apparent low impact of microfinance schemes on women a result of challenges in the implementation of microfinance schemes?

In view of the above, this study seeks to examine and critically evaluate the goals, policies and programmes of the MFIs. Two MFIs will be targeted for the study: a rural bank and an NGO. The study will also assess the needs and aspirations of the women participating in the programmes, how the women use the schemes, the benefits they draw from them and challenges involved, including challenges related to household dynamics. These are the core issues of the study.

1.2 Significance of the Study

Although there is some literature on the contribution of microfinance to poverty reduction and empowerment in other parts of the world such as Asia and Latin America little research appears to have been done in Ghana, especially the Northern Region. In view of the limited literature on the impact of microfinance in Ghana, the Bank of Ghana (2007, 17) notes that the *“lack of adequate and reliable information on the outreach in terms of its [microfinance’s] depth and breadth remains one of most daunting in the sub-sector. This lack of information has affected targeting of clients and ultimate poverty reduction”*. A localized study of the microfinance programmes of a NGO and a Rural Bank will help fill this microfinance knowledge gap. The Association of Progressive Entrepreneurs in Development (APED) and Bonzali Rural Bank in Tamale are the selected cases for this study. The NGO and Rural Bank were selected because of their perceived not-for-profit (welfare) and for-profit maximization profiles respectively. This study contributes not only to filling the knowledge gap in the microfinance sub-sector in Ghana but also adds a gender dimension, which the available studies have not focused so much on. The findings of the study may inform policy formulation and programme implementation in the microfinance sub-sector, particularly in Ghana, which could possibly enhance the poverty reduction and empowerment goals of MFIs for women.

1.3 Research Objectives

The aim of the study will be to explore the contributions of microfinance programmes to poverty reduction and empowerment among women in Tamale, Northern Region of Ghana. It will also explore the challenges to the implementation and use of the microfinance schemes.

The specific objectives of the study are:

- a.** To find out the goals of the microfinance programmes as formulated by the NGO and the Rural Bank respectively and to examine their implementations and challenges that lie therein.
- b.** Examine the beneficiaries' (women's) perceptions and use of the microfinance schemes.
- c.** Explore the benefits of microfinance programmes to women as well as the challenges the women experience in the use of the microfinance schemes.
- d.** Examine the impact of household relations on the women's economic activities and livelihoods.

1.4.0 Context of the Study

This section will highlight the demographic and the geographical features of the Tamale Metropolitan Assembly, that is, the specific metropolitan area in the Northern Region in which the study has taken place. In addition, I will provide brief organisational profiles of Bonzali and APED, the two MFIs of the study; and give an outline of gendered economic activities in Ghana with specific reference to the Northern Region.

1.4.1 Tamale Metropolitan Assembly⁴

The Tamale Metropolitan Assembly (TMA) is one of the six Metropolitan Assemblies in Ghana and the only Metropolis in the three Northern Regions (Upper East, Upper West and Northern Regions). TMA is also one of the 20 administrative districts in the Northern Region. It has Tamale as the administrative capital, which is the seat of the Northern Regional Minister (the political head of the region) as well as the economic and financial capital of the region (TMA, 1). By its location, TMA serves as the centre for economic, administrative and higher educational activities in the region. In effect, 'major government departments, ministries and NGO's have Tamale as their operational centre' (Ghana Districts.Com⁵).

⁴ All the data discussed here are from the "Profile of the Tamale Metropolitan Assembly (T.M.A.)", a document I got from the TMA.

⁵ at http://www.ghanadistricts.com/districts/?news&r=6&_80 downloaded on 15/03/11)

1.4.1.1 Location and Size

TMA is over 600km away from Ghana's national capital, Accra. The Metropolis shares boundaries with six other districts namely the *Savelugu-Nanton* to the North; *Yendi* Municipal Assembly to the East; *Tolon-Kumbungu* to the West; Central *Gonja* to the South West and East *Gonja* to the South. The Metropolis has a total estimated land size of 750 km², which is about 13% of the total land area of the Northern Region (See maps in Appendix 4 & 5 on pages 117 & 118). There are 197 communities in the Metropolis of which 33 are urban communities. Most of the rural communities still lack basic social and economic infrastructure such as good road network, school buildings, hospitals, market and recreational centres.

1.4.1.2 Climatic Conditions

Generally, the Metropolis is located about 180 metres above sea level. The Metropolis lies within the Savannah Woodland Region in the country and receives a single rainfall in a year. Daily temperature in the Metropolis varies from season to season. While in the rainy season there is high humidity, slight sunshine with heavy thunderstorms, the dry season is characterized by dry Harmattan winds from November to February and high sunshine from March to May. Despite the single yearly rainfall, the Metropolis lacks the capacity to harness its potential for irrigation schemes through rainwater harvesting as a way of reducing the eight months "idle time" for crop farmers in the area (TMA, 2).

The main occupation in the peri-urban and rural areas of Tamale is farming. They grow all kinds of food crops including maize, millet, sorghum, yam, groundnuts and beans (TMA, 2). Their farming activities are done on subsistence basis for household consumption. Unlike southern Ghana that has plantation of economic trees (cocoa, coffee, citrus), northern Ghana lacks the environmental conditions for these economic trees. However, cashew is grown on a small-scale in the Metropolis. The people also rear animals including goats, sheep, and cattle. According to the strategic document on *Sustainable Development Initiative for Northern Savannah, Strategy and Work Plan for 2010 – 2030* of the Savannah Accelerated Development Authority (SADA, 2) poverty is highest among farmers, especially food crop farmers because their subsistent production is not connected to the cash economy and international trade unlike their counterparts in the south.

1.4.1.3 Demographic Features

By the 2000 Population and Housing Census of Ghana, TMA has a population of 293,881 with a growth rate of 3.5%. This rate is relatively higher than the national and regional population growth rates of 2.7% and 2.8% respectively. The increase in population in recent times could be due to TMA's fast pace of development as compared to the other districts in the region. It is therefore attracting migrants from other districts in the region and beyond. This gives credence to the assertion that facilities and opportunities for economic and social activities in the region are concentrated in the Tamale Metropolis. Nonetheless, the indigenous people who are caught up in the increasing pace of urbanization in the Metropolis appear not to benefit a lot from the development that comes with urbanization processes.

The Metropolis has a youthful population that can be a huge potential resource for the pursuit of the MTA's social, economic, and political development goals. On the other hand, the proportion of the elderly at above 60 years is 4.1%. This percentage is lower than the regional and national averages of 4.5% and 5.3% respectively; an indication of a comparably low life expectancy in the TMA. In terms of spatial distribution, TMA has a population density of 318.6km²/person that is about 12 times higher than the regional average density of 25.9km²/person and is thus the only administrative district in the region that is predominantly urban (67.1% urbanite) (TMA, 5)

1.4.1.4 Culture and Religion

The Metropolis is an ethnically mixed area with *Dagombas* as the majority ethnic group.



Figure 1: Edifice of Tamale Central Mosque

Other minority ethnic groups are *Gonjas*, *Mamprusis*, *Akan*, *Dagabas*, and smaller ethnic groups from the Upper East Region. The area has deep rooted cultural practices such as festivals, naming and marriage ceremonies. The naming and marriage ceremonies are occasions to show off one's wealth and social network but they are also occasions that put economic pressure on most people in the area.

Muslims dominate the Metropolis (84%). A symbol of

the dominance of Islam in the metropolis is seen in the high-rising mosques (see picture 3). Other religious groupings (Catholics, Protestants, Pentecostal, and Charismatic churches) constitute about 13.7%.

In addition, Traditional African Religion constitutes about 1.6 %. Most people, especially the indigenes, owe allegiance to the institution of Chieftaincy, a traditional form of local governance. The chieftaincy institution continues to be the custodian of tradition, custom and resources like the land rights of the people. The chieftaincy institution in the area is not without challenges. The metropolis is characterized by intermittent chieftaincy and inter-ethnic conflicts (which may be a cause of or a result of endemic poverty) which arguably could be said to be scaring prospective investors. Almost all my informants belong to the dominant ethnic group (Dagomba) and religion (Islam) in the metropolis (TMA, 5)

1.4.1.5 Economic Features

During the 2000 Population and Housing Census, the then Tamale Municipality had the lowest level of employment (52.6%) and the highest proportion of economically non-active population (38.2%) in the country. In terms of employment, males constituted 72.2% and females 62.5%. It is reported that these statistics have not changed much since the year 2000 (TMA, 5). About 42% of the people in the TMA are into agriculture related activities. The remaining workforce is engaged in trading activities, transport and small manufacturing. The main trading activities in the area range from food processing to the retailing of industrial goods. These emerging trading activities have given rise to 'one-person' private wooden and metal containers (as stalls) and street hawking. The briskness of these forms of businesses may be because of the increasing urbanization, non-governmental activities, and access to financial services in the Metropolis. There are five major markets in the Metropolis namely: Central Market, *Aboabo*, *Kalpohini*, *Kukuo* and *Lamashegu*. Besides the major markets, there are satellite markets in almost all communities in the Metropolis (TMA, 5)

1.4.1.6 Education and Other Social Services

On education, efforts are being made by central government, local authorities and NGOs to improve access and quality in the metropolis. However, poverty and some deep-seated cultural practices like early marriages are affecting the level of educational attainment and gender parity indicators. As a result, the central government is making education progressively free for basic education while most NGOs in the metropolis are focusing their educational interventions on the girl-child.

In sum, notwithstanding the emerging socio-economic activities in the Metropolis, the indigenous poor who have are engulf by the increasing urbanization appear not to be part of the development processes because they lack the resources (such as capital, education and entrepreneurial skills) that will enable them to integrate (see tables 2 and 3 on pages 18 &19). Thus, the climatic and social conditions in the area present not only limited opportunities but also overwhelming challenges to the poor especially women. These challenges have attracted the attention of development stakeholders who are contributing resources to address them, including the entry of NGOs and MFIs. At this point, the profiles of the MFIs involved in the study are briefly presented below.

1.4.2.0 Bonzali Rural Bank, Tamale Agency (Bonzali)

Bonzali Rural Bank Limited⁶ was originally called *Kunbungu Rural Bank Limited*. It was established in May 1990. It has its head office at *Kumbungu*, a town in the Tolon-*Kumbungu* district of the Northern Region of Ghana. It operates under the Banking Act 2004-67. Although the bank's operational area was initially within *Kumbungu* and its surroundings, the increasing demand for its services and products has led to the establishment of agencies in other communities/districts in the Northern Region, for



Figure 2: Entrance of Bonzali Rural Bank. Tamale Branch

example, the agencies of *Tamale* (see figure 4 beside), *Gushegu* and *Yendi*.

All these three agencies are located in three respective administrative districts within the Northern Region. To reflect its new outreach, the bank changed its name from *Kunbungu Rural Bank* to *Bonzali Rural Bank*. *Bonzali* means *keep small, small*. The bank is thereby popularly called *Bonzali* among its customers and the public.

1.4.2.1 The Mission of Bonzali

According to Bonzali, it has a *social and commercial mission* to its clients. Bonzali's social mission includes: 1. The provision of microfinance services to a large number of low income persons that will enable them to improve their welfare; and 2. To enhance the standard of living of the poor in *Kumbungu* in particular and the Northern Region in general. Its

⁶ The bank has won several awards including the best rural bank for the three northern regions-Northern, Upper East and Upper West

commercial mission comprises; 1. The provision of first class banking services to community members and beyond; and 2. The mobilization of funds within the communities that Bonzali operates and to seek funds from its partners.

1.4.2.2 Focus and Target Group of Bonzali

To realize its mission, Bonzali like the mainstream banks provides a comprehensive range of financial services to the public, particularly the rural poor, both to personal customers and to small-scale enterprises. Bonzali therefore has many women's groups in its areas of operation. *Bella-N-Nabra Women's Association*, the group to be examined in this study, is credited to be one of their best groups that they have worked with for over ten years. *Bella-N-Nabra Women's Association* is located at *Choggu (Hill Top)*, a suburb of Tamale.

1.4.2.3 Services and Products of Bonzali

The banking services and products the bank offers to its clients include domestic banking, microfinance, money transfer (local and international), and mobile banking⁷. In terms of its microfinance programmes, the '*community bank methodology*' (this concept will be discussed in detail later) is used while the women access the microfinance scheme in '*credit cycles*'. Irrespective of the fact that Bonzali provides general banking services like any other mainstream bank, microfinance is one of its largest departments.

1.4.3.0 Association of Progressive Entrepreneurs in Development (APED)⁸

APED is a sub-branch of World Vision Ghana (WVG) but it is semi-autonomous in its operations. WVG is a branch of World Vision International, an international Christian NGO. WVG⁹ operates in all the ten regions of Ghana since 1979 with intervention areas in advocacy, relief, development with special focus on working with children, families and their communities by addressing the causes of poverty and injustice.

⁷ This is a banking product whereby field officer meets some bank customers (*market women*) at their business centres to mobilize their savings and other banking products.

⁸ Most of the information provided in this section is from the Operations Manual of APED

⁹ <http://www.ghanamma.com/2011/04/20/world-vision-international-recruits-hygiene-specialist/> downloaded on 20/04/2011

After several years of operation, WVG came to the realization that its Community Development Programmes (CDPs) especially the Income Generating Activities (IGAs) did not achieve the desired impact on the women and farmers. This was due to the difficulty of beneficiaries of their programmes to separate the management of their businesses from WVG's overall



Figure 3: APED's Vehicle in Front of the Office

social development activities (APED's Operations Manual 2010, 3).

Besides, there were lack of banking facilities in the communities in which WVG operated, especially services that could enhance savings and borrowing among beneficiaries.

In addressing these challenges, WVG decided to disengage its micro-enterprise programme from the existing social development activities, with the aim of ensuring that its micro-enterprise programme will be based on strict business principles while avoiding confusion and conflict in the minds of beneficiaries about WVG's programmes. Eventually, APED was formed by WVG in December 2000. APED operates as a separate, specialized and parallel organization to WVG that will provide financial and business development oriented services to micro entrepreneurs particularly within World Visions Ghana's operational areas.

1.4.3.1 Mission of APED

The mission of APED is *“to give opportunity to each productive poor in WVG programmes and other identified non-WVG zones of intervention to provide a better livelihood for themselves and their families through the development of sustainable micro enterprises owned primarily by women. Also to promote social justice and proclaim the Kingdom of God”* (APED 2010 Operations Manual, 6).

1.4.3.2 Focus and Target Group of APED

As indicated in its mission, APED's primary target group is the “productive poor” in WVG programme areas and non-WVG programme areas. Women entrepreneurs are predominant in the microfinance programmes of APED. Other clients include farmers' groups, where men are also participating. Before a client can qualify to participate in APED's microfinance programme, he/she should have been in business for not less than six months. This means that APED does not offer its microfinance schemes to start-ups. APED has several women groups

among which is *Zaapayim Women's Association* that participated in the study. The group is located in *Zagyuri*, another suburb of Tamale.

1.4.3.3 Services and Products of APED

Like Bonzali, the services and products of APED are offered to its target groups through the “*community bank methodology*” and by “*credit cycles*”. The services and products of APED are broadly grouped as financial and non-financial (see chapter 4 for details).

1.4.4 Eligibility Criteria¹⁰ for APED and Bonzali

Prospective clients of the microfinance programmes of APED and Bonzali are expected to meet certain criteria before they are selected to form solidarity groups that will come together to make up a credit association. Interestingly, the criteria are very similar. In both programmes a prospective participant must have a micro-enterprise which has been in operation for not less than 6 months. He/she must be operating their business in the operational areas of the MFIs, and must have been residing in the community for not less than one year. Also, he/she must be willing to belong to a community bank/a group of between 15-35 members sub-divided into 5 to 7 solidarity groups. The members of the community bank must know, trust and believe in each other and must be willing to guarantee for each other. In addition, APED states that the business should not be harmful to the individual and the community's well-being and the environment; and it should also not be against moral and Christian values. Upon the brief presentations of some contextual issues of the study area, in the section that follows the focus will be on a brief review of gender and economy in Ghana with special attention to the North.

1.4.5 Gendered Economics in Ghana

In a study commissioned by the World Bank in collaboration with the Government of Ghana to assess the role of gender in Ghana's economic development agenda, it was found that “women and men play different roles, undertake different activities and face different constraints [and opportunities]” (Chao1999, 8). In the same study, it was discovered among others that “Ghanaian men and women tend to have separate incomes and expenditure streams, often with a traditional gender-based division of responsibilities for different types of expenditures”. Citing other studies to buttress this point, the same World Bank report notes

¹⁰ The eligibility criteria outlined below for the two MFIs are on the basis a review of written documents and interviews with representative of the MFIs.

that according to Abu (1993) in a study conducted among the Ashanti (one of the major ethnic groups) of southern Ghana, “men are generally expected to contribute ‘*chop*’ (food) money and pay children’s school fees”: additional expenditures for children (for example clothes) are met by the women. In the case of the Kusasi’s of northern Ghana, “men provide table grains [millet, maize, rice, beans, sorghum] from farms for household consumption: wives are expected to provide the ingredients for sauce” (Chao 1999, 8, also see Overå 2007, 552). Like the Ashanti man, the Kusasi man’s responsibility in the household is not limited to provision of “staple grain”. The man is also responsible for other spending that are relatively “huge” and have a long-term effect on the household, such as the payment of school fees, rent, hospital, electricity and water bills. The gender roles of Kusasi women and men are similar to the cases I have come to know of among Dagbombas, the dominant ethnic group in the area of study which most of my informants belong.

Other gender-based studies in Ghana are consistent with the World Bank report on the gender situation in Ghana. One of these studies conducted by Brown (1994) of the Family and Development Programme (FaDEP) of the Department of Geography and Resource Development of the University of Ghana focused on *Gender Roles in Household Allocation of Resources and Decision-making in Ghana*. In this study, it was found that in the household, Ghanaian spouses managed their income/resources separately for two main reasons: 1. the perceived or actual involvement of matrikin and patrikin in the marriages; and 2. the involvement of men (husbands) in extra-marital affairs with other women, irrespective of whether these men are into monogamous or polygynous marriages. As a result of the separate spheres within which husband and wife operate, Oppong (1994a) argued that “a few determined wives use their own salaries [income] to build houses in their home towns and villages even when it sometimes entails diverting funds from projects planned by their own husbands” (Oppong 1994a as cited in Brown 1994, 8). This observation by Oppong (1994a) of wives diverting resources to their matrikin does not appear to be the case for all Ghanaian women. However, the observation of Oppong is limited to matrilineal household among the *Akans* of southern Ghana. In most northern patrilineal societies, a woman after marriage loses claims in her patrikin household as she is considered an outsider by her patrikin. Therefore, as long as the marriage exists a woman belongs to the husband’s patrikin but there is still the separation of activities and resources. Most northern married women therefore prefer to invest their resources in their children or into ventures that their children can lay easy claim to.

Besides, polygyny is widely practiced in the Northern Region and a practice that is common among my informants. With reference to a similar study, Benneh (1992) argued that *“as a result of polygamous relationships, some wives receive limited assistance from their husbands as there is competition among co-wives for scarce resources. Under such circumstances, the bulk of the resources are bound to go to either the senior wife and her children or the favourite wife and her children”* (Benneh 1992 as cited in Brown 1994, 8). On the basis of the review of the gendered economic situation in Ghana, it can be concluded that gender largely determines household economic activities in relation to production, distribution and consumption among women and men.

1.8 Structure of the Study

The thesis is divided into seven chapters. Chapter one includes the statement of the problem, significance of the study, objectives of the study and context of the study. Chapter two presents methodological issues in the process of data collection and analysis. Chapter three discusses the conceptual frameworks which were used to analyse the data. The chapter also examines literature on microfinance. Chapter four reviews the policies and programmes of the MFIs in terms of their ideals and realities. Chapter five assesses the women’s perceptions and use of microfinance schemes. Chapter six looks at issues of household relations and women’s empowerment. Finally, chapter seven gives a general conclusion to the study and some recommendations for policy and programmes improvement.

CHAPTER TWO: METHODOLOGY

2.0 Introduction

The processes and procedures of data collection were informed by the goals of the project, which included an exploration of the experiences and perceptions of women in microfinance programmes, and how the women's participation in the schemes is affecting or has affected their socio-economic situation. To achieve these goals, I explored the programmes of two microfinance institutions; an NGO and a Rural Bank. In order to study people's experiences and perceptions I tried to interact with informants in their natural setting "with [the] assumption that the important reality is what people perceive it to be" (Kvale and Brinkmann 2009, 26). The following qualitative data collection methods were used for the study: focus group discussions (FGDs), individual interviews and participant observations. Besides, text analyses were used to provide background data for the study. These methods helped me to get a closer exposure to the subjective and personal experiences of the women and the suppliers of microfinance schemes. Silverman (2010, 119- 120) acknowledges that the use of qualitative methodology bridges the social gap between the researcher and the field data. For elaborative purposes, quantitative techniques of analysis were used to deal with some aspects of the data (demographic and economic aspects of microfinance).

2.1 Gaining Access to Microfinance Institutions and Communities

Before I left for Ghana, I chose neither the specific MFIs for scrutiny nor the communities in which to do the fieldwork. My inability to choose the MFIs and communities was because prior to the fieldwork I had only made some informal contacts, which were insufficient to guarantee my acceptance to do fieldwork in the MFIs and the communities.

Upon arrival in Ghana, the search for MFIs and for that matter informants began in earnest. The criteria for the search of the MFIs were based on their assumed for-profit and not-for-profit orientations and the microfinance institutions' outreach and length of operation with a women's group. Gaining access to the Bank was quite easier. On the June 2, 2010, I went to Bonzali Rural Bank Limited, Tamale Agency, to introduce myself and my intention to do a postgraduate study of one of their microfinance women's groups. After I had satisfied the necessary bureaucratic protocols, I was granted permission to do my study with *Bella-N-Nabra* (meaning, *small, small grows*) Women's Association in *Choggu*, a suburb in the Tamale Metropolis.

To vouch for my credibility and to urge the women to cooperate in the study, a representative of the bank led me to the women's group. The representative of the bank introduced me to the group and explained the reason why there was, as he put it "*a stranger with them*" (see in picture below).



Figure 4: Representatives of MFIs Introducing me to the Women Groups [Bella-N-Nabra (left) and Zaapayim (right)]

On the same day, I spent some time with the women to observe activities at the meetings and to familiarize myself with them. As I was familiarizing myself with Bonzali and their women's group, the search for the NGO was ongoing. While I was in Norway, I had contacted an NGO that could be involved in the study unfortunately that did not work out, and I had to look for another NGO after my arrival in Tamale. While in Tamale, I contacted some friends who linked me up with an NGO; Association of Progressive Entrepreneurs in Development (APED). When I contacted APED, they gave me immediate approval to work with a women's group in the Tamale. *Zaapayim* (which means *all, are not same*) Women's Association in *Zagyuri* a suburb of Tamale was the group chosen for the study. *Choggu* and *Zagyuri* are both indigenous communities that are engulfed by urbanization and the inhabitants are predominantly *Dagombas* and Muslims Economically, because of the increasing cost of production coupled with low productivity in their peasantry, most of the inhabitants are gradually moving into the informal the market economy. In the informal economy, the men and women are into '*buying and selling*' that has giving rise to the phenomena of 'one-person-container', hawking and wayside businesses in these communities in particular and the metropolis in general (see chapter 1).

I did not contact community gatekeepers as I entered the two communities (*Choggu* and *Zagyuri*) for the study because no one from the communities asked me to meet with such community gatekeepers or resisted my entry into the communities. In my view, two reasons may have accounted for my easy entry into the two communities. On one hand, the communities are peri-urban and normally urbanites are not particularly concerned with

activities around them that do not affect them directly. In addition, the people I met and interacted with considered me as “native” for the reason that I could speak (but not fluently) the predominant local language and I also have some knowledge of the area and the people.

2.2 Types and Sources of Data

I collected two main types of data for the study. The primary data was collected from two women’s groups; *Belle-N-Nabra* of Bonzali Rural Bank Limited (Bonzali) and *Zaapayim* of APED; from the representatives of the MFIs; and from a couple of household members. The secondary data that were collected comprised the profiles of the two MFIs, three credit-savings cycle reports of women informants, the *Strategic Development Report of Tamale Metropolitan Assembly*, and some local literature on women and development which gave insights into gender issues in development in Ghana. Besides reviewing the local literature, an extensive review of the microfinance literature was made.

2.3 Recruitment of Informants

To access the primary data, the MFIs and informants were purposively recruited for study. According to Silverman (2010, 141) “purposive sampling allows us to choose a case because it illustrates some feature or process in which we are interested”¹¹. The MFIs and informants were purposively recruited because of their specialty in microfinance delivery, knowledge and experiences in microfinance programmes. As key informants for the study, 20 women participating in the microfinance programmes were recruited for the study. Out of the 20 women, 10 women were recruited from *Zaapayim* Women’s Association, and the remaining 10 from *Bella-N-Nabra* Women’s Association. However, only 9 of these women from *Bella-N-Nabra* participated in the study; this was because one of the women was bereaved during the time of data collection and I therefore found it inappropriate to interview her under such circumstances. Hence, 19 women participated in the study instead of the original 20 women recruited.

Besides the women, 4 representatives from each of the microfinance institutions were purposively recruited for the interviews. However, I ended up interviewing only 3 representatives from APED due to the busy schedules of 1 of the informants and limited time on my part. Finally, I had informal interviews with a couple of household members of some women informants in order to have their perspectives on their relatives’ participation in the

¹¹ I prefer to use purposive recruitment instead of purposive sampling because I did not undertake any formal sampling procedures to get my informants selected but the definition still applies.

microfinance programmes. These household informants were two husbands and a sister. In all, 29 informants were interviewed from three different categories: beneficiary women in the microfinance programmes, representatives of MFIs and a couple of household members. The purpose of recruiting these categories of informants was to obtain a broader perspective on microfinance and poverty reduction among women and to validate beneficiary women's responses. The breakdown of the informants is shown in the table below.

Table 1: Categories of informants for the study

Informants	Bonzali	APED	Total
Women	9	10	19
Institutional Representatives	4	3	7
Household members	1	2	3
Total	14	13	29

Source: Author's Fieldwork

Table 2: Demographic Characteristics of Informants, Bella-N-Nabra Women's Association

Names of informants	Ages	Education	Marital status	Form of marriage	No. of children	Economic activity	Form of household
1. Rita	42	Illiterate (primary 4)	Married	Polygyny	5	Retailing of Foodstuffs	Nuclear
2. Sarah	unknown	Illiterate	Widow	Polygyny	7	Food Processing and Retailing	Extended
3. Juli	57	Illiterate	Married	Monogamy	5	Retailing Of Food Stuffs	Extended
4. Gina	54	Literate	Married	Polygyny	0	Food Processing and Retailing	Nuclear compound
5. Suzi	28	Illiterate	Married	Monogamy	4	Retailing Household Wares	Tenant compound
6. Asibi	35	Illiterate	Divorcee	Polygyny	6	Food Processing	Extended
7. Pat	56	Illiterate	Widow	polygyny	6	Food processing	Extended
8. Vic	43	Illiterate	Widow	Polygyny	7	Food Retailing	Extended
9. Afia	31	Illiterate	Married	Monogamy	4	Retailing of Clothes	Nuclear

Source: Author's Fieldwork

From the above table, the women of Bella-N-Nabra are within productive age group since most of them are below 50 years, only a couple of them are above the age of 50 years. On their marital status, five of them are still married; three of them are widows and one divorcee. This implies at one point in their lives all the women are or were married. Six of the women were into polygynous marriages the remaining three into monogamy. Apart from one informant, the other eight women had children. Interestingly, all the women except one were illiterates. The literate among the women was the secretary to the group. On their economic activities, most of the women were into food processing and retailing. The rest of them were

into retailing of clothing. In terms of their households, six of them were in larger households, the few women who stayed in nuclear households lived in single room compound houses.

In the table below, the women of Zaapayim have similar demographic characteristics as those of Bella-N-Nabra discussed above.

Table 3: Demographic Characteristics of Informants, Zaapayim Women's Association

Names of informants	Age	Education	Marital status	Form of marriage	No. of children	Economic activity	Form of household
1. Asana	35	Primary	Married	Monogamy	4	Food Processor	Nuclear
2. Akos	38	Illiterate	Divorced	(was) Polygyny	4	Food Retailer	Father's home
3. Lucy	46	Illiterate	Married	Polygyny	5	Food retailer and processor	Polygynous nuclear
4. Gifty	52	Illiterate	Married	Monogamy	7	Food retailer	Nuclear
5. Ajara	33	Illiterate	Separated	Monogamy	6	Food Processor	Tenant compound
6. Helen	43	Illiterate	Married	Polygyny	5	Food Processor	Polygynous nuclear
7. Zufau	48	Illiterate	Married	Polygyny	6	Food retailer	Polygynous nuclear
8. Kasi	49	Illiterate	Married	Monogamy	8	Food retailer	Extended family
9. Ayi	39	Illiterate	Married	Monogamy	6	Food retailer and processor	Nuclear
10. Mercy	32	Illiterate	Married	Polygyny	3	Food retailer	Extended family

Source: Author's Fieldwork

2.4.0 Methods of Data Collection

Even though individual interviews were the main data collection method, other methods such as focus group discussions, observations, and analysis of textual materials were also used for the study. These methods of data collection were used to enhance the reliability of the interview data (Silverman 2010, 133). To collect reliable data, guides for individual interviews and for FGDs were designed. The FGDs guide contained some of the themes and questions in the interview guide. Equally, a participant observations checklist was developed based on some of the themes in the interview and FGD guides to guide what to observe at the study sites (informants' homes, shops, meeting places). The details of how each method was used to collect the data are discussed in turn. Before that, let us have a look at the question of research assistance.

2.4.1 Research Assistant

A female research assistant was recruited to help me in the data collection. The research assistant was recruited for two reasons. 1. My inability to speak Dagbanli fluently, the local language of the study area. However, I must emphasize that although I can speak and understands Dagabanli, I found the translation of the interview and FGD guides from English to Dagbanli quite challenging which could have affected the flow of the conversations. 2. Her

gender, that is to counterbalance my maleness, which I feared could probably hinder my access to the informants and information. Besides, she was a professional teacher with a diploma in education. To keep her abreast with the study, I gave her copies of the research proposal, FDG guide and the interview guide. Thereafter, training on the use of audio-recorder and pre-interviewing role-plays was conducted to ascertain her interviewing and facilitation skills. She conducted all the individual interviews with the women and facilitated the FGDs while I conducted the interviews with the representatives of the MFIs. I found the research assistant to be apt to the task. Besides, I was always around her or with her during the interviews and FGDs. At any point that I wanted an issue to be probed further, I notified her. Her gender was useful to the extent that some women informants willingly invited us to their homes for the interviews and gave detailed responses of their experiences. Again, the women informants liked the way she went about the data collection. One woman remarked; *you are very good, you are able to stand in front of us to guide our discussion. I wish you were my daughter. May God help you.* In sum, her background as a woman, teacher, and fluent speaker of the local language helped her to conduct the interviews and to facilitate the FGDs.

2.4.2 Focus group discussion

Focused group discussions (FGDs) were conducted among women informants. The FGDs were conducted for the two women's groups respectively. According to Kirsch (2001, 54) group discussions allow "participants [to] build on the remarks of others and may encourage one another to contribute more..." This was observed in the focus group discussions that were organised for the women informants. There were instances when the discussions turned into disagreements and debates. Sensitive issues about the microfinance institutions were openly discussed. In one such instance, an informant said: *"we hope you would not go and mention our names to them"*.

2.4.3 Selection of Informants and Conduct of FGDs

Six to eight women were selected for the FGDs but out of interest and/or curiosity, other women also participating in the microfinance programme joined in the discussion.



Figure 5: During FGDs with the women of Zaapayim (left) and Bella-N-Nabra (right)

When the women joined, I had to allow them. The women were allowed to participate in the FGDs because it would have been impolite if I asked them to leave or not to participate in the discussion. More so, I feared losing them as interview informants if their participation was rejected in the FGDs. The only option available was to ensure that the discussions were focused on the issues by ensuring effective group control. The FGDs enabled the eliciting of the general views of women concerning their participation in the microfinance programmes of the Bonzali and APED. The FGDs were not without their weaknesses, however. There were digressions from the issues discussed. Moreover, it occurred that some women wanted to dominate the discussion. To deal with these challenges, digressing informants were tactically redirected to the main issues. Equally, the research assistant and I tried to ensure that questions and responses were widely distributed in the group.

2.4.4 Individual Interviews

The FGDs were precursors to the interviews. Therefore, some of the themes and questions in the interview guide were fine-tuned after the FGDs. According Kvale and Brinkmann (2009, 3) an “interview is a conversation that has a structure and a purpose”. To give a structure and purpose to the interviews, I designed two interview guides in consultation with my supervisor. One interview guide was designed for beneficiary women in the microfinance programmes and the other for the representatives of MFIs. The interview guides contained some proposed themes and some open-ended questions. The guide gave the interviews structure yet it allowed for some flexibility during the course of the interviews. According to Kirsch (2001, 54) “interviews with individuals provide the opportunity to learn about their personal circumstances and perspectives in detail and to discuss issues that would be difficult [or inappropriate] to address in-group situations”. Kvale and Brinkmann (2009, 36) further argue that, “knowledge produced in interview research can be said to be about people’s experiences, desires and opinions.” To this end, the interviews offered the research assistant and I the

opportunity to delve into how microfinance is affecting the livelihoods, economic circumstances, and poverty reduction strategies of the women. About 30-45 minutes were spent on each informant, that is, beneficiary women and the MFI's representatives.

All the interviews were audio recorded. Hand written notes were also taken, but only to a limited extent and concerned the most important issues. This was to avoid a situation of excessive note taking which could affect the flow of communication during the interviews, and make the interviews boring to the informants. The use of the semi-structured interview offered us the opportunity to control the line of questioning and to build on relevant issues raised by informants during the interviews. Cognisant of bias and socially desirable responses from the informants, we repeated some questions while some responses were probed for clarity and detail. To obtain a household perspective on women's' participation in microfinance schemes, informal interviews were held with three relatives of women informants who were available and willing to participate.

2.4.5 Participant Observation

Another useful qualitative data collection method for the study was participant observation. The main observation sites were women's meeting places, business centres, their homes and during FGDs. During all these meeting occasions, I was a non-participant observer because I had little or nothing to say/do. My inability to participate notwithstanding, I was able to observe group dynamics, the businesses of women and other persons involved, issues discussed and activities that took place. I also had the opportunity to visit some women informants in their homes as some of them asked us to do the interviews at their homes. During these visits, I observed the nature of housing, household interaction and arrangements. Through the observations, I was able to perceive, appreciate and record behaviour, activities and events in their real life situations. As I interacted with the informants in the homes, business centres, offices either as individuals or in groups, I assumed certain positions. Let us briefly discuss some of these positionality issues.

2.5.0 My Position during Fieldwork

As researcher in the field, I interacted with people during the data collection. In the process, I occupied some statuses and equally played some roles. In the view of Lal (1996, 186), as field researchers whether as insiders or outsiders 'we all occupy multiple and fluid locations.' This is worthy of note here because the statuses and roles may have influenced the data collection processes in one way or the other and the eventual outcome of the study.

2.5.1 My Gender

Being a man yet interested in studying issues of women was interesting to some of the women. Some of them pointed this out to me during some of the group meetings. One woman queried: “*a man too interested in issues of women?*” Another said; “*oh, he has done well*”. I had to explain to them why I was interested in issues of women. I indicated to the women that my interest in the activities of women, and particularly microfinance among northern women, stems from their perceived lack of voice, resources or sometimes their lack of capacity to mobilize the resources they need to engage in productive activities to improve their socio-economic wellbeing. In the wake of these challenges that confront the women, microfinance appears to be the solution to women’s financial mobilization. I explained to the women that my study therefore seeks to assess the extent to which the women’s participation in microfinance schemes has helped to reduce or has worsened their poverty situations. After explaining the rationale for my study to the women, they understood me and were willing to participate. My gendered position limited my ability to participate in some activities during the data collection, for example, helping the women to sell their wares in their shops, serving of refreshment at meetings and helping them with some food items in their homes. The presence of a female research assistant addressed the gender limitations especially during the conduct of the participant observations.

2.5.2 Student from Abroad and Level of Education

I had to disclose my identity as student from Norway because I found it ethically inappropriate to conceal it. As my studentship from Norway was made known to the women, news went round among the group members that there was someone who had come from abroad to have discussions with them. This raised some expectations among the women, which came up during the FGDs and interviews with the women, and which perhaps enhanced their participation in the study. Although none of the informants asked for financial assistance from me individually, the expectation of some of the women was that I had come with financial support for them. As a group, they then appealed for financial support in the form of microfinance in order to increase their loan portfolios and businesses if I have may the opportunity to help. On the part of representatives of MFIs, because they were educated and knew what my project was about and the limited time I had at hand, they assisted me without delays. I therefore think my position as a student from Norway with a

certain level of education did not hinder the data collection processes but rather raised an ethical issue, which is discussed below.

2.5.3 Insider-Outsider Problems

My ability to speak a certain level of *Dagbanli* opened up for quite easy interaction with the informants. It gave me easy acceptance and access to the informants and their homes. The informants treated me as their ‘son’ who needed information from them. As such, I was considered an insider. This indeed facilitated the data collection process as seen in the informants’ willingness to cooperate in the study. On the contrary, my inability to speak very good *Dagbanli* affected my ability to easily translate the interview and FGD guides and for that matter to conduct the interviews and FGDs myself in *Dagbanli*. As I indicated earlier, because of my inability to conduct the interviews and FGDs in *Dagbanli*, I had to engage the services of a research assistant.

2.6.0 Challenges during Fieldwork

Social research through fieldwork is bound to incur challenges, and even more so for a novice researcher. Nevertheless, with tact, advice and exposure to some literature on methodology, the challenges were accordingly dealt with. Some of the challenges I met during the fieldwork are discussed below.

2.6.1 Time

Time posed a challenge in the data collection process in relation to both informants and my own family and friends. Some informants complained of spending a lot of time on the interviews. This was quite understandable because some of the women informants had to attend to their social and economic activities after their meetings. It was challenging to convince them to stay through the interview and FGD sessions. We had to encourage them to stay and sometimes provide refreshment for them; by this, they managed to stay for the interviews and FGDs. On the part of my family and friends, my return to Ghana marked a reunification. Demands for my attention were made, but I had to be in the field to collect data. These competing demands for my time were challenging to my fieldwork since I had only three months for the data collection. In dealing with this challenge, I always prioritized my fieldwork over the demands for attention by family and friends.

2.6.2 Interruptions and Interference

Before the FGDs and interviews started, the research assistant and I suggested to the women informants to go to quiet and isolated places to perform the interviews; that was a suggestion

the women did not support. They indicated that they were comfortable at the various places where we found them (shops, homes, group meetings grounds). At the meeting places (especially in their homes and shops), there were periodic interruptions and interferences from their family members and friends. Some interrupted or interfered out of interest in the issues discussed, while others were not aware of what we were doing. In these instances, we had to be patient and wait for the intruders to leave. If things were getting out of control, we reminded them that we were doing interviews or discussions. Upon reminding them, they kept quiet or left the scene.

2.6.3 Transportation

Means of transportation for data collection in Tamale posed some challenge. This was because of the nature of the roads and the heavy rainfalls at the time of fieldwork. Some of the places were difficult to reach with a taxi when there were rainfalls. As a way out, we had to resort to the use of a motor cycle.

2.7.0 Ethical Considerations

Qualitative research involves personal face-to-face interaction between a researcher and informants and stakeholders (Davies 1999, 46). To protect the interest of participants in the research process, certain ethical dilemmas had to be dealt with before, during and after the period of research.

2.7.1 Informed Consent, Confidentiality, and Consequence

After gaining access and familiarizing myself with the MFIs and recruiting informants for the research, I sought the informed consent of informants; assured them of the confidence with which the research data will be handled; and addressed issues of the consequences of the study on informants. Concerning the issue of informed consent, I informed them about the purpose of the research while asking for their consent to involve them in the study. I reminded them that participation in the research is voluntary and that they could withdraw any time they wanted. Besides, the informant's consent was sought with regard to the use of the audio-recorder. They all consented to participate and were ready to be recorded.

As regards the data handling, I assured the informants of their confidentiality by explaining to them that the exercise they were involved in was purely an academic project. I told them that I would use pseudonyms for all informants unless an informant wants to be identified in the report. All informants indicated to me that they did not have problems if I found it necessary

to use their pictures in the study. Concerning the consequence of the research on informants, I informed them that notwithstanding the fact that the study explored the perceptions and experiences of women in microfinance schemes in relation to women's efforts to escape poverty, the study has nothing do with their access to or any increase in their credit and savings portfolios. Nonetheless, the research report will be made available to the MFIs and the recommendation thereof may influence the institutions microfinance programming and delivery.

2.7.2 The Women's Expectation and Data Collection

One ethical issue that came up during the research is women informants' expectations of increase in their credit portfolios. As indicated before, my position as a Ghanaian studying abroad made most of the women think that I had brought or intended to bring financial assistance to them. Hence, some appeared to have been active in all FGDs and interviews with the view that they would get more credit for their businesses. As the research assistant and I met them before the FGDs and interviews, we made it clear to the women that I had nothing to do with the MFIs or microfinance in general. I was only a student concerned with microfinancing of women's poverty reduction efforts. As mentioned above, we did stress that the report, especially its recommendations, could serve a useful purpose since it will be a public document.

In sum, some of the ethical issues were sorted out before the data collection started; other issues that emerged in the process of the data collection were dealt with subsequently. I addressed the ethical issues in order to protect the interest of the informants, gatekeepers of the informants and future researchers to the study area.

2.8 Data Analysis

The data set collected in the field has been analysed using some qualitative techniques to make sense and meaning out of them. The qualitative techniques include transcription, coding, categorization/thematization, and interpretation. The audio recordings of informants were transcribed from *Dagbanli* to English Language text. The transcribed data was coded using upper (capital letters) and lower case (small letter) alphabet for easy identification of responses and categories. The upper case alphabets were the codes for the main issues or themes and the lower case were used for themes related to the main ones. After the coding and thematization the data were interpreted in relation to the relevant literature, theory and the socio-economic context of the informants.

CHAPTER THREE: CONCEPTUAL AND THEMATIC FRAMEWORKS- MICROFINANCE, EMPOWERMENT AND THE HOUSEHOLD

3.0 Introduction

The study attempts to explore the relationship between microfinance and poverty reduction from a gender perspective. As noted earlier, this study calls for a critical examination of delivery of microfinance programmes by MFIs to women; and how the women apply the microfinance schemes to their businesses and households. To do this examination, I have attempted to assess the perceptions of women in microfinance programmes and how these perceptions influence the women's use of the microfinance schemes. Again, I explored the extent to which women's access to microfinance affects their poverty reduction drive and their participation in household decision-making. To enhance our discussion and understanding of the intricate gendered issues involved, thematic and conceptual frameworks that focus on the microfinance literature, empowerment and the household are used to closely examine the data from the field. The discussions on microfinance, empowerment and household will provide me with a background and with conceptual tools for the data analysis. In analysing the empirical data, the *informality-formality framework* was used to assess the economic activities of the women. Specifically, the informality-formality framework helped me to find out the level of informality of women's economic activities and the implications it has on the performance of their businesses and livelihoods. In addition, the framework helped me determine the motivations for women as micro entrepreneurs. The *theory of empowerment* was useful in analysing how the women's access to microfinance to support their micro-enterprises has empowered them in their household/communities.

The theory of empowerment therefore helped in the exploration of the influence the women may have acquired in decision-making since their participation in the microfinance programmes. Then to examine the gendered power dynamics in the household, the *household analysis framework* was used. The household analysis is significant because the control and use of women's labour, their participation and use of microfinance schemes and participation in decision-making are informed by the kind of relationships that occur in the household. To help in analysing the household relations, the *bargaining model* was employed. The bargaining model also helped me to explore other factors that enhance women's power in households. The use of these conceptual and thematic frameworks to analyse my data is based on their relatedness to each other and their uniqueness to deal with the nuanced issues of gender especially in relation to the use of women's labour, their livelihoods and lived

experiences in the household. Throughout the study, I will also engage the literature on microfinance.

3.1 Microfinance in a Historical Perspective: Global and Local Trends and Perspectives

Microfinance has a long history. Traditionally, the poor have been accessing financial services from moneylenders, family and friends. The financial services from these sources are characterised by the charging of exorbitant interest rates and which are sometimes unreliable in times of need. Since the emergence of institutional microfinance schemes for the past three decades, the demand for these traditional forms and sources are on the decline. The literature on microfinance stresses that the development of modern day microfinance grew out of experiments in Latin America and South Asia. The best known at the time was led by Muhammad Yunus of Grameen Bank which started in Bangladesh in response to widespread poverty and social unrest in the 1970s (De Aghion and Morduch 2005,136; see also Sundaresan 2008, 4; Bateman 2010, 1). Modern microfinance then provided financial and nonfinancial services for the poor to enable them to “... establish or expand a simple income-generating activity, thereby to supposedly facilitating their eventual escape from poverty” (Bateman 2010, 1).

Since the 1970s, there have been reports of “success cases” of poverty reduction in microfinance intervention areas across the world especially in Grameen Bank’s microfinance programmes in Bangladesh. Following these reports on the positive impact of microfinance programmes on poverty and empowerment, microfinance increasingly gained international currency in the development community-among academics and practitioners. De Aghion and Murdoch (2005, 136) report that the adoption of microfinance as a development intervention is not limited to only developing regions of the world such as Latin America, Africa, Asia, and Eastern Europe but also available in developed countries like Norway, the United States of America, and England.

The microfinance sub-sector was given a further boost after the 2000 UN summit that promulgated the Millennium Development Goals (MGDs) and the subsequent declaration of 2006 as the year of microfinance. The global “consensus” was that “*expanding microfinance to the ‘poorest of the poor’ can contribute to achieving the United Nations Millennium Development Goals (MDGs), particularly relating to halving the proportion of the people living in extreme poverty by 2015, promoting gender equality and empowerment of women*”

(Bliss 2005, 2). This made the microfinance sub-sector to attract large-scale capital investments that led to its phenomenal growth. Recent studies and reports of the impact of microfinance on poverty reduction and empowerment however present cases that are more complicated. This we will come to in subsequent sections.

3.1.1 Emerging Trends in the Microfinance Sub-Sector

Following the implementation of microfinance programmes since the 1970s, as I noted earlier, the microfinance movement is experiencing phenomenal changes. In the wake of these changes, two perspectives have emerged with regard to the delivery of microfinance programmes- the welfare and financial. The welfare perspective is informed by the need to give the poor, especially women heavily subsidized microcredit without or with minimal interest rates. The financial perspective on the other hand argues for the charging of interest rates (at market rates or sometimes higher) for the financial sustainability of the MFIs. Reports in the microfinance literature suggest that the latter perspective is becoming very attractive to many MFIs. This paradigm shift from the pursuit of welfare/social needs of clients to commercial and financial sustainability is gradually affecting the client base of microfinance schemes resulting in what some in the microfinance movement call “mission drift”. Mission drift is defined as “a phenomena whereby an MFI increases its average loan size by reaching out to wealthier clients neither for progressive lending nor for cross-subsidization” (Armendariz and Szafarz 2009, 2).

Beside the changing focus in the delivery of microfinance programmes, there have been studies to explore the robustness of the impact of expected gains of microfinance on poverty reduction over time. These studies have further polarized the debate on the impact of microfinance on poverty reduction and empowerment. From the literature on microfinance, we can separate three schools of thought (Kotir and Obeng-Odoom 2009, 86). The first group of scholars, the *positive school of thought* “celebrates the positive impact of microfinance”. They claim that microfinance programmes reduce poverty and empower the poor. The second group of scholars, which I call *the negative school*, however “argues that microcredit bypasses the poor and, in some rare cases when it reaches the poor, microcredit kills their initiative” (for example in Bateman 2010). Last but not least school of thought, is the ‘*neutral camp*’. *The neutral camp* recognizes the positive impact of microfinance on poverty reduction and empowerment while pointing out the challenges within the sub-sector (Kotir and Obeng-Odoom 2009, 86; Adjei 2010). According to Aemendariz and Roome (2008, 14) the

arguments posited by the negative and neutral schools of thought “challenge the conventional wisdom on the positive impact of microfinance... [on the poor and women]”.

They have therefore suggested a “critical study” that takes into consideration the differences in social and institutional norms within which MFIs operate (ibid, 15). In contributing to this debate, I explored the effects of the microfinance programmes of APED and Bonzali on the lives of women participating in their programmes in Tamale.

3.1.2 The Preference for Women in Microfinance Programmes

Globally, microfinance programmes target the poor; nonetheless, women are the most preferred. According to Armendariz and Roome (2008, 1) seven out of ten microfinance clients are women. In Ghana, 67 percent clients of MFIs are women (GHAMFIN¹² 2009 as cited in Adjei 2010, 39). The increasing preference for women in microfinance programmes is informed by certain reported characteristics of women as clients of microfinance programmes. It has been reported that women in microfinance programmes have higher repayment rates than men. By dealing with women MFIs are noted to have a reduced transaction cost because women are more punctual and assiduous in attending meetings. Women are reported to often spend more of their earnings on their household. As we know from chapter 4, women in the microfinance programmes are organised in groups. Group formation for the implementation of microfinance programmes is informed by women’s solidarity that groups are likely to generate. Women solidarity is expected to help women in the pursuit of the empowerment needs of women such as decision-making power by supporting their businesses and through information sharing (Armendariz and Roome 2008; see also Rahaman 1998 as cited in Nelson 2009¹³, 5). However, some critical studies have identified some hidden presumptions of MFIs about women that also tend to make women more attractive to microfinance providers than men. Some of these hidden presumptions border on the personal characteristics of women (Rahaman 1998 as cited in Nelson 2009, 5). These hidden characteristics include the perceptions that women are docile and easier to manage in microfinance programmes than men are. Women are said to be vulnerable to peer pressure, which makes them do anything to settle their indebtedness to a MFIs. Women’s ‘fear’ of shame or disgrace associated with defaults make them more ready to redeem their obligation to the group and MFI no matter

¹² Ghana Microfinance Institutions Network

¹³ Unpublished paper presented at a workshop on “Gender: Poverty Reduction and Development. Aids Problems Areas, Approaches and Case Studies” at Bekkjarvik, Norway, 22.10.2009.

their unexpected social and economic shocks and circumstances. To the critics, these hidden presumptions are the actual motivations that make MFIs to focus more on women than on men. In this case, the critics argue that MFIs benefit more from their microfinance programmes than what the women do.

3.1.3 Microfinance and Women's Empowerment: the Emerging Paradigms

Over the years of practice, critics have accused MFIs of operating from different “political perspectives”. In response to this criticism, stakeholders in the microfinance sub-sector have attempted to build consensus in terms of institutional policies and programmes (Mayoux 2006, 3). Underpinning this consensus, she has identified three contrasting paradigms with different aims, understandings, policy prescriptions and priorities in relation to microfinance and gender policy (Mayoux 2006, 3). To assess the relationship between microfinance and empowerment in terms of outcomes Mayoux (2002, 3) identified three paradigms; *the feminist empowerment paradigm, financial sustainability paradigm and poverty alleviation paradigm*. These paradigms can be used to analyse the goals of MFIs. The goals of MFIs can be informed by more than one of these paradigms. In this discussion of the paradigms, I am largely inspired by Mayoux (2002) as most of issues raised in this section are to her credit.

3.1.3.1 The Feminist Empowerment Paradigm (FEP)

The feminist empowerment paradigm focuses on identifying opportunities, constraints and bottlenecks in a given “gender domain” (Connell 2009, 69) and using microfinance as a tool to challenge or address unfair and discriminating gender socio-economic arrangements and practices (Mayoux 2002, 3). As indicated under the empowerment framework, some scholars have argued that microfinance may be a resource to women that has the potential of meeting not only the practical daily needs of women but also their potential to change restrictive or discriminatory gender regimes. In this case, microfinance should be part of a sectoral strategy for change that is based on participatory principles; integration of gender awareness into programmes, legal support and advocacy for women.

3.1.3.2 Financial Sustainability Paradigm (FSP)

With regard to financial sustainability paradigm, Mayoux (2002, 4) noted that microfinance for empowerment has an individualistic focus. Therefore, the goal of any empowerment intervention should expand individual choices for self-reliance. Unlike the feminist empowerment paradigm which views microfinance as sectoral strategy to empower women,

the financial sustainability paradigm assumes that a woman's access to microfinance schemes automatically increases her economic power and well-being, which eventually leads to her social and economic empowerment. At the microfinance institutional level, the FSP focuses on profitability and financial self-sustainability. For the MFIs to attain their financial sustainability goals, they target mainly the unbankable poor/small entrepreneurs but not the poorest. Also, the MFIs set interest rates to cover cost and try to separate microfinance from other development interventions. Again, in order to maximize profits the MFIs use a group methodology to reach out to women in order to reduce the cost of programme delivery. This emerging tendency in the microfinance sub-sector as noted by the "negative school of thought" may by-pass the poor or further impoverish them if they are able to participate in a programme, for example APED (see chapter 1). Mayoux noted that gender lobbies within the FSP argue for the targeting of women because of their high repayment rate and as a way of tapping women's underutilized labour for economic growth.

3.1.3.3 Poverty Alleviation Paradigm (PAP)

This paradigm focused on developing sustainable livelihoods, community development and the provision of social services. The main targets for PAP are the poor and poorest. Based on poverty, gender lobbies have argued for more women to be involved in microfinance programmes because poverty is not only higher among women but that they bear greater responsibility for the welfare of the household (Mayoux 2002, 5). According to Mayoux (Ibid, 5), the provision of microfinance to the poor or poorest is for consumption and productive activities (see also Nourse 2002). Subsidised microfinance schemes are therefore viewed as crucial in order to help more poor people to meet their consumption and productive needs. On women's empowerment, the PAP considers it as politically sensitive and a Western middle class feminist imposition on the Third World women. The implementation of women's empowerment is assumed a source of conflict in households and communities, which may affect microfinance institutional sustainability and outreach (ibid, 5).

These paradigms proposed by Mayoux underpin the policies and programmes of different MFIs and their outcomes on participants. From the discussion of microfinance at a global level, we now turn to microfinance in Ghana.

3.1.4 Microfinance in Ghana

Poverty is a concept difficult to pin-down to a single universally acceptable definition because of its multifaceted nature. Some indicators have been identified to allow for the easy

measurement of the concept of poverty. Thus at the 2006 UN World Summit for Social Development, poverty was identified to entail the lack of income and productive resources, hunger and malnutrition, ill health, limited or lack of access to education and other basic services. The other indicators are homelessness or inadequate housing; unsafe environments, social discrimination and exclusion in a given social context (as cited in UN Report 2009, 8). In effect, any person confronted with (most of or all) the above indicators, can therefore be described as poor. Available reports indicate that the trends in global poverty indicate a decline but that of Sub-Saharan Africa “remain unacceptably high” (UN Report 2009, 19). Ghana cannot be isolated from the disturbing continental statistics.

Post-independent Ghana has experienced a checkered political history with varied and sometimes inconsistent and counterproductive development policy experimentation. For instance, the implementation of the Economic Recovery Programme (ERP) and Structural Adjustment Programme (SAP) in the early 1980s led to the liberalization of Ghana’s economy. This resulted in the collapse of local industries because they could barely compete with their foreign counterparts coupled with the withdrawal of subsidies and other social services. Eventually, the formal sector that provided these services crumbled along; the retrenchment of formal sector workers was an obvious outcome (Ghana Statistical Service 2008, 72; Okin 2003, 290; De Sousa Santos 2005, 34). The cumulative effects of these programmes deepened the levels of poverty, deprivation and vulnerability in Ghana until the late 1990s. The impact of this was greater in the relatively under-developed regions of Ghana of which the Northern Region is one. Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) could not even help so much. This exacerbated intra-regional mass out-migration of the youth from the northern regions to southern Ghana in search of non-existent jobs and better life. These emerging changing livelihood strategies in the wake of harsh economic conditions changed household structures, traditional social security systems, and gender dynamics. Women and children therefore became the victims in terms of education, health, and employment.

In the wake of these social and economic conditions, access to financial services was limited to the poor. The poor households could not only meet basic mainstream financial banking requirements for loans and savings but also found their services expensive to deal with (Alabi et al 2007, 1). Worst still, informal sources of financial services were equally expensive and unreliable. Pro-poor development policies and programmes were designed by NGOs and government over the years to the poor in the Northern Region and other regions of the

country. These intervention programmes include food-for-education, food-aid, school-uniform-for-education, and microfinance programmes to reduce their socio-economic challenges.

The 2009 World Survey on the Role of Women in Development (as cited in UN 2009 Report, 57) noted that, though, microfinance is said to have been pioneered by Non-governmental Organisations (NGOs) in response to the failure of the formal financial system and the limitations of informal alternative, governments and commercial banks have become increasingly involved in the sub-sector. Moreover, this is an indication of the fact that microfinance is a profitable venture worthy of investment contrary to earlier perception against the Small and Medium Scales Enterprises (SMEs) and the poor segments of the economy as unworthy and unbankable clients. Recent examples of the involvement mainstream bank in microfinance are Barclays Bank Ghana's microloans and mobile saving schemes (currently suspended); and HFC Bank "Boafo Microfinance Service" (Adjei 2010, 111). This implies that the microfinance landscape in Ghana includes of a number of institutional players.

In Ghana, the microfinance sub-sector can be broadly categorized into four subfields (Bank of Ghana¹⁴ 2007, 3). The first is *formal suppliers of microfinance*. This category comprises rural and community banks, savings and loans companies and commercial banks. Bonzali Rural Bank therefore falls within the category of formal suppliers of microfinance in Ghana. Secondly, *semi-formal suppliers of microfinance* are said to include credit unions, financial non-governmental organizations (FNGOs), and cooperatives. APED, the other MFIs in my study operates in Ghana as semi-formal supplier of microfinance. The third is *informal suppliers of microfinance*: a category that is composed of *susu*¹⁵ collectors and clubs, rotating and accumulating savings and credits associations (ROSCAs and ASCAs), traders (they on-lend), moneylenders and other individuals. Finally, there are *public sector programmes* designed to offer microfinance schemes to boost particular sectors of the economy or disadvantaged ones (ibid 4). Examples of public sector programmes are Microfinance and Small Loans Centre (MASLOC), Social Investment Foundation (SIF) and Women in Development Fund (WDF).

¹⁴ This is the central bank of Ghana with the core functions of financial policy-making, regulation and evaluation.

¹⁵ Individuals who go round on daily basis to take savings from petty traders and may sometime advance loans to them

The Bank of Ghana (BoG) (2009, 7) acknowledges the potential contribution of microfinance to the development of the national economy but decries the lack of data on the impact. According to the BoG, “... *microfinance can facilitate the achievement of the Millennium Development Goals (MDGs) as well as national policies that target poverty reduction, empowering women, assisting vulnerable groups and improving standard of living*”. However, the “lack of data on their [MFIs] operations” affects the monitoring and evaluation of the impact of microfinance schemes on informal economic activities across the country (ibid 8-9).

3.2 Informality-Formality Framework

Hart (1972) introduced the concept of ‘the informal sector’ into academia, a concept that was later adopted in development discourse and practice. Since then there has been growing interest in the study of the informal sector in the economies of developed and developing countries. In an attempt to understand the intricate economic activities involved in the informal economy, and their impact on individual livelihoods and national economies a number of definitions had been offered (See Ishengoma E. K. and Kappel R. 2006) but this is not the focus of my study.

Several studies have discovered that some level of informality persist in all economies across the world. However, a greater proportion of informality in economic activities is reported to be concentrated in developing and transition economies. Because of the increasing growth and complexity of the informal sector, the debate on its conceptualization continues but with shifting focuses and paradigms (Dasa 2005; Sivananthiran and Venkata Ratnam 2005; see also Overå 2007; Chakrabarti and Thakur 2010; Ishengoma E. K. and Kappel R. 2006). For example, Overå (2007, 543) notes that “*there has been much debate about the content of this concept [informal sector], which covers a range of various types and scales of activities*”.

Chakrabarti and Thakur (2010) described these debates and shifting paradigms as the “*making of the informal sector*” that is premised on formal economic orientations. According to Chakrabarti and Thakur (ibid) the informal sector is considered as non-capitalist and inferior to the privileged superior and capitalist formal economy leading to the devaluation of the former. The devaluation process has produced the informality-formality duality whereby the informal economy is treated in development policy appraisal as sector in transition or a “residual of the formal sector” (ibid, 416). With its persistence, growth and complexity, the Daza (2005, 4) of the ILO has noted that the term the “informal sector” is now outdated and

should be used in a narrower sense. Informal economy has been proposed as the alternative. The informal economy is therefore defined as “... *all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. Their activities are either not included in the law or they are operating outside the formal reach of the law*” (Sivananthiran and Venkata Ratnam 2005, 2). From this conception of informal economy activities come informality-formality continuum whereby the informal and formal economic activities are considered coterminous in an economy but only differ as a matter of degree. For instance, to illustrate the fluidity of the informal and formal economies, Overå (2007, 543) notes, “*in Ghana today, it is difficult to distinguish between formal and informal activities, and relations between the state and informal enterprises are full of paradoxes. Self-employed people may register their enterprises without paying taxes. Conversely, unregistered traders in the marketplaces have often been heavily taxed....*”

Again, Sivananthiran and Venkata Ratnam (2005, 3) has identified some perspectives that motivate the persistence and expansion of the informal economy- the *cost-avoidance* and *poverty perspectives* (as I prefer to call them). The cost-avoidance perspective is argued to be concerned about the conduct of a business activity within a given threshold of profitability or obtaining benefits through the evasion of legal requirements, which may impose “burdensome obligation” on the business (Ibid, 3). While the poverty perspective views poverty as the source/cause of informality in the economies of most countries. From poverty perspective, informal economy activities are expected to meet the basic needs of “survival or subsistence” of the participants. In a developing economy like Ghana, the latter perspective seems to be the motivation for the growth of the informal economy. According to Amu (2005, 28) about 80% Ghanaian women are engaged in informal economic activities and these activities are in the “informal low-growth-low-return areas and are basically subsistent” which the informality-formality framework identifies and activities that the MFIs appear to support. Because subsistence appear to be the motivation for women’s participation in micro-entrepreneurship, Bateman (2010, 74) suggests that these women are being “effectively forced into entrepreneurship by poverty” rather than by financial gains/profits. He (Ibid, 74) has referred to these women as “poverty-push entrepreneurs”. According to Nourse (2001, 65) the financial needs of informal micro-entrepreneurs include production, consumption, and insurance; and these needs of the poor are intertwined and inseparable. By combining their

business and household budgets, the poor make use of any available financial resources to cater for the three financial needs.

The above discussion of the informal economy will help me to attempt to answer the following questions in relation to the business activities of the women and the programmes of MFIs: Are all the women in my study in informal businesses? Does their involvement with MFIs imply formalization? Also, do the MFIs aim at formalization? Informality, particularly the poverty perspective and Nourse ideas of the triangle of needs will also help me to analyse the dynamics of lending and spending and the motivations for their businesses. At this point let us turn our attention first to the theory of empowerment and later explore household analysis.

3.3 The Theory of Empowerment

Power play is ubiquitous in daily household relationships but power is most of the time concealed making it quite difficult to isolate for exploration (Kabeer 2004, 134). Hence, a person may be dispossessed of power without being conscious of it. Batliwala (1994, 132 as cited in Mosedale 2005, 248) noted that some “women have been led to participate in their own oppression and therefore see external change agents as necessary for empowerment”. External agents are pre-requisites for empowerment because women need a new body of ideas, knowledge and information to change their mindset, and a self-concept that will encourage them the act against discriminating “gender orders” in their household and communities (Batliwala 1994, 132 cited in Mosedale 2005, 248).

According to Kabeer (2005, 13-14)), “empowerment refers to the processes by which those who have been denied the ability to make choices acquire such an ability”. While Mosedale (2005, 252) defines women empowerment as “the process by which women redefine gender roles in ways which extend their possibilities for being and doing”. From the above definitions, empowerment can be said to be an ongoing change process that involves self-determination through the making of choices that can improve a person’s wellbeing. UNIFEM on the other hand suggests that women’s economic empowerment should be defined as “having access to and control over the means to make a living on sustainable and long term basis and receiving the material benefits of this access and control...” (Carr 2000, 2 as cited in Mosedale 2005, 247). It has been argued that for a development intervention like microfinance to engender change, it should “...contribute to women’s sense of independence, rather than simply meeting survival needs” (Kabeer, 15). This may enable women to make

“choices” that act against structures or individuals that draw back the pursuit of their interests and potentials. Kabeer (Ibid, 14) argued that for an individual to make meaningful choices “there must be alternatives [and these] alternatives must be seen to exist”. Eventually, women should be free to make their choices and be responsible for the choice they made.

Further, Kabeer (1999; 2005, 14-15) suggested that empowerment could be examined through three interrelated dimensions: “*agency*”, “*resources*”, and “*achievement*”. Resources may entail all material and non-material things that are necessary for the maintenance and development of the person or wellbeing of a group (for example capital, knowledge, labour, etc.), which “are the medium through which agency is exercised” (Ibid, 15). What then is agency? According to Kabeer (Ibid, 14) *agency* “entails a person’s ability to make choices and being able to put them into action even in the face of others’ opposition”. For a person to exercise his/her agency, the person must be conscious of the immediate circumstances, have the desire for change and the resources to effect the change. In other words, *resources* plus *agency* makes achievement (otherwise called ‘capabilities’) possible. *Achievement* is defined as the potential for a person to live a life the person wants (Ibid, 15). In sum, the three dimensions: *resources*, *agency* and *achievements* are interdependent. Thus “changes in anyone dimension can lead to changes in others” (Ibid, 15).

In practical terms, achievement involves the exercise of agency that is facilitated by access to resources (for example microfinance schemes) and the outcome thereof. These ‘resources’ may not only strengthen women’s socio-economic position but also make the women conscious of their conditions. The women may then be motivated to take actions (agency) to determine the use of their labour and credit. If they succeed through their action to take control of use of their labour and credit; then we say that there is achievement. From this backdrop, what achievement will women make through their exercise of agency, a question of concern to many empowerment scholars and practitioners?

In the light of this, feminist literature has grouped the needs of women into two categories: ‘practical interests’/‘effective agency’, and strategic interest/transformational agency (Kabeer 2005, 15; see also Moser as cited in Mosedale 2005, 249; Molyneux 1985 as cited in Corcoran-Nantes 2003, 128). *Practical gender interest or effective agency* relates to “women’s ascribed roles in the sexual division of labour that responds to their immediate practical needs and formulated by women themselves” (Molyneux 1985 as cited in Corcoran-Nantes 2003, 128). It is argued that when women’s practical interests are met, it only helps

them to carry out their gender assigned roles more easily. When this happens, women's effective agency may be activated (Moser as cited in Mosedale 2005, 248; Kabeer 2005, 15).

The second category, *strategic gender interest/transformational agency* “directly concerns women's subordination or restrictions in a given society and demands around which women's struggles are based on a strategy to overcome all forms of gender inequality” (Corcoran-Nantes 2003, 128). In this second category, social transformation is the goal. According to feminist thinking, the strategic gender needs/transformational agency should be the focus of any development intervention that seeks to empower women and challenge institutional constraints that limit their potential for self-realization. This can be achieved through individualized agency and/or solidarity group action. Notwithstanding the feminist view of the potential collective action through solidarity groups, Cornwall (2008, 147) questions this solidarity thinking, a premise on which many microfinance programmes are built. Based on her own studies from *Ado-Odo in South-western Nigeria* she claims that relationships among women especially in groups are characterised by more tension and mutual suspicion than are their relationship with men. To this end, Cornwall concludes that “gendered relations” should be examined not based on only men/husband-women/wife relations but also within each gendered category.

For my study, the theory of empowerment will provide the analytical tools for me to examine how women's access to microfinance programmes and their participation in income generating activities have served as enabling “resources”. Also, it will help me to explore the extent to which these resources have enhanced the choices of women and how they are able to exercise their “agency” in their households. What is the outcome of the women's agency; effective agency or transformational agency or both? Besides, the empowerment framework will also be used to analyse the policies of the MFIs: Are there any missing links in the MFIs' attempts to empower women? To what extent are the MFIs mobilizing group solidarity for policy reforms and institutional transformation? In addition, in the household analysis, Cornwall's expanded gender relations framework may be a useful tool for the assessment of relationships of my informants to their co-wives, mothers and sisters in-laws of women among others. How then do women exercise power in their households?

3.4 The Concept of the Household

The concept of household is a debated one because of its cross-cultural and multidisciplinary nature. Household has been defined by Nukunya (2003, 50) as “a group of people who share

the same housekeeping space and arrangements”. Unlike Nukunya, the Ghana Statistical Service (GSS 2008, 4) contained in its Fifth Ghana Living Standards Survey (GLSS 5) defines a household as “a person or a group of persons, who live together in the same dwelling, share the same house-keeping arrangements and are catered for as one unit”¹⁶. Further Kabeer (2004, 114-115) distinguishes between the concepts of “household” and “household economics”. According to Kabeer, households “refer to the bundle of relationships in a society through which its primary reproductive activities are organized, recognising that these frequently involve principles of kinships and residence”. As for household economics, Kabeer (2004, 115) defines it as “... the rules, relations and practices which govern household production, acquisition and distribution of the valued resources essential for meeting the needs of its members” as the discussion of the concept of empowerment outlined earlier (see also Harris and Young 1981, 124 as cited in Gardiner 1997, 14). In my study, a *household* is a group of persons who may or may not share a common residence and are connected by their livelihood arrangements and wellbeing¹⁷. These household relationships have their gender dimensions. Gender relations are said to be multidimensional and complex in nature. As indicated above, some scholars have therefore argued that the analysis of gender relations should not be done only in heterosexual terms (that is women versus men) but also relationships among women; and those among men (Boulding 1989 as cited in Wung 2003, 315; see also Connell 2009, 73; Cornwall 156, 159). This wider conception of the household may help me to examine how the women are interconnected with other household members through their ‘value-creating activities’ (Kabeer 1991, 43), consumption and distribution.

There are two main models for household analysis: altruistic and bargaining models. I will focus on the *bargaining model*. However, I will briefly explore the altruistic model as a background to the bargaining model. I will focus on the bargaining model because it may guide me in the exploration of how women are able to negotiate for their interests, pursue opportunities and challenge constraints to their wellbeing. This will enable me to examine the

¹⁶ In Ghana, the national average household size is about 4.0. The Northern Region has the second highest household size (5.5) of the ten regions of Ghana (GSS 2008, 4).

¹⁷ For example, a household’s livelihood arrangement and wellbeing can perhaps be the form remittance from domestic and international migrants for the upkeep of their households

impact of the agency the women may have acquired through their access to microfinance schemes and income-generating activities as discussed under the empowerment framework.

3.4.1 The Bargaining Model

The bargaining model emerged as a reaction to the *altruistic model* of household analysis. Some economists champion the altruistic model. These economists claimed that “the welfare of each member of the family [household] is normally integrated into a unified family [household] welfare function” (Schultz 1973; Willis 1973; Becker 1981 as cited in Kabeer 2004, 99-100). This means that in a household, resources are pooled together from individual members and governed by consensus for the maximization of the common wellbeing of all (Samuelson 1956; Becker 1965, 1976, 1981 as cited in Kabeer 2004). Household heads (most often men) are expected to pursue this collective interest and welfare of their members. (Becker 1981 as cited in Kabeer 2004, 99). Critics have however questioned the notion of collective welfare and consensus building, which underpin the altruistic model. The critics argue that in households, individuals pursue self-interest that often generates competition and conflict among members (Agarwal 1997, 3). Consequently, the altruistic model has been blamed for conflating the multiple interests in the household under the pretext of joint welfare in order to bury the subordination of the individual (women) within the household (Galbraith 1974, 33 as cited in Kabeer 2004, 101).

Against this backdrop, Agarwal (1997, 3) contended that households “constitute multiple actors, with varying (often conflicting) preferences and interests, and differential abilities to pursue and realize those interests”. The *bargaining model* for household analysis emerged as an alternative model in an attempt to explain how household members manage their diverse and competing interests. The scholars within this perspective have argued that in the pursuit of competing interests such as the production and allocation of scarce resources in the household, there are two possible outcomes; *cooperation and conflict* (Sen as cited in Kabeer (2004, 109). These outcomes are indicative of the implicit “intersecting contractual relationships between different household members... specifying their rights and obligations to each other...” Individual members are likely to observe the terms of the contract as long as they are better off than they would be should the contract break down” (Sen cited in Kabeer (2004, 109). Besides, Agarwal (1997, 4) notes that, “a member’s bargaining power would be defined by a range of factors, in particular the strength of the person’s *fallback position or*

threat point". A person's *fallback position/threat point* is defined by Agarwal (1997, 4) as "the outside option of which determines how well-off [a person] would be if cooperation failed". Thus, the performance of a household member in the bargaining process is contingent on the person's social status, economic wellbeing, self-awareness and sense of agency; tenets upon which feminist empowerment theory (see above) is built. In effect, during the process of bargaining, if a person has a stronger fallback position, the person is likely to be in a better position to bargain. Some scholars are also of the opinion that apart from cooperation and conflict, there are instances when household members especially women may want to avoid conflict although cooperation has failed during decision-making. To address this dilemma let us explore the concept of "separate spheres" in the next section.

3.4.1.1 "Separate Spheres Perspective"

These scholars posit that *separate spheres* is the point in household interaction whereby household "division of labour [is] based on socially recognised gender roles that emerge without explicit bargaining" (Lumdborg and Pollak 1993 as cited in Agarwal 1997, 5). To avoid conflict, such household members operate in separate spheres by withdrawing and concentrating on household activities that they are supposed to perform or can perform within set limits (Lumdborg and Pollak 1993 as cited in Agarwal 1997, 5). The individual takes such an approach probably because the cost of engaging in conflict is greater, unnecessary or both. For example, a women/wife may not be interested in a conflict with other household members because she cannot bear the social and economic cost of divorce or she fears for the welfare of her children. In this situation, she may operate her household economic activities of production, income generation, and expenditure on separate streams independent of those of other household members. This notwithstanding, if it becomes critical that they have to pool resources together, Katz (1992) suggests that "... any transfer of income, labour and other resources between individuals are explicitly recognized; and household resource allocation is treated as a set of individually determined allocation choices" (as cited in Agarwal 1997, 5). This is a point at which "*reciprocal claims*" can be made between the parties involved in the bargaining processes (Katz 1992 cited in Agarwal 1997, 5).

No matter the processes and outcomes involved in household decision-making, Kabeer (1999, 437) argues that; "access, ownership, and control of resources are enshrined in social and institutional norms". This means that in household decision-making, it does not only require

the agency of individuals or groups but also changes in institutional norms that govern the process. This brings us to the ‘institutional perspective’ of household bargaining model.

3.4.1.2 The Institutional Perspective

Unlike the earlier dimensions of the bargaining model (cooperation, conflict and separate spheres) which focused on internal dynamics in the household bargaining processes, the institutional perspective looks at factors that are external to the household but have direct bearing on what can be bargained for and how the bargaining should be done in the household. According to Agarwal (1997, 14) social norms could impinge on household bargaining in four different ways. 1. They set the limits on what can be bargained about; 2. They are a determinant of or constrain to bargaining power; 3. They affect how the process of bargaining is conducted: for example, overtly or covertly, aggressively or quietly; 4. They constitute a factor to be bargained over, that is social norms can be endogenous in that they can themselves be subject to negotiation and change. From an institutional perspective, social norms and customs are fundamental to the organisation and operation of a household. This is because the benefits and cost of social sanctions largely inform a given household member’s bargaining power in the household decision making process. Eventually, household members who are constrained by institutional structures and prescriptions may then prefer to do what is culturally expected of them rather than confront it. To this end, Kabeer (2004, 132), posits that women’s decision-making power hinges on the cultural context of social organisation of production and distribution, as well as their levels of participation in intra-household and/or extra-household activities.

In sum, the bargaining model as discussed above will provide me with the analytical tools to examine; 1. The nature of household interaction; 2. How and why the women cooperate with other household members 3. What will happen when cooperation fails?; 4. What factors inform how and what they can bargain for in the household?; and finally 5. The role of women’s access to microfinance schemes, solidarity groups and participation in income-generating activities in enhancing their bargaining power. The institutional perspective also provides me with the analytical tool to examine some of the exogenous factors that influence women’s gender roles in relation to their participation in microfinance programmes; and the management of the microfinance schemes and micro-enterprises.

CHAPTER FOUR: MICROFINANCE INSTITUTIONS; A REVIEW OF THEIR POLICIES, PROGRAMMES AND PRACTICES

4.0 Introduction

“The usual loan they [women] request in the beginning is something like 30 or 35 dollars. When you put this sum in the hand of a woman..., she trembles, she shakes, and she can’t believe that such an enormous amount of money has been put in her hands. Tears roll down her eyes because nobody has ever trusted her with a penny; now, today, the bank gives her this sum. And she promises to herself that she will do everything to ensure the trust in her is kept” (Muhammad Yunus, 2002, 236).

As discussed earlier, the literature assessing the performance of microfinance programmes over the period of practice since the birth of modern microfinance in the 1970s suggest the emergence of some interesting trends. These trends are making development practitioners and academics alike to have a rethink of the impact of microfinance on the poor. Some concerns have therefore been raised about the goals of MFIs, their client-base, the methods of organization and delivery of these microfinance schemes. This chapter contributes to this discussion by reviewing the goals and activities of APED, and Bonzali Rural Bank; the review is done within the context of the tenets of general conceptualization of microfinance; microfinance as productive capital for the start and expansion of businesses, preference for women, mission drifting, and the paradigms influencing the implementation of microfinance programmes. As I indicated elsewhere, the choice of the MFIs was informed by an assumption that they have different goals (welfare or profit maximization) in providing microfinance schemes to their clients. *Zaapayim* Women’s Association of APED and *Bella-N-Nabra* of Bonzali Rural Bank are the specific cases used to assess the extent to which these two MFIs are similar or different in policy and reality. The sections of the chapter focus on institutional goals/missions of the MFIs, the types of microfinance schemes they offer, the main targets of their schemes; and how the MFIs organise and deliver the schemes to their target groups.

4.1 Microfinance Institutions; A Comparative Review of their Goals, Ideals and Reality

Most institutions if not all, have a goal or a mission that justifies its existence, guides its operation and outlines its statement of intentions. In view of this, it is appropriate to look at

the goals of APED and Bonzali Rural Bank in order to review their microfinance products, how they are organised and delivered to the women's groups. According to the Operational Guide of APED (2010, 6), *"The mission of APED is to give opportunity to each productive poor in WVG programs and other identified non-WVG zones of intervention to provide a better livelihood for themselves and their families through the development of sustainable micro enterprises owned primarily by women, to promote justice and proclaim the Kingdom of God"*. According to the Operational Guide, APED intends to achieve their mission of "better livelihood" for their clients through the provision of financial and non-financial services. The financial services offered are credit, savings and yet- to-start micro-insurance. Non-financial services, again according to the Operational Guide, involve business management training and counselling; and skills development (APED' Operational Manual 2010, 6). These financial and non-financial services contained in the Operational Guide of APED are discussed in turn, in relation to how they are implemented in the women's group under study, that is Zaapayim.

From the above mission of APED, some interesting issues are evident that require further exploration. The exploration will be done as the chapter unfolds. However, a cursory observation of the mission of APED indicates that its microfinance schemes are limited to persons (particularly women) who are already in business but cannot access financial resources from conventional banking. Aside the women's lack of access to financial resources, APED has identified the need to give women the requisite skills training to enable them to manage their businesses properly in order to achieve maximum returns on their investments. Another interesting aspect of the mission of APED is their intension to achieve religious ends through its microfinance programme. To what extent do these religious values have an influence on the clients-base and the type of entrepreneurial activities that APED is ready to support? This question will be addressed in due course.

However, before I address the question let us turn our attention to Bonzali Rural Bank, Tamale Agency; the other MFI under study and discuss its mission. Before I proceed, I wish to point out that unlike APED that had a detailed or elaborate document on their operations; in the case of Bonzali, I had limited written material dealing with their mission, goals and activities.

Bonzali Rural Bank Tamale Agency, which in the study I will call "Bonzali" both for convenience and because the women affectionately call it so, offers a wider range of services

to its customers. According to excerpts¹⁸ of Bonzali Rural Bank's profile, the services Bonzali offer include general traditional banking services (savings, credit and money transfer facilities) and microfinance. This means that apart from microfinance, Bonzali equally offers traditional banking products for the public. However, for the purpose of my study, I will focus on Bonzali's microfinance schemes. From the same excerpts of Bonzali's profile, we can read that Bonzali's microfinance programme seeks "*to provide microfinance services to a large volume of low-income persons that will enable them to improve their welfare*" especially in the Northern Region of Ghana'. According to the document, Bonzali intends to offer its clients the following microfinance schemes; savings, credit, and training programmes. In the same document, it is stated that the provision of traditional banking services and microfinance will enhance the living standards of the poor in their target communities. It can be inferred from the above goal that the microfinance schemes of Bonzali do not seem to be meant to support starters to establish micro-enterprises but for the poor who are already into income generating activities, albeit with little or no access to financial resources. The overview of the missions/goals of the two MFIs above, show the interest of both Bonzali and APED to offer their microfinance schemes to the poor but delimit them to '*low-income persons*' or '*productive poor*' with the goal of improving their livelihood. This brings us to the issue of the 'productive poor' as client of microfinance schemes.

At the policy level as noted above, APED and Bonzali prefer the "*productive poor*" as their main targets of their microfinance programmes. The term *productive poor* in this study refers to persons or group of persons who are into small-scale income generating activities but with limited access to financial and other related services for the sustenance and growth of their business enterprises. This implies that as a matter of policy, women who do not have business but may have the potential to establish businesses are not qualified to participate in programmes of the MFIs. This selective targeting of a category of the poor appear not to fulfil the premise upon which modern microfinance sub-sector emerged as noted by Yunus (2002, 236) above. Equally, Adjei (2010, 5-6) underscores that "better access to financial services enables the poor to establish and expand micro-enterprises and thereby improve their income levels and create employment". Where lies the fate of the poor without business?

Another similarity of the two programmes is that APED and Bonzali have women as the main clients for their microfinance programmes. In view of the MFIs as contained in their

¹⁸ The data I was given were on sheets of paper that contained the profile of Bonzali.

Operational Guide and profiles respectively, women constitute the segments of the population that lacks assets for collateral, a requirement of traditional banking. Is the lack of assets for collateral the motivation for making microfinance accessible to women by the MFIs? Do the reported characteristics of women in relation to their response to and management of microfinance schemes inform the MFIs' preference for women as the literature suggests (Armendariz and Roome 2008; see also Rahaman 1998 as cited in Nelson 2009, 5)? Can it also be said that APED and Bonzali have hidden motivations for dealing with women as suggested by Rahaman (1998 as cited in Nelson 2009, 5). We will explore and assess these claims as the chapter unfolds and in subsequent chapters.

The similarities notwithstanding, APED and Bonzali differ in terms of outreach and the belief systems that guide their practices. APED on one hand has its outreach across the country while Bonzali's outreach is limited to only the Northern Region of Ghana. On the other hand, APED's microfinance schemes are largely influenced by Christian beliefs (see chapter 1) while Bonzali is guided by secular values in the delivery of their microfinance.

An equally important component of the microfinance schemes of the two MFIs is their intentions to undertake non-financial services to complement the financial schemes they offer their women's groups. According to the Operational Guide of APED, the non-financial schemes they intend to offer to their clients include "business training through capacity building of individual entrepreneurs, skills development and agricultural extension services". Like APED, Bonzali's non-financial schemes as contained in the excerpts organisational profile comprise business management training, book/record keeping skills and health education. A closer look at these non-financial microfinance schemes of APED and Bonzali appear that they focus on meeting women's business needs and skills needed for the effective implementation of their microfinance programmes. Little or no mention is made of women's empowerment as espoused by advocates and the feminist literature of microfinance. Both MFIs are then seen to be operating with some aspects of the goals and policies of the financial sustainability and poverty alleviation paradigms as I discussed in the previous chapter.

Upon reviewing the goals/mission and ideals of the APED and Bonzali, I will now turn attention to the types of microfinance schemes offered by the MFIs to their clients.

4.2 Types of Microfinance Schemes Offered by the MFIs

Micro financing women's poverty reduction efforts involves the provision of a range of schemes from MFIs to their clients. These schemes as the literature on microfinance indicates

include credit, savings, money transfer, insurance and consciousness-raising training programmes to augment the financial assistance (Khandker 2005, 263; see also Bliss 205, 3).

In the case, APED and Bonzali policies (see previous section), they offer mainly credits and savings schemes to women's groups. These schemes are complemented with limited business related education programmes. According to the representatives from both organisations, the education programmes of the MFIs focus on credit disbursement procedures, business management and information on contemporary issues. For instance, the representatives of the two MFIs noted that the contemporary issues discussed with the women involve health related issues like National Health Insurance Scheme (NHIS) and Free Maternal Care Programme implemented by the Government of Ghana. To buttress their interest in education programmes, Paul of Bonzali mentioned to me that when they started their microfinance scheme, they had what he called "Credit with Education (CWE)" programme, which was supported by Freedom from Hunger Project (FFHP) and Action Aid Ghana. He explained to me that in the CWE programme the women were educated on maternal health issues, investment and business management techniques. The same officer Paul added that since the funding support ended, they have not been able to organise such comprehensive educational programmes. Similarly, field officer Adams of APED explained to me that APED has educational programmes on saving and credit procedure; and business management, but they were yet to start the organisation of the sensitization and capacity building programmes. Field officer Kojo of APED commented on the education programmes in the following way; "*the training is done when we want to disburse credit to the women. There is no continuity [after disbursement]. Yet we boast of having non-financial services as part of our microfinance scheme*". This means that apart from Bonzali's CWE programme for their women groups, which stopped some years ago after the funding sources dried up neither Bonzali nor APED can lay claim to any comprehensive gender related capacity building programmes as at the time of my fieldwork. Both APED and Bonzali concentrate on credits and savings disbursement procedures education programmes alongside ad-hoc contemporary issues.

My interest was not only in the types of microfinance schemes offered by the MFIs to their women's groups. I equally tried to understand some of the issues that come up when field officers meet the women at their periodic meeting sessions. In a response to a question probing into this issue, field officer Dawuni of APED said to me that it is sometimes

challenging when he is meeting the women because the women ask a wide range of questions. These questions include family issues, business, politics, and health and he said; “*the women expect me to provide answers to them*”. In discussing the same question with the Deputy Manager (of Bonzali) who has oversight responsibility for the Microfinance Department, he agreed with the field officers about the challenging nature of having to deal with the concerns of the women at meetings. He praised the field officers for their efforts and described them as “*learned colleagues*”. During my focus group discussions and interviews, I sought the views of women on how useful their engagement with field officers had been to them over the years. The women in response recounted how the ad-hoc discussions have been helpful to them, their household and businesses. The women claimed that they shared information, learnt from the experiences of other women, and also from the field officers at these meetings. Though the women found the ad-hoc education and information sharing between them and the field officers useful, the women intimated that this kind of arrangement for information exchange was not enough for them. The women therefore expressed their desire for more demand-driven training programmes informed by their needs and interests.

As noted earlier, the intentions of the APED and Bonzali to undertake comprehensive sensitization and capacity-building programmes for women alongside financial services is explicitly stated in their policy documents and confirmed by the representative of the MFIs during the interviews. Equally, the desire of the women for education also seems imperative. What account for the MFIs’ inability to implement these non-financial schemes as intended and as desired by the women? The representatives of the MFIs claim that they are unable to offer the non-financial microfinance schemes because of financial constraints. Further, the representatives of the MFIs explained to me that it is not only lack of funding that hinders their implementation of the non-financial microfinance schemes, the cultural context within which they operated also had limiting effects on the education programmes they intended to offer to their women’s groups. According to them, some of the issues they intended to deal with include women’s participation in decision-making, access to and control of resources, reproductive health, human rights and institutional referral for breaches of their rights were sensitive to the communities. Some of representatives of the MFIs recalled their experiences as they tried to address these issues among the women’s groups. For instance, Paul a representative of Bonzali and Adams of APED explained to me that when they enter the community and begin to sensitize the women on these issues, the women return to their

household with new ideas and often make direct references to what the field officers have told them to justify their actions. In such instances, it has happen that field officers have been stopped or chased out of a community. As an alternative to openly discussing issues of empowerment with the women, the representatives of the MFIs were of the opinions that making financial services available to the women to invest in their businesses may increase their incomes which will in turn reduce the women's dependency on their husbands or other relatives. The representative of APED and Bonzali therefore concluded that as the women become self-sustainable and economically independent, they will be able to meet their basic needs and exercise some influence in their households and communities. According to credit officer Dawuni of Aped *"the fact that women would have some resources at their disposal, they would take greater responsibility in the household. Moreover, since responsibility goes with some amount of control, the position of other household members especially their husbands will weaken"*.

From the discussions with the representative for the MFIs, it was evident that they understood the concept of empowerment as it is elaborated particularly in the feminist literature, but the cultural imperative in the communities they operate would not give them the way to openly discuss issues of empowerment with the women. The strategies adopted by the MFIs appear to fit well into the poverty alleviation and financial sustainability paradigms discussed earlier on. The MFIs as discussed in the previous chapter also appear to meet the "practical needs" of women to the neglect of their "strategic needs" (Moser as cited in Mosedale 2005, 249; see also Molyneux 1985 as cited in Corcoran-Nantes 2003, 128). In a continued exploration of these issues let me now turn to the question of the organisation of the microfinance programmes, also probing into the issues of women as main targets.

4.3 Targeting and Organisation of Microfinance Programmes

Before we explore the target groups and how the MFIs organize their programmes let us briefly examine what some representative of APED and Bonzali say about why their organisations were into microfinance. During my individual interviews, field officer Kojo from APED pointed out that *"APED is not solely into profits but they have a social responsibility in the sense that they reach out to the poor even in rural areas where other competitors would not go into"*. In the case of Bonzali, Paul explained to me that their microfinance programme is designed specifically to take care of the disadvantaged in society who are challenged by their lack of assets for collateral and the quantum of money that they

have at a particular point in time. Paul further explained to me that because the women lack assets for collateral and handle small amounts of money, the women often feel uncomfortable to walk into banking premises to do business. The officer therefore claimed; “our programme was specifically designed to meet the women at an accepted point in their community; we can term it as banking at their “door-steps”. This is how the representatives view their microfinance programmes and how they intend to meet the special needs of their target clients.

As indicated earlier, both APED and Bonzali have women as their primary targets for their microfinance programmes and both see them as those who are the hardest hit by poverty. In interviews with some representatives of APED and Bonzali, they claimed that when women are given financial assistance, they have the potential of spending significant parts of their income on their households especially on their children. This is a view that is consistent with findings in the literature (Armendariz and Roome 2008; see also Rahaman 1998 as cited in Nelson 2009, 5). As I identified earlier, it is worth noting that the MFIs focus their programmes on the “productive poor”/“low-income women” to the neglect of the *non-productive poor*. By targeting the productive poor, Kojo, a field officer of APED underscored; “*we rely on business experience, because we need to use that to assess the women’s risk levels and as a guarantee for their ability to repay the credits*. He continued; *if we want to target all poor people, we cannot exhaust them [the poor persons]. In targeting the productive poor, we also encourage others to start something”* [that is, a business for themselves]. Like APED, Bonzali equally targets the productive poor whom they describe as the ‘low income persons’. Officer Namson of Bonzali also explained to me that for any women to participate in their microfinance programmes, she had to be in business for not less than six months. This implies that for a woman to be able to participate in the microfinance programmes she was expected to have a certain level of understanding of a business particularly in terms of suppliers, marketing and profitability.

To ascertain whether all the women are in fact productive-poor, I probed into the issue during my FGDs and interviews with the women. In response to my question of whether they all had micro-enterprises before they started to participate in the microfinance programmes, all women confirmed that they were in business before entering in the programmes of APED and Bonzali. One of the women informant Afia of Bonzali had this to say; “*I take the credit*

because my money is not always enough for my business. So I use the money to support the small, small business (Walma) I do”.

In order to reach the women, the MFIs organize their programmes using the *community bank methodology*. Community bank methodology is a group lending and savings methodology specializing in the development of local leadership and transformation of lives of the economically active poor of the community. Prospective clients are made to form groups of between 15 to 35 members (called a credit association) which are made up of solidarity groups with about 5 to 7 members (APED’s Operations Manual 2009). According to the representatives of the MFIs, the Community Bank is supposed to be self-formed, self-managed and democratic. Members of the community bank are expected to co-guarantee each other’s credit and there is a strong dependence on peer pressure to ensure the repayment of loans and enforcement of other obligations of members to the group.

On the how the concept of community bank methodology was implemented, the representatives of the Bonzali and APED gave similar responses; the representatives said that they start by identifying a “*viable community*”/“*client spot*”. They enter a community through the so-called *opinion leaders* (they include chiefs, religious leaders, district assembly members, teachers and any other persons who have significant ‘voices’). The opinion leaders are contacted because they are expected to know the community well and may also give credibility to the activities of the representative of the MFIs in the community. Then representative(s) of the MFI with the support of the opinion leaders mobilize the community members for a sensitization meeting where they promote their microfinance products and services. They further explained to me that, after the community sensitization, members of the community who are interested in participating in the microfinance programme are asked to form a group or groups of 15-35 as I noted earlier. When a group is formed, each member is screened by the representatives of the MFI in collaboration with prospective group members and opinion leaders. According to the representatives of the MFIs, the screening is done to ascertain the locations (homes), business activity and the credit worthiness of prospective group members. The screening is expected to ensure that only credible women participate in the microfinance programmes. Thereon, when the women meet the conditions set by the MFIs, the programme is rolled-out and women can begin to access the microfinance schemes. Besides forming a group, the representative again explained to me that when they enter a community and there is an effective existing group of women, they adopt it for their

microfinance programme. As indicated above, it can be said that group formation is a key strategy in the implementation of microfinance programmes. Of what use are solidarity groups to women businesses and households? Have solidarity groups become a means for MFIs to get to women at a reduced cost, as some critics seem to suggest? I will deal with these issues subsequently.

According to the representatives of both MFIs, before a client can access credit, there is a *pre-savings component*, a pre-requisite for credit. Pre-savings as they explained is an amount of money that group members have to save with the MFI for over a period of six weeks before they qualify to take credit. According to a representative of the MFIs the pre-savings component serves two main purposes: collateral against default and a savings for the women. Although both APED and Bonzali have pre-saving schemes for their clients, they differ somewhat in their approach. For example, according to the representatives of Bonzali, they usually charge a fixed amount of money for members of a group to pay within six weeks, but capable and willing (“wealthier”) women could increase their pre-saving amount in order to attract higher credits. The women of Bella-N-Nabra Women’s Association of Bonzali confirmed that they had to pre-save before they could access credit from the MFIs. However, the women appeared to have forgotten the amount of money they pre-saved that because most of the women pre-saved over 10 years ago. In the case of APED a representative noted that; *“pre-saving is collected from new entrants to our programmes. It constitutes about 15% of the initial credit request. The women also pay 3% as processing fee plus GH¢3.00 for the purchase of application forms”*. When I sought the opinion of the women of *Zaapayim* about the pre-savings, they also confirmed that they had to deposit some money before they received credits from APED.

In general, the amounts of credit the women can take from their respective MFIs is influenced by the request of clients, the ability of the APED or Bonzali to supply, length of participation and the credibility of the group. Again, the pre-saving of the women of Bonzali also influences the amount of credit they can access, unlike APED which has a fixed pre-savings rate of 15%, as I noted earlier. Field officer Dawuni of APED for instance underscores that *“a long standing and credit worthy group enjoys progressive lending because we can trust their ability to repay their credits”*.

Like the pre-savings, there is a *mandatory-savings* component for all the women in both institutions. In the case of APED, the mandatory savings are built into the monthly loan

repayment which is later added to their pre-savings in the name of *Zaapayim* (the group) but simultaneously noted in each woman's individual passbook. For Bonzali, the mandatory savings are flexible but a determiner of the amount of credit a woman can take at a time. Apart from the pre-savings and mandatory savings, APED and Bonzali encourage the women to do *voluntary savings*. In the case of the voluntary savings, as the name suggests, not all women in a group do it. Like Bonzali, the savings of the women of APED are kept in the groups' account while individual savings are indicated in their passbooks. When the savings of the women are mobilized, that of *Bella-N-Nabra* Women's Association are kept with Bonzali; while in the case of *Zaapayim* Women's Association, the women are encouraged by APED to save with the nearest bank of their choice (APED is not a bank). This therefore, means that unlike Bonzali, APED cannot influence the interest rate on the savings of their women.

The fact that both MFIs have similar client groups appears not to be in tandem with the general perception in the literature about the goal-orientation of NGOs and other microfinance institutions like a rural bank. The literature suggests that NGOs are reported to have a predominant social or welfare orientation towards their clients and that they attempt to address specific social, economic and political challenges that confront them, especially women. For example, Murdoch (2000, 618) suggested that NGOs target segments of the poor with their microfinance schemes particularly those capable and willing to start their own micro-enterprises and others who are in business already, while other MFIs (rural banks, savings and loans companies) are motivated by profit and charges interest rates that are above that of the commercial banks. However, in the case of APED and Bonzali they appear to operate with the same commercial orientation by dealing only with the productive poor and charging of higher interest rates of about 30-36% (see tables 4 and 5 below). An interesting question is whether MFIs are drifting away from their initial goals which were to provide affordable and accessible financial services to poor people (Armendariz and Szafarz 2009, 23; see also Yunus 2002). I will come back to this discussion in more detail later. Upon reviewing the nature of the credit and savings schemes of APED and Bonzali, let me now focus our attention on how they the microfinance schemes are delivered to prospective clients.

4.4 The Delivery of Microfinance Schemes by MFIs

As I discussed in the previous section, the MFIs target productive poor women with their credit and savings schemes; the women's groups were formed according to the community

bank methodology. On the delivery of these microfinance schemes to the women, generally, the MFIs implement their programmes by *credit cycles*. A *credit cycle* according to the MFIs is a period of about 16 weeks within which recipients of credit are expected to have completed their credit repayment; it is also a maturity period for savings withdrawals. In line with the credit cycle model, the women can access credit three times a year.

According to the women and the representative of the MFIs, before the credit cycle begins they have to pre-save in order to access credit. Even though the women are often eager to take credits from the MFIs, the intermittent credit repayment throughout a credit cycle is a challenge to most of the women (this will be discussed in more detail later in chapter 5). In an interview when I asked; “*how long does it take them to repay their credits?*” The ‘*mangaazia*’ (president) of *Zaapayim* Women’s Association said, “*we used to pay every two weeks. We were always struggling to repay. When we complained to them (APED), they understood us and changed it to one month*”. On the part of *Bella-N-Nabra* Women’s Association, the women expressed similar sentiments about their weekly credit repayment and savings mobilization period, but for them the one-week repayment and savings arrangement was the only way to check defaults among members. Some of the women of *Bella-N-Nabra* were of the view that though they find it challenging to make meaningful returns on their investment within one week; managing to start repayment within a week helps them to avoid default. Gina, an informant had this to say; “*when I invest the money in my bakery, one week was too short for me to make returns on my investment in order for me to repay the loan; it is always a struggle. However, this helps some of us not to default*”.

As I identified earlier on, during my interviews with the representatives of the MFIs, they emphasized that as the group moves from one credit cycle to another; individual women may benefit from progressive lending based on their conduct in the preceding credit cycle; their credit worthiness is an important condition. In line with the privileges associated with credit worthiness, the women and the representatives of the MFIs noted that persistent defaulters were advised to withdraw from the microfinance programme and by extension from the group. In effect therefore, at the time of my fieldwork, all the women in *Bella-N-Nabra* and *Zaapayim* were credit worthy since all defaulters were withdrawn from both groups. Below are two different tables showing the microfinance data of the women of *Bella-N-Nabra* and *Zaapayim* for three consecutive cycles.

Table 4: Microfinance data of Bella-N-Nabra Women's Assoc, Bonzali Rural Bank

Three Credit Cycles Data of Bella-N-Nabra Women's Association, Bonzali Rural Bank, Tamale Agency									
Names of women	Credit cycle one			Credit cycle two			Credit cycle three		
	Credit GH¢	Savings GH¢	Weekly Repayment GH¢	Credit GH¢	Savings GH¢	Weekly Repayment GH¢	Credit GH¢	Savings GH¢	Weekly Repayment GH¢
Rita	200	21	14	1000	188	70	2000	590	140
Sarah	200	19	14	300	21.5	21	400	31.5	28
Juli	800	127.5	56	1000	130.5	70	1500	160.5	105
Gina	300	34	21	1000	320.5	70	1700	335	119
Suzi	600	64.2	42	500	88.2	35	700	109	49
Akua	200	34	14	800	120	56	1000	189	70
Pat	800	75.5	56	1200	171	84	1500	157	105
Vic	1000	104	70	1500	170	105	1500	190	105
Afia	400	42	28	600	78	42	800	142	56
Sally	700	68	49	1000	100	70	1200	260	84
Total GH¢	5200	589.2	364	8900	1387.7	623	12300	2164	861

Source: Author's fieldwork (NOTE, Currency exchange as at 25/05/2011 between Ghana cedis to US Dollar was 1GH¢= 0.65704 US Dollar)

The above table shows that almost all the women undergo progressive lending from one credit cycle to the other. As for interest rate on credit, Bonzali charges 12% for each credit amount for a credit cycle. This means that in a given year the women would have paid a cumulative interest rate of 36% per annum. From the table we can also see that, the women's savings rate has been increased progressively and is individually determined. For example, Juli appears to have a good savings culture notwithstanding the amount of credit she borrows from Bonzali while Rukaya is the most confident recipient of credit. In terms of credit to savings ratio, there appear to be a positive correlation between the amount of credit received and the amount saved; the higher a woman's credit the greater the amount saved. As indicated in the table, this positive correlation is reflected in the credit and savings patterns of almost all the women.

Table 5: Microfinance Data of Zaapayim Women’s Association, APPED Tamale

THREE CREDIT CYCLES OF ZAAPAYIM WOMEN'S ASSOCIATION, APED TAMALE									
Names of women	Credit cycle one			Credit cycle two			Credit cycle three		
	Credit GH¢	Savings GH¢	Monthly repayment GH¢	Credit GH¢	Savings GH¢	Monthly repayment GH¢	Credit GH¢	Savings GH¢	Monthly repayment GH¢
Asana	150.00	61.50	42.00	372.00	134.02	104.16	708.00	305.26	198.24
Akos	120.00	44.40	33.60	204.00	87.16	57.12	240.00	119.28	67.20
Lucy	120.00	44.40	33.60	204.00	63.16	57.12	160.00	67.68	44.80
Gifty	84.00	27.48	23.52	120.00	49.36	33.60	180.00	82.08	50.40
Ajara	84.00	27.48	23.52	120.00	49.36	33.60	180.00	76.08	50.40
Helen	84.00	27.48	23.52	120.00	55.36	33.60	204.00	89.04	57.12
Zulfau	84.00	27.48	23.52	150.00	61.96	42.00	204.00	95.64	57.12
Kasi	60.00	22.20	16.80	102.00	29.32	28.56	60.00	48.24	16.80
Ayi	60.00	22.20	16.80	102.00	29.32	28.56	60.00	54.24	16.80
Mercy	90.00	27.30	25.20	180.00	56.38	50.40	204.00	30.06	57.12
Total	936.00	331.92	262.08	1,674.00	615.40	468.72	2,200.00	967.60	616.00

Source: Author’s Fieldwork (NOTE, Currency exchange as at 25/05/2011 between Ghana cedis to US Dollar was 1GH¢= 0.65704 US Dollar)

As the table of Bella-N-Nabra Women’s Association illustrates, the table above also shows that the women of Zaapayim are also undergoing progressive graduated patterns of savings and credit receipts. The main difference between the two groups is in relation to quantum of money involved in each credit cycle. For example, from the tables we can see that Bella-N-Nabra operates with larger sums of money than Zaapayim. This is probably because the former is a relatively older group than the latter and has therefore undergone more series of credit cycles (progressive borrowing) over the years. In addition, it may imply that over the years of participation in the programmes, the women of Bella-N-Nabra are relatively more confident in handling larger sums of money (they are able to request for larger sums of money) than the women of Zaapayim. As the MFIs strive to make microfinance accessible to productive-poor women, they are bedevilled with some challenges. We will explore this in the next section.

4.5 Challenges in the Delivery of Microfinance Schemes

The implementation of the microfinance programmes from an institutional standpoint is not without some challenges. I sought to explore these challenges because they could potentially

affect the goals of the programmes. The following section is based on information given to me during the interviews with the representatives of the MFIs.

4.5.1 ‘Proxy Group Membership’ and Defaults

Some of women often need more credit yet the MFIs are unable to provide or the MFIs find the savings of these women to be inadequate to merit the amounts of credit they have requested. These women find innovative ways to get more credit from the MFIs. According to investigations done by the MFIs, they have discovered that some of these women recruit fellow women into solidarity groups who indeed are false group members to take credits for them; the MFIs describe these false group members as *proxy members*. According to a representative of the MFIs, proxy membership becomes apparent during credit repayment especially when patrons of their credit find it difficult to repay. For instance, when there are defaults the field officers pursue the proxy members for the repayment of their credit, who intend to pursue their patrons. Also their investigations indicated that some women also take the credit and lend it to other women who may or may not be group members. The representatives of the MFIs explained to me that, this is a complicated challenge to them because the women often try to protect each other. This attitude of some of the women as a representative of the MFIs said, “*affects their microfinance programmes*”. However, another officer argued that; “*we cannot just blame the women because if we had enough capital to meet the financial need of the women they would not use proxy members to secure more credit. This still comes back to insufficient capital to meet the surplus demand for microfinance among women*”.

4.5.2 Inadequate Funding

Inadequate funding is another challenge that affects the smooth implementation of the programmes of the MFIs. They explained to me that they are experiencing increasing demands for the products and services from both existing groups and prospecting women’s groups but they do not have enough funds to meet this demand. According to the MFIs, the inadequate funding is affecting their progressive lending targets for their existing groups, outreach to other women’s groups and communities; and product quality. A representative of one of the MFIs had this to say: “*we are now appealing to our partners, but if there is any form of assistance or linkages that your study can bring it is welcome*”. This was the special appeal for funding from one of the representative of the MFIs.

4.5.3 High Staff Turnover

Inadequate funding inadvertently affects worker motivation leading to high staff turnover, which is affecting continuity and smooth implementation of their programmes. Field officers are the most affected. Field officers are personnel of the MFIs who liaise with their assigned women's groups and the MFIs in terms of credit disbursement, savings mobilization and sometimes undertake education programmes. The field officers of APED and Bonzali complained that the high labour turnover has been the bane of their organisation. For example, the longest serving field officer of APED was at post for only two years. According to the field officers, the job was very demanding but still they were not well remunerated by their MFIs so at any time they get better job offers from other institutions, they have no alternative but to leave. This therefore makes the field officers weakly committed to their jobs as they are always searching for better job offers. According to the representatives of the MFIs, their weak commitment to their MFIs makes them susceptible to poaching by especially mainstream financial institutions. An officer told me that; *“make sure you capture our complaints in your study. But, but... do not identify me”*. This indicates that although the conditions of service are not too good, the field officers cannot openly say so because of fear of intimidation by the MFIs. The high turnover of staff also creates problems for the women. A woman from one of the MFIs complains that, *“within this year this officer is the third replacement: so some of the concerns we raised with their processors are not often dealt with”*.

4.5.4 Legal and Regulatory Framework

Besides the high staff turnover, the Government of Ghana through the Bank of Ghana (BoG) has certain regulatory standards for financial and non-financial institutions that appear to affect the operation of microfinance programmes. An officer of the MFIs told me that the Bank of Ghana expects a financial institution like Bonzali to operate between the periods of 8.00 am to 2.00 pm. According to a representative of the MFIs, this banking operation time is not convenient to most of their clients, for example, the *‘market women’* who have to go to the market and make some sales before they can make savings later in the day, by which time the bank would have closed. However, at the time of fieldwork Bonzali had appealed to the Bank of Ghana for extended time in order to meet the special needs of their clients. On the part of APED, because they are not a bank, they are allowed to mobilize savings but strictly forbidden to keep the savings. Again, when a particular sum is to be moved to any distance,

the Bank of Ghana require that there must be police escort. This is an impossible requirement. As an officer from Bonzali said: *“how can a field officer on a motor bike with money to a women’s group in a given community by escorted by armed police escort. Where will the money to pay for the service of the police come from when we are complaining of insufficient funding for our programmes?”*

Conclusion

The implementation of the microfinance programmes are not without challenges. According to the MFIs, inadequate funding is affecting their performance. Besides, the inadequate funding, the MFIs also face some practical challenges like socio-cultural sensitivity to their gender related programmes, high staff turnover and regulatory standards that appear to frustrate their innovative programmes delivery. According to the MFIs these challenges are affecting their product quality and outreach. These challenges notwithstanding, the MFIs are making efforts through their ill-remunerated field officers in order to meet the general educational needs of the women.

APED and Bonzali as MFIs appear to have a lot in common in terms of their goals, the types of microfinance schemes, programming and delivery of microfinance schemes. The MFIs offer credits and savings to their clients with limited education programmes on credits disbursement and savings mobilization procedures. In terms of clients, the MFIs focus on the productive poor especially women with the aim of improving their living conditions. By focusing on the productive poor, there may be the tendency for some women to establish businesses not with the vision to become micro-entrepreneurs or for profits but only to participate in the microfinance programmes in order to meet their basic needs. This is equivalent with the poverty perspective discussed in chapter 3 that the most informal economic activities are motivated by poverty (Sivananthiran and Ratnam (2005) of the ILO). According to Bateman (2010, 74) this category of micro-entrepreneurs are referred to as *“poverty-push entrepreneurs”*. As I pointed out in chapter 3, *“Poverty-push entrepreneurs”* are individuals who are effectively being forced into entrepreneurship by poverty rather than the possibility of a financial gain. In terms of programme implementation strategy, group formation is used by the MFIs to organise their women’s groups. Again, upon closely examining the policies and activities of the MFIs, APED (an NGO) and Bonzali (a rural bank)

appear to be more inclined towards ‘for-profit’ orientations which is contrary to my earlier assumption about their orientations, (‘not-for-profit’ and for-profit respectively).

It therefore appears that the policies and programmes of APED and Bonzali are predominantly inclined towards the poverty alleviation and financial sustainability paradigms, a trend identified in literature that is claimed to have the potential of affecting the initial client base (the poor) that led to the birth and expansion of modern microfinance (Mayoux 2004; see also Mayoux 2002, 236). This shift of focus by MFIs from the poor to relatively ‘wealthier’ or unbankable clients may result in a mission drift (Armendariz and Szafarz 2009, 2; see also chapter 3). Although the MFIs appear to target micro-entrepreneurs, the small amounts of credits and the conditions for repayment and savings make the women unlikely to grow their businesses to sizes where their informal businesses may meet the requirements of formalization. In addition, at any time within a week or month the women of Bonzali and Zaapayim respectively are struggling to mobilize money to repay their credits or to make savings, this make it difficult for the women to expand their business.

The above similarities between the APED and Bonzali hereby make it unnecessary to separate them for a comparative study as I initially contemplated to do. I therefore considered both programmes as cases that would help me to explore the contributions of microfinance to the women poverty reduction efforts. Are the programmes of the MFIs informed predominantly by the policy orientations of the poverty alleviation and financial sustainability paradigms? In addition, by supporting productive poor women are the MFIs intending to formalize their businesses? I will explore these questions in the next chapter by examining the contributions of the microfinance programmes on the businesses and households of the women in relation to their borrowing and spending cycles. Again, I will assess the impact of group solidarity on women.

CHAPTER FIVE: MICROFINANCE: ADDRESSING WOMEN'S BUSINESS OR HOUSEHOLD NEEDS?

5.0 Introduction

In Ghana, productive poor women are at the margins of the national economy (see chapter 1 & 3). In general, the productive poor women have little influence on public policy and can hardly benefit from mainstream financial services. Nonetheless, the Ghanaian women's contribution to the household in particular and to the national economy in general is increasingly recognised. Ghana's development stakeholders are thereby "pressing for an expansion of women's economic and social opportunities and the advancement of women's rights' as a boost to women's entrepreneurship" (Amu 2005, 10-12). As noted earlier, to meet this demand, microfinance has increasingly become a strategic poverty reduction tool extended to women and intended to improve their economic and social life.

As I identified in chapter 4, the women appear to be motivated by poverty or pushed by poverty to establish micro-enterprises to sustain their lives. Due to the women's insured financial support from traditional sources like family members and friends, the women consider microfinance schemes from MFIs as a better alternative source of funding to maintain their businesses and household needs. Although the financial services that the MFIs offer to the women are intended to meet the women's production needs, the women rather use these financial services to address both their business and household needs. This approach to the use of the financial services by the women appears to affect the available capital for investment and the growth of their businesses. How is the borrowing/lending-spending cycle of women evolving in meeting the needs of women? To what extent has group solidarity a premise upon which the group model is used for the implementation of microfinance programmes is built serving the interest of women or the MFIs (see also discussion in chapter 3 and 4). Before we look at these issues, let us explore the perceptions of the women and their household members of the microfinance programmes as their perceptions may have an overarching impact on how the women use the microfinance schemes.

5.1 Women's Perceptions of the Microfinance Schemes: *"It is not easy but, can I leave...?"*

The study explores the perception of the women in relation to the microfinance schemes offered by the MFIs with the assumption that their perceptions can affect the outcome of the goals of the microfinance programmes as discussed in the preceding chapter. The exploration

of the perceptions of the women and some household members is necessary because the perceptions may also have a considerable influence on the women's participation in and use of the microfinance programmes. Exploring their perception can also give leads into the performance of their business activities, which are difficult to assess due to lack of data. In this section, I present my findings and discussions of the field data on the perceptions of women in the microfinance programmes of APED and Bonzali.

Informants gave a series of responses. Gina of Bella-N-Nabra Women's Association opined that, *“with the daily sales kind of business like mine, I would not tell lies; the credit is supportive of my business. Through my participation in Bonzali's microfinance programme, I have learnt so many things from the representatives of Bonzali and group members. I have acquired a lot of experience and this has been helpful to my business' growth, especially my ability to manage my business to be able to repay my credit without default”*. To Gina, the microfinance schemes have helped to grow her businesses and equally taught her how to manage her income to ensure prompt repayment of credit and savings as expected of the MFI. As Gina, Asana presents an equally positive view of APED's microfinance programme. She argues that the microfinance schemes offered by APED have helped to boost the growth of her business. She said: *“I joined the group because I am not blessed to have inherited any family resources, so I joined the group because I needed money to maintain and expand my bakery”*. Equally, Lucy of APED is of the view that her participation in the microfinance programme is helpful. Unlike Gina and Asana who stress that their businesses have experienced some growth since their participation in the microfinance programmes, according to Lucy the programme had rather helped her to maintain her business. Lucy therefore argues that, *“I take the credit because my money is not always enough for my business. And since I joined the group, I have been taking the credit; it was only when my father died that I decided not to take. The credit is helping the small, small businesses that I do”*. The narrative of Lucy also demonstrates that point that irrespective of challenges the women may go through the credit has to be carefully applied. For example, when a woman is under challenging circumstances, that has the potential of negatively affecting the conduct of her business as well as her savings and credit commitment to the group and MFI, she will decline to take the credit. Lucy did not take the credit when her father died at the time, probably due to the fact that she feared that the credit could be misapplied. Moreover, the funeral activities made her too busy to have enough time for business. Not taking the credit guarded her against default.

Similarly, Sarah notes, *“the credit I take from Bonzali has been helpful to my business struggles (‘walma’) and family but when it comes to the time for repayment I make sure that I repay. Because of this, I have never defaulted”*. Another informant, Rita, recounts to us¹⁹ how Bonzali has helped her to do so many things in her life. She said *“my participation in the group is beneficial. If it were not, I would have used what I have now to repay my debts. So for me, being in the group is good”*. To buttress Rita’s point Pat argued, *“the microfinance schemes have been beneficial to us because most of us are still in the group. If it were not beneficial, we would have left one-by-one”*. During the FGDs with the women of Bella-N-Nabra, when I asked the women how they see their participation in the microfinance programmes, an informant said; *“it is helpful to our businesses and our upkeep. Sometimes too, we wish we had not taken the credit, but we cannot stop taking; we need the credit to manage our lives. But we are aware we cannot use the money to buy consumable goods like clothing because this will affect our business investment and credit repayment*. The women of Zaapayim expressed similar sentiments during the FGDs.

According to the women and the representatives of the MFIs, defaulting to repay credits or savings in line with the routine schedules has a collateral damage for group members. The future participation of the group may thus be jeopardized. As a result of this collateral effect, irrespective of the economic and social challenges that a woman may be going through, defaulting is not an option for her. The women are therefore compelled to adopt all means available to them to raise money to meet their commitments to the group and by extension the MFIs. However, when the individual effort to raise money to redeem her indebtedness fails, group members come to the aid of a genuine defaulter especially if the person is a first time defaulter. Thus, group solidarity is mobilized to ensure prompt credit repayment and expected savings. Who benefits from this group solidarity; the women or the MFIs?

From the narrative of the women, it appears that the individual women in a group microfinance programme is blamed for her default through peer pressure and membership withdrawal, without regard to the constraints of household relationships and institutional challenges, which women have little or no control over. Could the MFIs investigate the challenges of the women, which have led to their persistent defaults for appropriate remedial measures to be taken about their defaults? This is important because continual peer pressure and withdrawal of defaulters from the programmes may leave them worse off than they were.

¹⁹ Refers to Research Assistant and I (the researcher).

An officer of the MFIs therefore intimated that, *“some defaulters who cannot stand the disgrace associated with withdrawal from the group leave their communities (self-imposed exile) while other women lose their husbands because their husbands cannot bear the embarrassment she brings along to the household”*.

In relation to the women’s fate in times of difficulty to meet their obligation to the MFIs, informants were asked some questions. For example, *“Do you have the intension to continue with the programmes despite the challenges you encounter?”* Most of the women explained to us that they could not conduct their businesses and meet their basic household needs without participating in microfinance programmes offered by Bonzali and APED. In view of this, Helen explained that, *“when something begins, one will not know whether it will be good or bad, unless it is tried. This is why it took me some time to join the group. Since I joined, it has helped me a lot. Therefore, for me the credit scheme is very helpful (‘nni kpei di nigma nyagsiim’). I get my own money to run my business. I do not have the intention to leave the group. In view of this, anytime I am praying, I pray for every individual member of the group because if things do not go well for a group member, the entire group will be affected. I ask Allah to let the group grow so that we will continue to access credit from APED”*. In Helen’s view, it does not just take prudent business management to avoid defaults but supernatural intervention, like prayers for herself and fellow group members to help them out of defaults.

However, some women had mixed feelings about their continuous participation in the microfinance schemes. To these women, they found microfinance programme as the only option available to them; if they had a choice, they would not have been participants. For instance, Juli is of the opinion that: *“If I get my own capital I will withdraw from the microfinance programme (Bonzali), but I have not got that yet, so I will continue to be part”*.

Although none of the women had doubts about the usefulness of their participation in the microfinance programmes, some of the women had anxieties about their abilities to use the microfinance schemes effectively for maximum returns. For example, during my FGDs, the women said to us that the credit they take is based on the size of their businesses and their ability to manage it. One woman of Zaapayim said; *though if we get more credit we want but we had to take the amounts of credit we can manage because we are afraid*. Another woman Vic of Bonzali gave us fond memories of her fears. She claimed *when I was to take the first credit, I took a very small amount (tuusa ayi) because I was afraid; since I have not done it before*. To the women, this accounted for the size of credit they request from the MFIs. By limiting themselves to amount of credits they can manage and businesses they know best, the

possibility of business expansion will not only be very difficult but attempts to diversify their investments are also thwarted. This in the short-term may affect the survival and profitability of their businesses, while in the medium to long-term, capital building through saving portfolio and increased access to credit from the MFIs will slow down. Access to credit will slow down because according to the two MFIs, as I identified earlier, the higher the savings of a woman the larger the credit size.

As presented above, the findings on the perceptions of women is consistent with other studies that have identified low levels of education and lack of managerial skills of micro-entrepreneurs in the informal economy to discourage them from undertaking activities that may allow their businesses to grow and become more efficient (Nourse 2001, 62). This also resonates with the informality-formality framework, which suggests that most informal economic activities are motivated by poverty or cost-avoidance. Assessing the perceptions of the women in my study, I find that the participation of women in micro-entrepreneurial activities is motivated primarily by poverty, while cost avoidance does not seem to be a big issue.

During the fieldwork, I found it necessary to incorporate the perceptions of a couple of household members of the women. My intention for seeking the views of other household members apart from the women was to gain insights into other household members' perspectives that may be vital in framing the attitudes of women in the microfinance programmes. More importantly, the agency of the women is shaped primarily by the values and norms within the household. Hence, the need to explore the perception of other household members on the women's participation in microfinance programmes.

5. 2 The Perceptions of Household Members on Women's Participation in Microfinance Programmes: *"We are also concerned about their participation"*

Although the perception of the women has a significant influence in the way they respond to the microfinance programmes, the way their household members perceive and say about the microfinance programmes and the women's participation could be a potential bargaining arena for the women. I therefore sought the views of the women on the reaction of their household members on their participation in the programmes and the views of the household members on the women's participation. This gave me a wider perceptual framework within which the women are operating vis-a-vis their participation in the microfinance programme.

In terms of their participation in the microfinance programmes, the women explained to us that they had the support of other household members especially their husbands in terms of

encouragement and the kinds of business investments for their credit. Asana of APED underscores that *“my family is happy about my participation in the programme because it is helpful to them”*. Similarly, Helen said: *“my family has no reservations about my participation in the group. My husband shows a lot of interest in my participation by reminding me of time for our meetings and urges me to manage the credit well. Interestingly, my mother is a member of the group too. This tells you that my family is not against my participation in Zaapayim”*. Another woman, Zulfau of APED had this to say; *“none of my relatives has anything against my participation in the group. They are all happy because they have seen what I am getting from the group’s credit”*. According to the women none of their household members has expressed any misgivings about their participation in the microfinance programmes of Bonzali and APED.

The only exception to the general claim of supportive household members was Juli of Bonzali. She told us that her household members were rather sceptical about the impact of the microfinance programmes on her business and her life. Juli is of the opinion that, despite the fact that the household members cannot provide for her daily upkeep, they are equally not so comfortable with her participation in the microfinance programme of Bonzali. Household members are thus put in a difficult position when it comes to asking her not to participate. According to her, *“the household members are not happy about my participation but since they cannot help me, they have little to say. If they could support my upkeep, I know, they would have asked me to stop”*.

To hear some voices of the household members, I took the opportunity to engage a couple of them in informal interviews as explained in chapter 2. During the interviews with these household members, they told me that the women’s participation in the microfinance programme is helpful for the women because they have business to do. For example, a husband of one of the women informants said; *“you know these days farming is not profitable, so if my wife has some money to do her business to support the family why should I not support her. Personally, I do not like any trouble that is why I am married to her alone. Relatives and friends have been urging me to marry another wife but I am not ready for that”*. Another husband of an informant noted, *“although my wife takes the credit most of the equipment here (pointing to some of them), I bought them for her bakery. The credit she takes is not substantial enough to buy these ‘heavy’ equipment. At least the credit can buy some ingredients and bread flour for the bakery”*. Nonetheless, a sister to one of the informants was quick to indicate her misgivings about the sister’s participation in the programmes. She said,

“Bonzali is not good for her business because she is sometimes trapped in serious debts. So, I have asked her to discontinue her participation with the programme but she would not listen”.

The narrative of the women and their household members appear to provoke some further questions about the usefulness of their participation in microfinance programmes. How can such small amount of credit and short repayment period help the women to capitalise their businesses for maximum returns on their investments? Notwithstanding the fact that the women are faced with fear and anxiety in terms of defaults in credit repayment, the women have no option but to still apply the credit to their businesses and household needs. What effects do these feelings have on the progressive borrowing and use of the microfinance schemes? Moreover, does the fear and anxiety remind us of the need for the MFIs to get actively involved in capacity building programmes for these women’s groups in order to boost the confidence level of the women and at the same address their socio-political challenges? At the household level, the claims the members made support the positive perception of the women of the microfinance schemes. Is it a sign that women’s micro-enterprises and access to microfinance generate incomes to support or maintain their households? Alternatively, is it a question of encouraging the women to be double-burdened or attempts to give women the opportunity to become economically independent to enable them to deal with their socio-political challenges. These questions will be addressed below. Before that, let us now have a look at the business activities of the women and how they deploy the microfinance schemes.

5.3 Microfinance for our Businesses, What about our Households Needs?

As I discussed earlier, the women undertake their businesses within an insecure and unstable economic environment coupled with inadequate policy direction to promote their interest. To the women, access to the microfinance programme is an opportunity to change their wellbeing through prudent deployment of the microfinance schemes offered by Bonzali and APED. Women have to prudently use their credits and savings because, as Nourse (2001, 65) has argued women’s financial needs for production, consumption and income security/insurance are varied but intertwined (see Nourse in Chapter 3). Nourse (2001, 65) however claims that instead of serving all three financial needs of women in the informal economy, MFIs focus only on their production financial needs. My findings indicate that women innovatively apply the microfinance schemes and their incomes to both their businesses and households. As the women apply the microfinance schemes to their financial needs (production, consumption and

insurance), they are mindful that default is not an option for them under any circumstance as noted earlier. Now I present how the women apply the schemes to their businesses and household needs.

Before we look at the economic activities of the women in detail, it must be emphasized that in general, the size of the women's businesses is difficult to determine in numerical terms. This is because the women could not tell the value of their businesses. None of the women's businesses was registered or had daily recording of business performance. Besides, the women could not differentiate between their business capital and the profits thereof. In addition, family labour was largely used except one informant who had employees. However, none of these employees had written contracts of employment. The issues raised above are not peculiar to the groups of women who participated in my study but a common phenomenon among micro-enterprises in the informal economy of Ghana. These characteristics of the businesses of my informants fit the description of the informal economy activities identified by Dasa (2005) & Sivananthiran and Ratnam (2005) both of the ILO; see also Ishengoma E. K. and Kappel R. (2006) of GIGA). Nourse (2001, 66) concludes that "*for...informal sector entrepreneurs, business production, household consumption and insurance needs are intertwined, and all affect the health of the business*". Can this be said of my informants? Let us see how this will play out as we look in detail at the economic activities of the women.

5.4 The Economic Activities of the Women

The women engage in economic activities of their own choice ranging from retailing in wares to the processing of food items that could be carried on their heads, sold in small stalls/shops, and on tabletops. The rest of the women conduct their businesses on waysides (along streets), as hawkers and from their homes. The businesses of the women include retailing in sandals and clothing, tubers of yam, retailing and baking of bread, charcoal and foodstuffs. Some women are into the preparation and sale of '*kenkey*' (a local dish made of corn dough), porridge (*'koko'*) and processing of groundnut paste and oil. Other women were engaged in food grain banking. Food grain banking refers to the buying of foodstuffs especially at the farm gates during bumper and storing them for later sale in the lean season. The business activities of the women and the way the businesses are conducted fit into Nourse's (2001, 61) description of informal economic activities stating that "*informal sector in developing countries [like Ghana] includes a vibrant array of business types and products that defy easy classification or generalization*". I have (carefully) attempted to classify the businesses of the

women into three broad categories. This classification is made on the basis of the amount of credit they take from the MFIs: *large, medium and small*, by using the third credit cycle of Zaapayim and Bella-N-Nabra Women's Association (see table 4 & 5 on pages 56 & 57 respectively). The classification of the businesses of the two women's groups will be separated to enable me treat each group as a unique case in its own right.

A review of the microfinance data of the women of Zaapayim in chapter 4 indicates that 5 women constituting about 50% of the women informants were into small-sized businesses while only one woman was into a business that could be described as large. The businesses of the remaining 4 women were into medium sized. In the case of Bella-n-Nabra Women's Association, out of the 10 women, only two can be described as being large-sized businesses. The remaining 8 women are equally shared between small and medium sized businesses. In both women's groups, the small and medium sized businesses could barely be described as profitable ventures because the amount/value of credit they borrow appear small even if the women were to invest all of it into their businesses how much less to mention of the fact that a share of the credit is often used for household consumption.

During the fieldwork, I observed that some of the business activities of women were so small that I wondered not only about how much capital was invested in such businesses but also the amount of profits the businesses could generate on their investment (see Appendix 6 for pictures 1 to 9 of some business activities of the women). They were into businesses like the sale of charcoal, retailing in loaves of bread, hawking of sandals and clothing on their heads, sale of tubers of yams, porridge, *'kenkey'*²⁰ and then the processing of groundnut oil and paste. These businesses at one point or another require a lot of time, labour and other resources. If monetary values were placed on the amount of time and labour the women spent on their businesses, it would be difficult to conclude that they were into profitable businesses or were better off being in business. These forms of businesses that fall into the small and medium sized businesses barely make profits for business expansion and development. However, a couple of the women were into businesses that could be considered profitable (that is Rita, Asana and Gina). Their business activities involved grain banking, retailing of household provisions and the baking of bread. For example, Gina had a provision shop alongside her bakery. This additional business is at least a guarantee against market

²⁰ Food prepared with fermented maize dough which can be eaten with pepper spiced tomato sauce and fish (see picture 1)

turbulence. At the group level, I equally observed that these women played leadership roles, probably because of their relative higher incomes.

During the FGDs and interviews, the women had a lot to say about their businesses. Lucy is a mother of 7 children and the only wife to the husband. She is a member of Zaapayim Women's Association of APED's microfinance programme. She deals in tubers of yam. Lucy either fries some of the tubers of yam as a food vender or sells the tuber (raw) along the side of the street in her community. Lucy explains to us how she has tried and tested several businesses and finally settled on the yam business. She said; *"I began my business as a 'kolikoli' seller. Later on, I added 'kolikoli zeem'. As the number of my children increased, I began accumulating many debts until I discovered the yam business. When I tried it for some time, I realized that it was a more profitable business than the previous ones. Since then I have been selling the raw tubers of yam and the fried yam ("mpara nyulimaa nkohira ka chimda sheli"). Because of Bonzali I can now travel to the villages, ('Zinimdo daa') [the farm gates] to buy about 2-4 'calabashes' of the tubers of yam instead of the one calabash I used to buy in town which is relatively expensive"*. The story of Lucy demonstrates the trial-and-error businesses some of the women are going through in terms of deciding which businesses to invest their capital in. Her ability to travel to the village market as she explained is a sign of significant improvement in her business activities. However, as I indicated earlier, the women have no data on the operation of their businesses for me to do an economic analysis about the relative profitability of her transactions from the village market. We will now explore the business activities of some women in detail. They will broadly be grouped in success cases and the non-performing/struggling (*walma*) cases.

5.4.1 'Large-sized' businesses: The success cases?

The large-sized business activities are only 3 among the 19 women who participated in the study. This makes them exceptional cases among their colleagues in the microfinance programmes. These three exceptional cases are presented in turn below.

5.4.1.1 Gina's Case

Gina is a woman in her early fifty's. She is a second wife, in a second marriage into which she entered because of pressure from her family members upon her return from her first marriage, which ended with the death of her husband. None of the marriages has yielded any child yet. According to her, the childlessness is because of complicated pregnancies.

Gina is a baker of bread, with a provisions shop attached to her bakery. She sells several household items in the provisions' shop. The bakery and shop are located in her father's home that is along one of the major streets in the community (see picture 6 of Appendix 6). She starts work at about 8:00 am and closes at 11.00 pm. This means that she spends her entire daily life at her business centre, the father's home. In the group, she is the secretary because she is among the few women who have some level of education. In relation to the microfinance schemes, Gina is one of the highest recipients of credit with a good savings portfolio²¹. In terms of her socio-religious standing, she has been to Mecca, so she had earned the title '*Hajia*'. Like in other Muslim communities, the title *Hajia* is a mark of success and recognition, not only due to the religious significance of the title, but also because of the fact that it is not that easy to mobilise the needed resources to embark on a pilgrimage to Mecca. Any person who is able to do it, is therefore highly regarded.

In response to the question of how the household members support her business, Gina explained to us that she has a lot of support from relatives for the running of her business. Gina also gave an account of how she has sustained her business until date. She said; "*I started the business with my personal capital and when Bonzali begun their microfinance programme, I joined. I got GH¢ 10 as the initial microcredit fifteen years ago which helped me to purchase larger quantity of bread flour*". She explained further that, she started the bakery with the traditional oven (it is heated by burnt firewood, see picture 9 of appendix 6). She continued: "*For me, the traditional method of baking was not cost effective making me to incur some debts as I tried to expand the bakery. I became indebted to my suppliers. A brother in Accra had to intervene to settle my indebtedness. After my brother settled my indebtedness, it took the intervention of another family member, my sister, to bring me back to business. She provided me with three gas-powered ovens. I am still using these ovens. While the younger ones, in the family [father household] often help me in the daily sales at the shop. The credit from Bonzali is used to buy the bread flour in larger quantities for the baking of the bread*".

On household upkeep and what role she plays; Gina told us that generally, her household members were supportive and did what was expected of them. She emphasized that in her home when the need arose she supported the husband, while at her father's household she has much more obligations. Gina said: "*my husband is responsible for the feeding, and other*

²¹ See chapter 4, page 64, Gina received the following amount of credits GH¢300, GH¢1000, GH¢1700 with GH¢34, GH¢320.5 and GH¢335 as the respective savings amounts.

home keeping arrangements. In all these, we, the wives support our husband when the need arises. My husband does not disturb me in the business. Although I do not have a child, I take care of two children of my relative in school. One of them is in the junior high school (JHS) and the other in senior high school (SHS). At the family house (the business centre) I pay the electricity bill. I do all these because that is where my 'strength' is ('n yaa bella ni maa ni')".

The narrative of Gina suggests that although microfinance is helpful to her business, it does not meet all her business' financial needs. The microfinance schemes offered by Bonzali only complement her personal resources and the family support in the running of the business. More so, insurance and security for her business in difficult times come from her relatives. Mention is hereby not made of support for her business from her matrimonial home. This is probably the reason why Gina is obliged to take up more responsibility at household of the father. Polygyny equally has a role to play because not investing more into the matrimonial household could mean avoiding the possibility of subsidizing the upkeep and welfare of the co-wife or husband.

5.4.1.2 Asana's Case

Another relatively high performing micro-entrepreneur is Asana. She is a mother of 4 children in a monogamous marriage with no formal education but is still the leader of ZaaPAYIM Women Association. As Gina, she owns a bakery. In response to the question of how she started her bakery and managed to sustain it, she gave this account: *"Baking is my mother's business which I learnt by helping my mother when I was young. When I got married, I was not selling bread but when my husband was transferred from Sunyani to Tamale, we encountered many difficulties. Then it occurred to me that I needed to start a business to support the family. Then baking easily came to mind, since I knew that business very well and could easily get some equipment from my mother. I got the start-up capital from some friends to buy sugar and margarine. I almost finished moulding the bricks for the oven before my husband got to know of it. Since I begun the baking of the bread my husband has been supportive. He bought some new bakery equipment for us to expand the business. My children help in the business. Sometimes when I am not around my son is the one in charge of the employees at the bakery"*. Asana however notes that; *"I joined the group because I needed money to maintain and expand my business"*.

Then in a follow-up question to Asana about whether her participation in the microfinance programme indeed brought some changes to your business and household, she acknowledged

that her participation in APED's microfinance programme has made a difference in her business and life. Asana said: *“Through Zaapayim [APED's microfinance schemes], I have been able to buy a delivery van for my business. In addition, I can now buy my items in larger quantities. For example, sugar, margarine and bread flour. Now I employ about 15 people to help me in the business. Also I use it [credit] to solve my pressing problems but I make sure I repay my loan without default. This has stopped me from going out to friends to ask for assistance indirectly to expose my secrets to them who may end up not helping me. I cannot leave Zaapayim because it has brought a lot of difference to my life. I have made some money, honestly! ('Zaapayim a boa me paa!')*

Asana equally emphasized the contribution of her family and friends to the establishment of her business. The microfinance schemes of APED were used to supplement the capital base of her business. From the microfinance data of the last three cycles, Asana was the highest recipient of credit and has the highest savings too²². In the case of Asana, her participation in the microfinance programme makes monetary cash accessible to her for her daily transactions. This makes her feel secured in relation to the conduct of her business. Nonetheless, if she were to rely on only the credit and her savings with APED, she would not have been able to expand her business to require the services of about 15 workers notwithstanding the family labour. In the case of Asana, I observed that she was running a joint business with the husband. This is because the husband was active at the bakery.

5.4.1.3 Rita's Case

Rita is a food grain-banker (in foodstuffs) and a mother of five children. She is in a polygynous marriage. Relatively, her business could also be described as “large sized” micro-business enterprise since grain-banking business requires larger capital investment. Grain banking requires larger capital because the grains are often bought during the bumper season and stored for later sale especially in the lean season. This means that Rita needs some extra money to do the “daily buying and selling” in the market. Like Gina, Rita has also attained the coveted title “*Hajia*” every Muslim woman or man aspires to. In the process of my interview, when she was asked similar questions as in the case of Gina and Asana, she recalls how she started her business and how far she has performed in the business. Her story also illustrates how business apprenticeship is done for a daughter before she goes to a

²² See chapter 4, page 65, Asana's credits and savings data stands as follows 150, 372, 708; and 61, 134.02, 305.26 respectively.

matrimonial home. Rita's story goes like, *"I sell foodstuffs (maize, groundnuts, soya beans, and millet). I learnt it [business] from my mother by going to the market with her. I helped her to sell. As I was ready for marriage, [Dagomba] custom demanded that my mother prepared me for my matrimonial home by the provision of some household items and the starter capital for a business ('di tuya ni mma bahima, man daa ti pai doo yelli kuli bu'). Therefore, when I was about to marry, all the profit I made from the sale of my mother's business within that period, my mother asked me to keep it. This is how I got the capital to start my business. The foodstuff business is a personal one. My participation in Bonzali has enabled me to use the personal money for my business to build my house and to buy another plot of land while using the credit from Bonzali to invest in the business. If I were not with Bonzali, I would not be able to build a house and buy a piece of land"*. Although Rita had start-up capital for her business from her mother, she still needed additional capital to meet her business, household demands and aspirations.

Overall, these exceptional success cases as so described are based on the size of businesses and narratives from the women themselves. From this discussion, it can be said that these success cases appear to all have financial support for the establishment or maintenance of their businesses from family members and friends, while the microcredit was equally used to augment their household and business needs; and other social obligations. As discussed earlier, these women were also in leadership positions in their respective groups may be because of their exceptional business performance. In terms of household arrangement, apart from Asana, the other two were into polygynous households. In the case of Gina, she has a double burden of attending to some of the household needs of matrimonial home and that of the patrikin.

5.4.2.0 Medium-sized and Small-Sized Businesses: 'it's just that we can't sit idle but help ourselves'

The women in this category are those women whose business activities and credits were relatively small to engage in a profitable business activity. Nonetheless, these are the norm among the women in the microfinance programmes. Let us now look at a few of them.

5.4.2.1 The Case of Akos

Akos has a business that falls within the medium-sized business category. She is with ZaaPAYIM Women's Association of APED. Akos is a divorcee and mother of four children;

she lives with her children and that of her cousins (*'pirinsi'*). According to Akos, she takes care of all the children without support from their father. At the same time, she told us that she supports the upkeep of her aging mother. In terms of business activity, Akos retails loaves of bread. She sells the loaves of bread either as full loaves or in slice based on the demands of customers on a table located close to her home or sometimes by hawking. She said to us that she takes about 10 to 20 loaves of bread from the baker (also a group member) on credit purchase, the payment of which is done after her sales.

The credit from APED according Akos is not for her business alone, but for her own upkeep and the welfare of her 'children'. In a follow-up question, I asked: *"why don't you take larger sums of credit to enable you buy the bread in cash?"* She replied; *"I take the credit assessing the size of my business and the potential returns on my investment. I am always afraid to take large amount of credit. Therefore, I prefer to manage my business with smaller amounts of credit. For the last cycle, I took GH330"*. She however stressed that *"if I get more money, I will add another business"*. Could Akos' desire for more credit be as a result of her burdens as a single parent and her obligations to the extended family? This reminds me of what she said during our interview about how she manages with her limited resources to take care of her children and her cousins. For example, Akos said; *"I take care of all of them. I also support my old mother. I pay my rent, water and electricity bills. I feed the children and provide for their upkeep. I pay the school fees for two of the children. The money for all these expenses is from the money [credit] from Zaapayim (APED) and profits from my business"*.

Apart from the immediate family burdens of Akos, she equally faces financial pressure from some relatives of her extended family. For instance, during the interview with Akos, a brother suddenly came over to us. According to Akos, he came to borrow money from her to pay for something urgently. However, Akos told him that the money she had with her at that time was what she will use to pay the baker in order for her to take another consignment of bread for her business. The brother kept begging and persisting with the promise to return the money by the close of day. Although, Akos empathised with the brother, she stood her ground insisting that she could not disappoint her bread supplier. This observation underscores the fact that despite the daily life struggles of Akos to take care of her single parent household, there are external pressures and burdens from relatives. These burdens on Akos may have the tendency to slow down if not stop her capital mobilization which she could use to expand her business. This could go a long way to hinder her efforts to reduce

poverty in order to build a better life for herself. Conversely, her ability to support some household members and manage her own home earned her some recognition, respectability and voice among household members. As she put; *“these days anytime there is a problem my people come to consult me”*.

5.4.2.2 The Case of Sarah

Sarah was another nice woman to meet for an interview. She was so welcoming that she insisted that we conduct the interview in her room (Attached is a picture of the interview session). Sarah of Bella-N-Nabra Women’s Association of Bonzali is a widow for the past 20 years and a mother of seven children. She told us that most of her children are not well educated because their late father was not interested in their education. Again, she said; *“since my husband passed away, things are not that easy for me, I could not also support their education but I managed to educate the younger ones”*.

Sarah trades in charcoal and groundnut paste. She buys bags of the charcoal, which she breaks into small bowls and sells to customers (See picture 5 Appendix 6). She also buys groundnuts and processes them into paste. According to Sarah, the processing of the groundnuts into paste is tedious job. It involves the roasting of the groundnuts, peeling-off of the cover and then milling it into paste. Again according to her, she sells the items in her house. I then asked her whether she made good sales by conducting her business at home. Sarah said that; *“People are aware of what I sell so they come into the house to buy. Before the charcoal and groundnut paste businesses, I used to prepare porridge to sell. As I grew older and most of my children [daughters] moved to their marital homes, it became quite difficult for me to continue because the preparation of the porridge is more labour intensive; especially the fetching of water, firewood, and the entire preparation processes. Nonetheless, if I get more money, I am interested in selling maize”*. She added that anytime she takes the credit, part of it is spent on the household and the remainder is invested in her business. She said; *“since my husband is no more, when I take the credit from Bonzali part of it is used to support my ‘struggles’ (‘walma’) that is, my business. The rest of credit is used to help myself and to pay my children’s school fees. That is how it goes. You know, I save but at the same time, I make many withdrawals for the upkeep of the household and to deal with some problems of the extended family. It is because I spend the money, the microfinance schemes would have been very good for my businesses. Personally, I would have suffered without Bonzali”*.

The narrative of Sarah like the other women demonstrates that she strategically applies the microfinance schemes to the sustenance of her business and to meet her household needs. This is consistent with the poverty perspective of the informality-formality framework indicated earlier which argues that most informal economy entrepreneurs are motivated by subsistence rather than profit maximization. Her narrative appeared to have challenged the validity of the claims of some critics of microfinancing women's entrepreneurship. I thus asked Sarah: "*what do you have to say about the claim that microfinance schemes rather kill the businesses of women?*" In Sarah's response she said; "*that is not correct, I think those who said that do not take credit, and if they did, they would have known how useful Bonzali [microfinance] is*".

5.4.2.3 The Case of Helen

Helen is a mother of 5 children and a second wife in a polygynous marriage. She was also full of praise for the microfinance schemes of APED. I asked questions about her business activity and how she operates it. Helen said: "*I prepare porridge to sell. When I started the business, I used to buy about 10 bowls of maize to prepare the porridge. Then after sales, I pay my creditor. Now, I buy a bag of maize in cash to prepare the porridge. Thanks to Bonzali*". This view of Helen notwithstanding, a review of her microfinance data indicates that she is among the category of women whose credit and saving portfolios²³ are not substantial for any meaningful impact on their businesses and households. In a follow up question, I asked Helen: "*how do you apply the credit?*" Like the other women, Helen explains; "*despite [the fact that] my husband cannot provide, I would not leave the marriage because of my children. So when I take the money, I spend part of it on my children and invest the rest in my business ('walma'). That is what I do every time*".

5.4.2.4 The Case of Gifty

Gifty, another informant is a mother to 5 children. She is also in a polygynous marriage. The husband is a peasant farmer and a petty trader. She deals in powdered groundnut paste (*kolikoli zoom*) and rice. On how she started her business and how she uses the credit from APED, she said; "*I started the groundnut business by using my own farm produce. Any time I take the credit, I put some in my business and the rest of the credit is used to maintain the household. The credit has helped me to maintain my business; I make small, small profits*

²³ For example, GHC 84.00/27.48, 120.00/5536, 204.00/89.04 respectively.

from it. Because we²⁴ have 'walma', we do what is expected of us in the household. For example, I buy clothing for my children and buy ingredients (zerizeri) to prepare meals for the family. Our husband does what he supposes and can do. He pays the bills; electricity, water and hospital. Three of the children are in school. They are taken care of by their father". This is how Gifty goes about the daily management of her livelihood. The microcredit support from APED, as she intimated helps her to operate effectively in her gendered sphere (see chapter 1) in the household.

On whether the women have met their expectations for participating in the microfinance programmes, all the women indicated that they are praying that one day their expectations will be met. The women said that they need more credits for their businesses and also to see their children through their highest levels of education. Gifty explained to us that she has not yet met her expectations. She noted that, "*I will admit that ZaaPAYIM has helped me, I pray that one day I will establish a more lucrative business*". Gifty like all the other women claims they have not yet met their expectations for joining the microfinance programme.

As the women present their exhaustive expenditure profiles and explained to us about how they use their credits, I wondered how the women manage to repay their credits and also meet savings requirement to the MFIs. To clear my doubts and to seek the perspective of women on how they are able to repay their credits. I asked some of the women if they have ever defaulted in repaying their credit. One woman in her response asked us a rhetorical question: "*hmmm! Can I default?*" Another informant replies; "*defaulting is not good for the group and me*".

The findings above in relation to medium sized and small sized businesses of the women are similar irrespective of the different amounts of money they received from their MFIs. In both cases the women made mention of how they strategically deploy the credit to their business and household needs. In addition, the women stress how their participation in the microfinance programmes is helping them to sustain their livelihood, unlike the women with large-sized businesses who made mention of how the microfinance helps them to expand their businesses. The women in this category are also cautious about taking large sums of credit for fear of defaulting, something which shows that the women are into the microfinance programmes not to grow and expand their businesses but to sustain their livelihoods, which is inseparable from their businesses. Upon exploring some cases of the

²⁴ Referring to the co-wife

women in relation to how they manage their credits, businesses and households, it is worthwhile examining some group dynamics. I will therefore examine the opportunities and the challenges that the women's group membership present to them.

5.5 Group Dynamics and the Credibility Question: '*Small, small grows*'; and '*people are not all the same*'²⁵

At their regular weekly meetings, the women are found seated on benches in a horse-shoe formation counting their money. In addition, the women are seen discussing pertinent issues in private. Sometimes, when an issue concerns the group one would hear them publicly discussing it at the group level to the hearing of all members. As the women are engaged in these conversations, they await the arrival of the field officer. When the field officer arrives, the solidarity groups were often ready to present their credit instalment repayment and savings to him. As I sat with the women, it was intriguing to find the women eagerly cooperating with each other and the field officers. The motivation for the level of cooperation among the women as I observed was the women's desire to have access to financial resources that could enhance their individual efforts to change the economic circumstances and social wellbeing. This was obviously observable in the enthusiasm of the women to meet their credit repayment and savings commitment to their respective solidarity groups and ultimately the MFIs. The leaders of the various solidarity groups were often there to take the contributions of group members for presentation to the field officer (see Appendix for pictures 10 & 11 of some group activities).

The MFIs were implementing their savings and credit schemes based on the community bank methodology as discussed earlier. This methodology makes the microfinance sector different from traditional banking but suitable to the poor. The activities of the two groups were guided by the tenets of the community bank methodology. The close adherence to the tenets of the community bank methodology by the women's groups and MFIs has its own blessings as well as burdens for the women. The women shared their experiences with us on these issues, which I presented below.

Bella-N-Nabra and Zaapayim Women's Associations have brought together individual productive poor women to enable them to benefit from the microfinance programmes of

²⁵ These are the literary translations of the group names of Bella-N-Nabra and Zaapayim Women's Associations respectively

Bonzali and APED. On the group formation, during my interviews I asked some informants about how a woman could become a group member. One of the informants explained: *“Anybody can be a group member but we assess potential member’s ability to repay, and we must know such a new person. We investigate the person through the neighbours and sometimes we go to the person’s home to ascertain the integrity of the person. We do the investigation through the leadership of the group: president (‘Mangaazia’), secretary, and treasurer. Sometimes the leaders delegate group members who have some background information about the new entrant to do further checks”*. Through the group memberships, the women are not only able to access financial and non-financial services from the MFIs but socially share in the happiness and pain of members. For example, according to the women as expressed during both the FGDs and interviews, they recounted how they supported one another when the need arose. This support involved not only happy life-cycle events like naming ceremonies and weddings, but also funerals and other unfortunate circumstances. At these events, group members make special contributions in support of the affected person. In the words of Gina of Bonzali, she said *“...we meet as a group to attend a member’s weddings, naming and funeral ceremonies. In addition, when we go, we have to give out something”*. Aside the social aspects of group solidarity, the women share business investment and management information, which according to most of the women has made positive impacts of their businesses and households.

Besides social support networks and information sharing, group solidarity was mobilized sometimes to put pressure on group members who are not doing well in terms savings and credit repayment. This appears to resonate with the claims made by Cornwall (see chapter 3) that women’s solidarity through group formation may be problematic. This is so because according to the women the peer pressure sometimes pushed them to points where they are compelled to do desperate things to maintain their group membership and by extension their membership of the microfinance programme. This issue came up during my FGDs, interviews, and observations with the women at their meetings and in their households. For instance, credit repayments and savings default were the moments when group solidarity was mobilized to put pressure on defaulters. At the meetings, the clarion call was that *‘ti ku sagge laa’* (we will not allow defaults). According to the women, in order to compel potential defaulters to do something about their defaults or deter future defaulters at the group level, the solidarity group hands over the other members’ money (contributions) to the defaulting member. As I indicated in chapter 4, a solidarity group is made up of 5-7 members. By giving

the solidarity group's contribution to a defaulter, it implies that the solidarity group's destiny is now in her hands. The women explained to us that if a defaulter wants to avoid further embarrassment, she has to do what is humanly possible to find her money. The women emphasized that though they were strict on defaulters, nonetheless when it became evident that the defaulter could not raise the money to settle her indebtedness the solidarity group or the credit association came to her aid, especially if the default happened for the first time. In such cases, the group members made personal contributions for the defaulter to redeem her scheduled credit repayment and savings to protect the image of the group and the group's continual participation in the microfinance programme. Notwithstanding support to first time defaulters, persistent defaulters were advised or compelled to withdraw in order to protect the integrity of the group. According to the "Mangazia" (president) of Zaapayim, they had to withdraw about 13 members over time from their group. She said: "*we had to withdraw them because we will not allow them to not only disgrace our group but also stop us from continuing with the microfinance programme*".

In challenging circumstances, the women who cannot bear the indignity meted out to defaulters have to adopt innovative strategies to survive in the group and to protect their social standing. Pat of Bonzali recounts what she does when she finds it challenging to repay credit. Pat told us that, "*... so if it becomes difficult for me to repay my loan, I sometimes ask the field officer to take part of my savings for credit repayment. In other times, if it is that critical I go round to friends and my relatives to find it*". When I asked her how she finally gets the money, she laughed without an explicit answer. Zulfau of APED holds similar views of the challenges she goes through when things are difficult for her. According to her, the challenges begin immediately after taking the credit because of the competing demands on the credit. Zulfau said to us that, "*I joined the microfinance programme in order to get something to keep me in business, to provide for my children and to support my husband because this day, farming is not profitable. Yet with these commitments, no one will listen to me when I default. But what can I do? I have to struggle*".

With these challenges, the women are in a dilemma as to which interest to pursue, that is households or business interest; and personal or group interest. At the same time, attempts to satisfy some or all of these competing interests may overstretch the limited resources at the disposal of the women and may result in marginal returns on their investments. This implies that irrespective of the strategy adopted, the productive poor woman is under stress. Like some critics of MFIs suggest, women's groups may be seen as tools to achieve the ends of

MFIs but not the pursuit of the individual and collective interests of women and their communities. This makes the formation of women's groups to enable them participate in microfinance programmes and the implicit solidarity it is expected to generate, questionable.

5.6.0 Challenges of Women in Microfinance Programmes

Like the challenges that confront the smooth implementation of the programmes of the MFIs identified in chapter 4, the women also face some challenges in their efforts to access and use the microfinance schemes. Apart from the trouble of how to effectively apply their credits without defaults as noted earlier, the women again face some challenges that hinder their entrepreneurial efforts as they struggle to improve their wellbeing. The challenges of the women pertain to some practical issues that came up during the FGDs and interviews I had with the women and the representatives of the MFIs.

5.6.1 Repayment Period

The women of Bella-N-Nabra have one-week credit repayment intervals while women of *Zaapayim* have a monthly repayment period. The one-week and monthly credit repayment periods according to the women were short. The women complained to us that they barely make returns on their investments within this short repayment periods yet they were expected to make some repayments when the time is due. In the words of a women from Bonzali: *“the weekly payment method is quite difficult for me, because when I invest the credit I would not even make any returns on the investment but the time for repayment would be due. In fact, the weekly instalment repayment is always a struggle”*. Another informant this time from APED said; *“the credit repayment period of one month is short for me”*.

Many of the women therefore expressed their desire to have a relatively longer period to repay their credits. On one hand, the women of Bella-N-Nabra proposed to us that an extended repayment period of at least two weeks or one month would have been useful to them. On the other hand the women of *Zaapayim*, who previously had a two weeks repayment period but later shifted to one month, were still asking for an extension of their repayment period. This is what an informant said; *“I will propose a 6-month to 1-year repayment period to enable me do long term investment with the credit”*.

Some of the reasons the women advanced in defence of the need for an extended repayment period include:

1. The businesses of some of the women require more time to be able to make profits on their investments. According to some, they needed to travel to the farm gates in

villages to buy their items while others said they have to store their wares for some time if they are to make some reasonable profits on their investments. For example, grain banking, processing of groundnut into paste and oil, sale of foodstuffs and baking of bread.

2. They experience periodic business slowdowns due to rainfalls and lack of shelter. Most of the women lack shelter to conduct their businesses and do so in the open spaces. When the rains are falling, they are compelled to close. According to the women their businesses sometimes slowdown at the middle of the month when most salaried workers have exhausted their incomes. Besides, they are experiencing increasing competition around their business centres. The women claimed that the competition is affecting their sales and incomes. An informant said; *“sometimes I go and sit there the whole day no one comes to buy anything from me yet I have to raise money to meet our periodic credit repayment and savings obligations”*. They therefore explained to us that during these periods they experience low sales, which usually affect their capital and profits which eventually affect their credit repayment and savings portfolios. To the women if their credit repayment intervals were extended, they would have more time to increase sales.

5.6.2 Access to Savings

Almost all the informants complained about lack of easy access to their own savings. According to the women, they wondered why the MFIs do not allow them to access their savings when they need it but have to wait for a period of up to ten weeks. One of the women queried: *“Why should I have my own money but I cannot get it when I need it?”* Another informant said: *“access to our own savings is not easy, irrespective of one’s need and savings, it takes 6 to 10 weeks for any woman to access the saved money”*. The savings of the women according to the representatives of MFIs (which I noted in chapter 4), serve as collateral against default. This implies that apart from using peer pressure to check defaults among the women, the MFIs equally hold onto the savings of the women for about 10 weeks- which is only 6 weeks from the 16 weeks expiry date for a credit cycle. Is this a win-lose situation for women or win-win situation for women and MFIs? When I asked the women of what they have done about it, the women expressed their reservation claiming it was quite a sensitive issue for them to deal with because they were afraid of the possible reaction of the MFIs. In addition, I observed that most of the women view their participation in the

microfinance programmes as a favour done to them, instead of seeing themselves as clients or business partners of the MFIs. Hence, they said that they have never mentioned the desire to have access to their savings to the MFIs. Notwithstanding the women's inability to access their savings, they equally complained about having access to inadequate credit. The views of the women on the adequacy of credit were those of mixed feelings. Thus, the women expressed to us their desire for higher credits but at the same time, the fear of default restrains them.

5.6.3 Illiteracy

Linked to the above is the literacy level of the women. Apart from two of the 19 women who participated in the study, all were illiterates (see table 2 & 3). This appeared to have an effect on their record keeping, calculation of interest rates, and their general understanding of their participation in the microfinance schemes. In one of my interviews, I asked an informant; *do you pay interest on your credits?* She replied; *yes, I pay interest but because of my illiteracy, I do not know how to calculate the amount I pay. Since I cannot do such calculations, I just ask the field officer to know how much I have to repay or save.* Lack of education is obviously affecting the women's access to and use of the microfinance schemes because of their inability to keep or access relevant information.

5.7 Conclusion

Notwithstanding the support the women get from family and friends, the women generally perceive the microfinance schemes as inescapable for the maintenance of their businesses and households. The women are able to maintain their business and household needs by prudently applying the credits and savings schemes offered by the MFIs. A review of the businesses of the women shows that their businesses are informal and their businesses are largely meant for their subsistence. Hence, the women could barely separate their credits and incomes from their household expenditure and their investment capital. The intermixed nature of financial needs of the women makes business growth and expansion, a prerequisite for the formalization of their businesses, challenging. Efforts are not made to formalize the informal economic activities of the women but allow the activities to co-exist with the formal economic activities; a perspective which fits into the informality-formality continuum (see chapter 3). The participation of the women in the microfinance programmes has given the women regular source of financial resources that has made the women to effectively operate within their separate spheres as *'good mothers'* and/or *'good wives'*. It is therefore not

surprising that the women were encouraged by their household members particularly their husbands to participate in the microfinance programmes of APED and Bonzali. As the women manage to meet the needs of their businesses and expectations of good mothers and wives, the women are at the same time mindful of the fact that they cannot default in terms of their credit and savings obligations to the group and the MFI. They always want to avoid default because of its serious consequences on affected individuals and the group. In the interest of the group and the implicit interest of the MFIs, peer pressure from group members is often brought to bear on members to exact commitment and to punish frequent defaulters. Group solidarity that feminists have assumed may be useful to mobilize women in order to increase their welfare is rather used in this case to ensure the smooth implementation of microfinance programmes. Group solidarity is only useful to a lesser degree because contributions are made by group members to help first time defaulters to meet their obligations to the MFIs. This show of solidarity is not without social cost to the reputation of a defaulter and her household. Again, solidarity is shown during a group member's joyful or during painful life cycle moments.

Notwithstanding some of these challenges that the women face in the group, my findings show that the lives of the women and their dependence would have been worse off without access to financial resources from the MFIs. The financial resources are perceived by the women as a source of regular 'income' for the maintenance of their businesses and the sustenance of their households. My findings appear to be similar to the findings of a study conducted by Kotir and Obeng-Odoom (2009) on, "*Microfinance and Rural Household Development: a Ghanaian Perspective in the Upper West Region of Ghana*" where they found that participants of microfinance programmes divert part of the credit into household consumption resulting in minimal impact on business productivity. To what degree has the minimal impact of microfinance programmes on the women's businesses and household empowered the women to participate in the household decision making? In the next chapter we will attempt to answer the question by looking at how women's participation in household decision making is influenced by their participation in the microfinance programmes.

CHAPTER SIX: PARTICIPATION IN DECISION-MAKING: IS MICROFINANCE THE ANSWER?

6.0 Introduction

The theory of empowerment as I discussed in chapter 3 states that for a woman to be empowered she should be able to make choices even at the resistance of others and should be able to benefit from the choices made. To explore the concept of empowerment, Kabeer (2005, see also 1999) identifies three dimensions: *resources, agency, and achievement*. She argues that a change in one dimension may lead to a change in another. Taking microfinance schemes as a resource, I will assess the extent to which the microfinance schemes have enhanced the agency of women and the achievements they have made as a result of having access to the microfinance schemes. The literature on empowerment also suggests that women have two main ends that they can pursue: “practical interests” and “strategic interest”. The former as noted earlier when met makes women efficient in their gendered roles in the household while latter leads to the social transformation of especially discriminating of gender roles.

As noted in chapter 4 and 5 it appears that for the fact the MFIs focus more on the financial services without gender issues incorporated into their programmes. By apparently addressing their practical needs as I indicated in chapter 4 and 5, the women acknowledge that they are able to sustain their businesses and to solve pressing household problems with the financial services they get from the MFIs. Some of the women claim that their participation in microfinance programmes and income generating activities enhanced their fall-back position and bargaining power in the household decision making processes. The narratives of other women suggest that there are socio-cultural norms that appear to enhance their voices in their households. The impact of socio-cultural norms on the bargaining process has been noted by Argawal when she argues that it is not only individual agency that is helpful to the bargaining process in the household, but also there are institutional norms that define and govern the bargaining processes and the level of voices in the household. In this chapter, I would examine the extent to which the microfinance programmes and the institutional factors have enhanced the voices of women in their households.

6.1.0 Factors that Influence the Voices and Capability of Women in the Household

A review of the interviews and FGDs data suggest that apart from women’s access to microfinance schemes, there are cultural factors that play significant roles in enhancing the women’s wellbeing and voices in the household. These factors are discussed in turn below.

6.1.1 Gendered Economic Spheres in the Household: Implications for the Women

In Ghana, gendered roles are blurring in the wake of relatively harsh economic conditions coupled with increasing gender awareness. Nonetheless, as I discussed in chapter 1, gender is still a defining factor in terms of what women and men are expected to do in a household. For example, traditionally, a man is expected to provide the staple grain for meals while a woman provides the ingredients for the preparation of the meal. A typical *Dagbomba* man and a woman therefore operate separate production and expenditures in the management of the household. Most of the women interviewed repeatedly talked about how they buy ingredients to prepare meals for the home, pay school fees and provide clothing as the women put it for “my children”. According to the women, they provide all these items from their incomes and the microcredit. Lucy of APED therefore claims, *“I use part of the credit to buy things for my children so at end of the cycle if I do not even get physical cash as my profit I can point to the things I used my money to buy”*. Another informant of APED Gifty said: *“I have to help my children by paying their school fees and providing clothing for them. Also, I use my money to buy ingredients to prepare meals for the family. This has not led to the growth of my business”*. In the case of Gifty, she had to dabble into fatherly roles such as the payment of school fees, which is supposed to be the responsibility of the husband. On the part of some informants of Bonzali, they echoed similar views as those of the women of APED. For instance, Juli claimed; *“the young men of the house pay the utility bills in the house because my husband is now old. As for water, I pay for that myself, I buy GH¢1.00 worth of water weekly. I also take care of my children when they are sick”*.

To find out why the women had to pay for services like school fees and hospital bills when their husbands were around, I asked the women; *“why is it that your husbands do not pay the children’s school fees, hospital bills, clothing, food (or ingredients) etc?”* In the FGDs and interviews, some of the women said that these days farming is not profitable, something which makes the husbands unable to pay the fees of our children. The women further explained to us that when their husbands are able to provide the staple food items for meals, as wives they were also expected to turn it into something edible for the family irrespective of their economic conditions. This means that apart from providing the staple grain for meals, their husbands do not give ‘*chop money*’²⁶. In addition, the women said that when their

²⁶ It means money regularly provided by a husband to a wife for the upkeep of the household

husbands cannot provide, they manage to ensure that there is food for the family. This is also the main reason why almost all of them are into ‘*walma*’ (petty trading), they said.

To demonstrate how the women cooperate with their husbands in maintaining the household, Zulfau notes; “*my husband provides the foodstuffs and firewood from the farm. Then I provide the ingredients. We have no electricity in our home but I buy kerosene for our lantern. I also pay water bill. For the children’s school fees, their father takes care of that*”.

Other women expressed how they cooperate to maintain their households. For instance, one informant notes; “*my husband pays the bills, but I help him to take care of the children at school; I just have to be reasonable here. As my husband is growing older, and we are ‘doing well’ in business, we have to help our husband to maintain the family*”. Another informant made a similar remark about how there is the need to help their husbands in the upkeep of their household. She explained that, “*my husband provides most of the things but sometimes I support him*”.

The women talked about how they perform some roles of their husbands because in Ghana especially in the northern parts men are traditionally supposed to provide for a significant part of the needs of the household; without recourse to the wealth of the woman/wife (see chapter 1 and 3). This pattern now seems to be changing as more women are into micro-entrepreneurship with or without the support of MFIs. While more women find it easier to integrate themselves into mainstream market economy through micro-entrepreneurship, most low class men are struggling to integrate. The difficulty of men stem from the fact that most of the income generating jobs in the informal market economy were until recently considered “women’s work” (Overå 2007). As a logical response, entrepreneurial women like my informants therefore step in to support or sometimes take full responsibility of the upkeep of their children. For example, the women provide for the upkeep of their children both in school and at home. By bearing these responsibilities, it means that the woman’s incomes, capital accumulation and investments potential may be affected. In the medium to long term, their credit repayment and the growth of their businesses may suffer. However, in northern Ghana there is great social recognition attached to a woman’s ability to generate some income to meet the demands of the household and other social services. In effect, a woman’s ability to provide or turn the foodstuffs provided by the husband into a meal and equally takes good care of her children gives her a lot of respect and influence in her household and among her peers. In this case, do we see the women as disempowered or as persons who are making

some efforts to empower themselves or contribute to the upkeep of their marriages, families and households?

6.1.2 Marriage; Is it a Blessing or Burden?

Another gender dynamic that influences the voice and capacity of women in the household in Ghana is marriage. Marriage particularly in the Islamized and traditional communities in the Northern Region is generally revered. The reverence for marriage stems from the recognition and status society accords to the married women. To meet this societal expectation, social pressure is often brought to bear on unmarried women; sometimes compelling them to maintain marriages or to go into marriages they may not desire. The pressure may come from household members, neighbours and peers. In succumbing to the pressures some women go into marriages like polygyny (which they do not prefer) or marry to a man they know will not be able to provide for the upkeep of the household. This cultural norm also makes other women to endure whatever hardship and/or abuse just to maintain their marriages. For example, an informant told us how her brothers compelled her to remarry after her first husband died. She said: *“when I returned to my father’s house, I had no intension to remarry. My family particularly my brothers could not understand why I would not remarry. The pressure was too much. That is why I am a second wife in this marriage”*. To other informants, memories of what went on or is going on in their marriages bring pain and regret. Some of the women have managed to walk out of their marriages but others are enduring because of their children, social pressure and the respect that they get by sustaining their marriages. For example, an informant (Akos) in a monogamous marriage had to divorce her husband because of unfaithfulness and abuse. She said: *my husband was chasing other women, when I told him about my suspicion, he could not deny. Yet he would not stop or marry them to at least to save me from diseases he may contract from his actions. You know there are many diseases out there these days. As I kept on reminding him, he would not understand but became abusive to me. Therefore, I had no option but to leave (divorce) him to his fate*. When I ask Akos about her children, she told us that they were with her and that she was solely responsible for their upkeep.

Other informants who lived in polygynous marriages also had their experiences to tell. Polygyny according to Nukunya (2003, 45) is a form of marriage in which a man marries simultaneously two or more wives. In Ghana, “despite widespread polygyny, few men marry more than five wives. The common number of wives ranges between two and three” (Ibid,

45). The wives could stay together in the same home with the husband or in separate homes, the former is marital dwelling arrangement which is widely practiced in traditional and Islamic communities. It is therefore not surprising that some of the women informants are into polygynous marriages (see tables 2 & 3).

The women in polygynous marriages narrated how they cooperate with co-wives and their husbands in their households. One informant Rita notes, *“my co-wife (Nkpei maa) is the one sitting there (pointing her finger at the co-wife who is also a member of the group). We often tell each other how much we receive. At home, we tell our husband too. We share a lot of information. Similarly, Helen another informant said; my colleague and I use the same pots, utensils, use water from the same container; we do almost everything together”*. These narratives from the women of their polygynous marriages suggest that co-wives cooperate and share information in the management of the household. This is indeed the case in some polygynous households particularly when the husband treats the wives fairly in terms of his obligations to them.

Some other women think otherwise of their experience in their polygynous marriages. An informant (Asibi, a second wife), recounts one of her painful moments that led to her divorce; *I used to support my husband with clothing and money. The “reward” I got from my rival²⁷ (“n nin taa ma”) and my husband’s relatives was incessant verbal abuses. Sometimes I was beaten by my husband’s relatives but I could not contain it any longer, so I left the marriage. Being the second wife in the marriage while extending material and monetary gestures to the husband (may be in the name of love or otherwise) was probably (mis)interpreted by the co-wife and husbands relatives as attempts to woo the man to her side. According to Asibi since the husband’s relatives and the co-wife could not support the husband as she did, the alternative for them was to make her life and stay in the household uncomfortable. Was this really as a case of a woman trying to use her economic power to bargain (or “manipulate”) a husband for attention and acceptance in a household? Alternatively, was this a genuine effort by a wife to help a husband (she loves) to maintain himself and the household? As Asibi narrates her predicament to us, I kept on wondering the reaction of her husband to what was being meted out to her in the household. So I asked; *what did your husband do about what you were going through?* Asibi replied; *as this was going on, my husband was quiet. Later**

²⁷ She used the word *rival* when talking to me about the co-wife. Because to her, ever since she got married the co-wife kept competing and fighting her until she left the marriage.

my husband tried renting a place [outside the extended family household] for me, but his relatives resisted it. The relatives told my husband that his father married more than one wife but he never rented or made the wives to stay separately. So I had to divorce him. After the divorce, my former husband and the relatives wanted me back as their wife. They even sent a delegation to my family to plead for my return to the marriage. My family rejected their pleas and rather asked me to look elsewhere if I wanted to remarry.

Generally, household arrangements in northern Ghana are a composition of extended family members (living in compound houses) who may play crucial roles, either as individuals or collectively that may determine the success or failure of a marriage. These household members include in-laws, co-wives, and stepchildren. These categories of people can do everything within their power to maintain and preserve a marriage if they deem it necessary to do so, for example, by resisting a husband's attempt to mistreat and separate from a wife when they consider such actions as baseless. Even if a separation does occur, a reunification attempt customarily requires the intercession of household members. Similarly, it is not the women alone who accepts or rejects pleas from a former husband and his household, the consent of her household is needed. However, if they are not interested in the marriage, they can cause its collapse. This may be done without recourse to the interest of the husband through the mistreatment they will mete out to her. A husband who tries to protect a wife under "attack" from other household members may be accused of being bewitched by the wife and her family. Worse still, a protective husband may risk damaging his relationship with some if not all his household members. To avoid these unsavoury accusations, most men prefer to remain quiet or appear unconcerned. In effect, the agency of the women and man about the future of their marriage will be limited by the social arrangements in which they live, a finding that is consistent with the institutional perspective of the household analysis framework (see chapter 3).

As Asibi narrates her battle for the marriage turf that she eventually lost out to the co-wife, I had to ask her about the welfare of the children and who takes care of the children after the divorce. Asibi responded that, '*one of my three children passed away, so now I take care of my two children and a deceased sister's three children. My first-born is now in the senior secondary school. I do everything for them to be in school*'. This claim of Asibi suggests that aside her abuse, emotional trauma and eventually been pushed out of the marriage, the upkeep of the children is still her burden to cope with. Keeping her children to herself is a

better option for her because she cannot entrust their upkeep and safety to her co-wife and the household members; she is therefore investing in her children as her insurance for the future. The narrative of Asibi like the other women, demonstrates the complex nature of marriage in Ghana. Marriage in Ghana is complicated because it does not only involve consenting individuals but families of both the woman and man. This view is noted by Nukunya (2003, 42) as he puts it “marriage is usually a group affair and the ceremony involves, besides the couple and their immediate relations, distant kinfolks, neighbours and friends”. This form of marital arrangement constraints the ability of both husband and wife to freely deal with their marital challenges.

Despite the fact that domestic violence is criminal in Ghana since the passage of the domestic violence law in 2007, most cases of violence still go unreported. Accessibility to institutional support cannot be the reason for which Asibi never reported her abuse. I say this because since the passage of the Domestic Violence Law, the Ghana Police Service has established special units (Domestic Violence Victims Support Unit-DOVVSU) in each police station across the country. These special units deal with the criminal, emotional, economic aspects of reported cases of domestic violence. Besides DOVVSU, there is Commission on Human Rights and Administrative Justice (CHRAG), a constitutional body, whose functions among others is “to investigate complaints concerning practices and actions by persons, ... where those complaints allege violations of fundamental rights and, freedoms under this constitution [of the Republic of Ghana]” (Republic of Ghana, 1992, 135). Better still, there is Legal Aid, a body that gives free legal assistance to needy persons.

Yet, amidst all these institutional support for victims of abuse, Asibi could not report her abuse. Some possible explanations could be given here. Her failure to report might be that she considered her abuse as private and found it inappropriate to merit the attention of state institutions because of the social cost involved. Reporting her abuse would have meant dragging families to state institutions for public attention and possible ridicule, implying grave social costs. She would risk rejection, abuse, ridicule, name-calling, become the object of gossip and may lose social capital. Remarrying would become difficult if not impossible should she wish to do that. Again, a divorcee is in general despised among her peers and in the community. To avoid attracting further publicity about her divorce, she prefers not to report. I noticed this during the interview when I asked Asibi about her marital status. She initially told us that she was married but as the interview progressed, it came up that she was a divorcee. Notwithstanding the social costs, her lack of education and access to information

about the services of these institutions may account for her failure to report her abuse. Once again, this therefore brings to focus as I indicated earlier, the need for the MFIs to pay equal attention to their non-financial schemes like rights-based education and capacity building programmes as a comprehensive way of dealing with the needs and challenges of the women.

Apart from abuse, a review of the accounts of the women in polygynous marriages revealed that sometimes husbands use such marriages to evade household responsibilities²⁸. Most of the women in polygynous marriages told us that their husbands were able to evade their responsibilities because when a husband has several wives, competition will often occur instead of solidarity. The women explained to us that as co-wives, they compete to impress their husband (by cooking good meals and extension of other courtesies) and to take very good care of their children. In view of the competition among the wives, the women said that if a husband does not have enough resources for all the wives, he either keeps it to himself or may sometimes use it to manipulate the women to engage in unwarranted infighting, rivalry and efforts to outdo each other in the marriage. The result of this is that the women's attention is diverted from the responsibilities of the husband towards the co-wife/wives. Eventually, as I indicated earlier, the burdens of the household are transferred to the women while the husband is left off the household responsibility hook.

In summary, marriage is supposed to be a relationship between consenting adults that bring joy and happiness. However, in these cases and according to my informants, some of them were into marriages because of social pressure. More so, those who were abused failed to seek institutional support for remedies due to a variety of reasons. The reaction of women in marriage is dependent on their 'fallback positions'. Thus, if the available alternative does not make a woman worse off than her current situation, she is more likely to adjust to pressure and abuse from household members, while if the alternatives available make her better off, the woman is equally more likely to challenge, resist or walk out. Some women may manage to endure while others who cannot bear the abuse and meddling of household members in their marital affairs may leave their marriages.

The findings of mutual tension between co-wives are similar to the Cornwall study of Nigerian women noted under the framework of empowerment (see chapter 3). The non-cooperation among some women in household and social pressures may limit the agency and bargaining

²⁸ Because of the sensitivity of the issue of evasion of household responsibilities I prefer to make general comments rather than make specific references to the informants.

power of women in the household decision-making process despite their participation in income generating activities and access to microfinance programmes. As I earlier discussed under the theory of empowerment, women who are not conscious of their economic and social subordination may contribute to their own oppression. This appears to be the case among co-wives and mother and sister-in-laws in my study. To help women out of this self-oppression, the theory of empowerment further proposes that there is the need for an *external agent* to help change the consciousness of women through a new body of knowledge that would change their mindsets towards demands for social transformation. Yet Bonzali and APED appear not to pay attention to issues of women's empowerment because of lack of funding and community sensitivity. The MFIs rather appear to provide for the practical needs of the women. By meeting the practical needs of women, they are able to perform their roles within their separate spheres (see chapter 3) effectively in the household and sometimes take on the failed roles of their husbands. For instance, the provision of the staple grain for meals and maintenance of children at school as most of my informants mentioned in relation to how they use their credits and incomes from their businesses in the chapter 5. At this point, let us focus our attention to whether women's participation in microfinance programmes has enhanced their voices (or participation in decision) in the household.

6.2.0 Voice in the household: is it my money or my Age?

As indicated in the previous sections, it appears that gendered economic spheres and marriage influence women's status, agency and participation in economic activities. To what extent has the women's participation in microfinance programmes extended their possibilities of being and doing or made them to acquire the abilities to make choices in the household as suggested in my discussion of empowerment in chapter 3. Equally, Kabeer's three dimensions for the measurement of women's empowerment may also be useful here. To analyse how the microfinance schemes as a resource to women have given them a sense of agency and a stronger fallback towards the achievement of their interest in terms of decision-making and their wellbeing in their households. In this section, I will examine the factors that enhance the "voices" of women in their households. During the FGDs and interviews, the informants were asked questions with regard to which of these variables enhanced their voices in the household: money, age, or both. The women gave us varied responses. Some women said their advanced ages enhanced their voices while others indicated that their access to income generating activities enhanced their voices. The rest of the informants said that

both their ages and income enhanced their voices. The responses of the informants are presented and discussed in turn as follows.

6.2.1 Yes, it is my Money that Enhance my Voice

As I found in chapter 5, the informants were generally satisfied about their participation in the microfinance programmes. Some of the informants were of the view that their access to microfinance schemes to support their *walima* (businesses) has boosted their confidence to participate in household decision-making. Besides their confidence, the women are able to contribute financially towards the upkeep of their households. According to the women, their enhanced confidence and their ability to contribute financially to activities in the household has boosted their voices in household decision-making and its resource management.

Helen, as I indicated in chapter 5 is a mother of 5 children and a second wife in a polygynous marriage. She was also full of praise for the microfinance schemes of APED. Helen, for example, answered the following when I led her through the question: “*do you have a voice in household decision-making?*” Helen (of APED): “*oh yes I do*”. In a follow up question, I asked her about what she thinks enhances her voice in the household. Helen said; “*my participation in the microfinance programme has given me a voice. For example, when there are social events like marriages, naming and funerals ceremonies, I am involved in the decision-making. I equally have a say on the school my children should attend. This is because my people [household members] now know that I have business running that gives me small, small money*”. To Helen her participation in the microfinance programme has helped her to have a voice in household decision-making because she can now contribute some money or other resources to support the performance of these ceremonies, maintain the children in school and the maintain the household.

Similarly, another informant had this to say in response to the same questions that I asked Helen. Sarah (of Bonzali): “*this [her participation in the microfinance programme] gives me a voice rather than my age. You know, though I am the oldest in the family but they involve me in any major thing that has to be done at the family level because they know I can financially support it. Apart from involving or consulting me in decision-making, they are also concerned about my welfare especially my siblings and father’s kinsfolk. I say this because if they do not see me for a while, they often look for me*”. In reaffirming her claim that her access to credit has given her a voice, Sarah then posed this rhetorical question to us: “*Do*

you think if I had no money to support them they would have been looking for me when family issues come up or when they do not see me for a while?”

These women stressed the point that their participation in the microfinance programmes has enhanced their inclusion into decision making in the household as well as enhanced their networks among kinfolks. Other women think differently about what really gives them significant voices in their households.

6.2.2 No, it is my age that enhances my voice

The women in this category are of the view that it is not the incomes or access to credit that enhance their participation in decision making but their age. The claims of these women are based on the fact that in northern Ghana like in many parts to the country, custom and tradition have it that the older a person is, the more included the person is in decision-making. Therefore, the older a woman, the greater she is involved or consulted in decision-making; the younger she is, the lesser the level of consultation or involvement in decision-making in the household.

Pat of Bonzali as shown in table 4 in chapter 2 is a widow with 6 children, she processes groundnuts into paste and oil. She argues that, *“irrespective of my economic situation, I have a say on issues especially, major ones in the household because I am the eldest. In a follow-up question to her, I asked; does it mean that when you were younger you were not involved in decision-making? No, I was involved but my involvement was limited to my nuclear family”*. To verify the claim that younger women are not involved in the making of very important decisions, I asked Suzi (a relatively young woman) about the extent to which she is involved in decision-making in the household. Suzi claims, *“I do not get involved in decision-making in my home because I get money from business. My participation in the household is indeed limited because there are older women in the household: my mother and my aunties are there. Concerning my immediate family, my husband sometimes consults me but if he does not, I find a way of telling him what I think about issues that come up in the family”*. Like the other informants (in this section), Gina also argues that; *“in my family, we are united so participation in decision-making is irrespective of one’s wealth-I always have a say”*. Although Gina talks about unity without the mention of age, it can be inferred that age will play an important role in determining who is involved in the decision-making. This is because in northern Ghana especially among *Dagombas* (the predominant ethnic group among informants), it will be very uncommon to find younger household members involved

in decision-making unless they are to be directly affected by the outcome of such a decision. The voices from the informants indicate that irrespective of their economic standing, their advanced ages play key roles in enhancing their voices and participation in the household decision-making.

6.2.3 Hmm! It is Both my Age and Income

The rest of the women claim that their economic power and ages play useful roles in enhancing their participation in decision-making. Some women admitted that their advanced age was not enough to have enhanced their participation in decision-making. They argued that their access to the microfinance schemes and incomes from their businesses has boosted their involvement in decision making in their households. For instance, Akos of APED had a mixed reaction to what enabled her to participate in household decision-making. Akos claimed: *“I have a voice and I do not have a voice... I say this because despite my economic situation, when there is a problem in the family they consult me. They consult me because I am the eldest in the family. However, when they consult me I cannot “fold my hands” and look on without contributing something: I have to contribute to support them. If I do not support them, at a point, they may not mind me any longer. So the contribution I make is from my “walma” (income generating activity) and the support from APED (“APED songsim maa”).* Akos’ pragmatic stance shows that though age could play a role, access to financial resources is equally important in boosting her agency or the need to participate in making decisions for the household.

The finding indicates the complexity of socio-cultural context within which my informants find themselves in. The common inference that can be made from the narratives of the women is the fact that age is a determiner of the women’s level of participation in decision-making but their participation may be enhanced by access to microfinance to support their micro-enterprises and households. This brings out the point made by Agarwal in chapter 3 that the agency of a woman is necessary in enhancing their participation and bargaining power in household decision-making processes. However, the women’s level of agency is defined and dictated by institutional factors. How are the women able to take control and benefit from the choices they influence or make in their households?

6.3 Level of Control of Resources

Aside the women’s participation in decision-making, their level of control over credit, income and assets could be an indication of their autonomy and agency. The informants had

varied experiences in relation to control and use of their resources. According to most of the informants, they appeared to cooperate especially with their immediate household members but with some level of autonomy over the use and control of their incomes and assets. Rita, for example claims that, *“anytime I take my credit I inform my husband about the amounts we have both received [referring to her co-wife, who is also a member of the group]. I also inform him when I finish repaying the credit”*. In a follow up question to find out why she had to inform her husband, she replied, *“I tell him because of future reference. I do not know what would happen to me ‘tomorrow’ [the future]; death could come (‘ti so bi mi begni’)*”. Rita’s explanation sheds light on the point I made earlier about the lack of record keeping on the part of the informants in terms of credit receipts, repayment and their business transactions, but at the same time it shows the extent to which partners cooperate in the household.

In addition, when I asked Juli about who determines what she does with her credit, she had this to say; *“No, no! Nobody determines what I do with my credit and income. I decide what I want to sell, not my household members, because I would have to repay the credit”*. The robust response of Juli clearly demonstrates her level of control of her resources in the household.

Nonetheless, other women appear not to have a lot of control over their hard-earned assets because of custom and tradition. A case in point is Asibi whose narrative suggests that she was constrained by social pressure not to use her house for fear of what her neighbours will say about her. She opines that; *“I have my own house but I still stay in my father’s house. I am staying in my father’s house because if I go to stay there alone [without a husband] people will call me a ‘spoiled women’ [that is a promiscuous women] and men may also take undue advantage of me because I am staying alone”*. Asibi failed to use her own house, stemming from the fact that she wanted to do what is “culturally appropriate” in order to escape public ridicule. This suggests that economic empowerment alone was not sufficient for her to challenge or defy cultural norms that deny her access and control of her own home.

6. 4 Conclusion

Informed by the logic of separate economic spheres and expenditure streams, women in northern Ghana are expected to engage in economic activities to generate their own income to complement or take over the (failed) responsibilities of their husbands. Microfinance schemes have become useful resources that are enabling women’s struggle to maintain the

household. Although some of the women appear to have higher economic powers in relation to their husbands, the cultural norms and value systems governing the household bargaining processes appear to give women relatively weak fallback position. As a result of their weak fallback position, some women may try to avoid conflicts as much as possible. This is contrary to the claims in the literature that increase economic power gives women a better fallback position and enhanced bargaining power in the household. From my study, it appears the economic power of the women seems rather to be used to maintain or subsidize men's position in the household. This appears to support the claims by proponents of the poverty perspective that women who are into micro-entrepreneurship were motivated by survival rather than profit maximization. Therefore, attempts by women to generate incomes through the support of MFIs help their husbands to maintain the household and other household networks. My findings are to some extent consistent with those of Overå (2007, 560) who found that women in informal economic activities are straining themselves to compensate for the (failed) responsibilities of their husbands.

Although access to microfinance and income are important in enhancing women's voices and participation in decision-making, the women's degree of participation in the household decision making processes is informed by institutional factors such as separate economic spheres, marriage reverence and age. Hence, it can be argued that the wealth of the women is necessary but it is not sufficient to empower them to enable them to challenge the socio-cultural values and norms that may limit their potentials. Notwithstanding the practical difficulties that the MFIs face in the implementation of their programmes especially non-financial services (see chapter 4), the women's need for microfinance, business related training programmes and gender consciousness raising programmes is imperative. Hence, there may be the need for APED and Bonzali to incorporate these non-services into their programmes if the MFIs are make the desired impact on the women. This could probably help the women to be in a better position to bargain, resist or challenge socio-cultural and political practices that may negatively affect their livelihoods. It is fair to conclude that microfinance programmes appear to address women's practical gender needs instead of their strategic gender needs.

CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

7. 1 Conclusion

Microfinance has evolved and spread in the development community as a development intervention that can meet the special needs of poor people. With time, women become the most preferable clients of MFIs. Studies that ensued to assess the impact of microfinance programmes on women have not produced conclusive results. Some scholars have argued that microfinance has helped to reduce poverty and empower women. Others claimed that microfinance programmes further impoverishes women. The rest maintain that microfinance programmes contribute to poverty reduction and women's empowerment but there are challenges that need to be dealt with to enhance the impact. This study sought to contribute to this debate by exploring the microfinance programmes of two MFIs, which were assumed to have different policy orientations to their clients, for-profit-orientation (Bonzali) and not-for-profit-orientation (APED).

I explored the missions, policies, programmes of the APED and Bonzali in terms of their ideological underpinnings. The study found that the MFIs operated as for-profit institutions because the interest rates charged on credits were as high as the market rates if not more. The missions, policies and programmes of the MFIs were so similar that I had to abandon an earlier intention to do a comparative study of the operations of the NGO and Commercial MFI. I found that the two MFIs both focused on productive poor women, and not those who were into businesses. A further review of the policies and programmes of the MFIs revealed that they focused more on the financial components of microfinance with limited education on microfinance disbursement procedures which corresponds with the financial sustainability paradigm. Apart from lack of funding to embark on issues of women's empowerment, both MFIs equally considered the issues of women's empowerment as sensitive to undertake in the study area. It can be argued that the operations of the MFIs in this regard were also informed by the poverty alleviation paradigm especially its position on women's empowerment identified by Mayoux. Overall, it can be said that the policies, programmes of both APED and Bonzali lie in-between the financial sustainability and Poverty alleviation paradigms, no attention for now is paid on the feminist empowerment paradigm. In relation to the question of group solidarity, the groups of women serve as conduits for facilitating the effective implementation of microfinance programmes rather than for women's empowerment, while at the household level, women/co-wives for that matter are sometimes the source of their own

problems as pointed out by Cornwall. Women's solidarity was not mobilized to seek the interest of women.

Another question was posed about the perception of women and how they use microfinance schemes. Generally, the women had positive impressions of the contribution of microfinance schemes to their lives. Only a few women claimed that their participation was informed by limited financial options at their disposal. Though the microfinance schemes were insufficient to meet their business and household needs, the women often tactically managed to use the schemes to meet not only their business needs but their household needs as well. This points to the fact that microfinance schemes that are offered by MFIs to women are not sufficient to help the women to grow their businesses but mainly help them to maintain their household. In addition, because of the manner in which the women apply their microfinance schemes, it can be argued that some of the women are not micro-entrepreneurs but use the micro-enterprises as proxy to secure their participation in microfinance programmes to enable them to manage and maintain their livelihoods. Most women in micro-entrepreneurship thus are pushed by poverty because micro-entrepreneurship has increasingly become a pre-requisite for participation in the microfinance programmes as it is in the cases of APED and Bonzali.

This brings to the fore the question of the compatibility of the goals of MFIs and the needs of women. MFIs through their credit focus on the productive needs of the poor. In the view of Nourse, dealing with the productive needs of the poor is not enough to reduce poverty among the poor. However, MFIs should show equal interest in the two other needs of the poor; consumption and insurance needs. According to Nourse, the informal businesses demand financial services that exceed the scope of productive credit to make a meaningful impact on their businesses and households. This could account for the apparent low impact of MFIs on the women. For example, some of the women in one of the MFI have been with the microfinance programmes for over ten years without any visible indicators of any expanded businesses or improved livelihoods. The graduated increases in their credits and savings (determiner of credit amount) portfolios may not be an indication of only business growth but much of increasing responsibility in the household (for example the children's upkeep in school), increasing cost of living and inflationary trends over the year (s). The seeming low impact of the microfinance schemes on the businesses of the women coupled with relatively small amounts of credit and the short repayment periods, make business expansion and formalization challenging. It can be argued that the MFIs appear not focus on formalizing the

informal economy activities of the women but sustain the businesses of the women within the informal economy.

How are the women then faring in their households in terms of their social relations and participation in decision making in the household? It is another question the study explores in order to ascertain the impact of microfinance programmes on women's poverty reduction and empowerment efforts. The study found that women's access to microfinance schemes has contributed to enhancing their participation in decision-making in their households because they took up more of the household responsibilities, which were traditionally for men or husbands in the households. This gave the women some decision making power in the household. However, women though economically more powerful, their agencies were still limited (consciously or unconsciously) by certain socio-cultural values and norms in the households, including gendered roles, marriage and age. These gave women limited fallback positions contrary to the anticipation of the literature of household bargaining which claims that by giving women access to income generating activities and financial support their fallback positions will improve. My findings do not seem to support the claim that women's increased income may enhance their fallback position. Many women are rather stepping in to fill the economic gaps created by some husbands' inability to perform their expected roles in the household. It is therefore not surprising that most household members were not against the participation of the informant in the MFIs programmes of APED and Bonzali.

On the issue of addressing the needs of women, it appears the MFIs focus more on the women's practical needs as a way of promoting their effective agency rather than giving equal attention to women's strategic needs that would eventually strengthen women's transformative agency. When the women transformative agencies are strengthened they are able to challenge socio-cultural values or factors that hinder the opportunities and freedoms of the women; the ultimate aim of women's empowerment. The result of lack of attention in pursuing women's strategic interest by the MFIs is that the women lack the necessary gender consciousness to resist social sanction to conform to their traditional gender roles. As the study revealed, most of the women seem to adjust to social pressure and domestic abuse despite the fact that the women may be gaining some economic autonomy. This may not only affect the women's control and use of the limited resources at their disposal but also capital mobilisation, poverty reduction and empowerment efforts.

From the above, it can be concluded that the women have an imperative need for microfinance schemes in order to support their businesses. However, the level of responsibilities in their household is compelling the women to divert a share of microfinance schemes to meet household needs. All the same, I argued that microfinance schemes have helped the women to meet their basic needs. However, the MFIs have not done enough to empower women to challenge socio-cultural practices that appear to hinder the achievement of women's full potential. Similarly, the group solidarity has also not helped the women to pursue a feminist empowerment agenda. This may eventually affect the women's investment capital and credit repayment. The women are therefore likely to be in state of being '*infested with microfinance virus*', a case in which the women will be caught in a terminal situation where their businesses and livelihoods would be dependent on how much microfinance services are available to them at a time. This may not only make it difficult for the women to escape from the poverty and disempowerment but also their graduation from microfinance programmes into the mainstream financial sector.

7.2 Any Future for the Microfinance Sub-Sector?

Over the years, the seeming low impact of microfinance programmes on the poor especially women has generated debates in academia and among development practitioners that proponents of microfinance have tried to resolve. However, in recent times, politicians who initially advocated for and actively supported microfinance as development intervention in their respective countries have joined the debate especially in Latin America and Asia. These politicians have now embarked upon the making uncharitable commentaries and hard-line criticism of the microfinance sub-sector, which is giving cause for great concern and anxiety about the future of microfinance. For example, some of these politicians in Latin America and Asia are accusing MFIs of "*sucking blood from the poor in the name of poverty alleviation*" and *treating the people ... as "guinea pigs"* (Sheikh Hasina, the Prime Minister of Bangladesh as cited in The Economist online, January 5, 2011). Some of these politicians are therefore urging clients of MFIs not to repay their credits while other MFIs are threatened with nationalization in their countries. Some questions readily come to mind: 1) Are these turn of events a genuine concern for the poor particularly women? 2) Are politicians losing their support base in their countries to MFIs and making efforts to reclaim their support? 3) Is this an indication that the microfinance sub-sector has reached its catharsis? These questions

are not subject to already made answers. I therefore propose further studies on; *Microfinance, Politics and the Way forward for the Poor*.

7.3 The way Forward for Microfinance

As a way forward, MFIs, policy makers and development practitioners may reflect on the following issues:

1. There is the need for policy reforms in order to mainstream gender issues in microfinance programmes in Ghana. This would help to improve the impact of microfinance programmes on women.
2. Extended period of credit repayment based on the needs of women.
3. Finding alternative ways of treating defaulters rather than making withdrawals from the programmes the only option. Because withdrawals often leave the women worse off than they were before going into the programme.
4. Policy makers should harmonize the activities of MFI by streamlining their operations, which outline the rights of clients, allow for easy monitoring and evaluation of their activities and their impact on clients. The help weed out bad MFIs from the sector.
5. Microfinance is not enough to help women escape poverty, provision of social services and infrastructure to give women an enabling environment to conduct their entrepreneurial activities.
6. Provision of functional education to women to enable the do simple arithmetic and record keeping that may make women to improve their managerial skills.

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APPENDICES

Appendix 1: Interview Guide for Women Beneficiaries of Microfinance Schemes

A. Personal and Demographic Details

1. Name
2. Gender
3. Age
4. Marital status (if yes, how long?)
5. Do you have children? (ages)
6. Please, what is your husband's occupation?
7. Can you tell me your educational background? How many are you in the household

B. Household Economic Activities

8. Who make up your household?
9. How do you organise economic activities of the household? Are your economic activities individually or jointly organised (can you explain further)?
10. Do you have your own business venture?
11. How did you start your business venture?
12. Who decides what kind of economic activities you engage in?
13. Does any member of the family help in your business? (Can you explain?)
14. Who often buys items or pay for services that are more important for the household? (furniture, TV set, water bills, electricity bills, health services etc)
15. Are your child/children in school? Who provides for the upkeep of the child/children in school?
16. What are your sources of income to be able to cater for questions (14) and (15)?

C. Knowledge of Microfinance Schemes

17. How did you come to know about the microfinance schemes of the NGO or Bank?
18. Can you tell me why you are participating in the programme(s) of the NGO/Bank?
19. How long have been with the microfinance scheme(s) of the NGO/Bank? (Do you intend to continue?)
20. What kind of service(s) does the NGO/Bank provide? Which of them do participate in and why? (How much do you save, receive as credit, at what interest rate?)
21. How do you participate in the programme(s) offered by the NGO/Bank (in groups or individually)? If in groups, what group activities do you do and how do you operate as a group?
22. How much do you take from or save with the NGO/Bank? (How much is the interest rates?)

23. Are there any training programmes for you? (What are the training programmes about?)

D. Perceptions of Women And Use of Microfinance Schemes

24. Do you have information about other women's participation in microfinance schemes and how this has affected their lives?

25. Why are you participating in the microfinance scheme(s) provided by the NGO/Bank?

26. How do you find your participation in the microfinance programmes? (Can you explain your answer?)

27. How do representatives of microfinance institutions engage you especially during meetings? (How do you feel about that?)

28. Has your participation in the microfinance scheme(s) enhanced your business or solved pressing problems? (can you explain?)

E. Benefits and Challenges of Microfinance Schemes to Women

29. Are there changes in your family's income and economic life since you joined the microfinance scheme? Can you explain?

30. Comparing your life before and during your participation in the programmes, what can you say about that?

31. Can you tell me about how you repay credit? Have you ever defaulted in repaying your loan (why did you default)?

32. Since you started participating in the programme(s) of the NGO/bank what challenges do you face? (within household and outside)

33. Has your participation in household decision-making changed since your participation in the microfinance schemes? Can you explain?

34. What did you expect to achieve by participating in the microfinance schemes? Do you hope to achieve that or it has been achieved?

35. Do you have anything to add? **Thank you!**

Appendix 2: Interview Guide for Representatives of Microfinance Institutions

A. Demographic characteristics

1. Name
2. Age
3. Official title (what is your responsibility?)
4. How long have you worked for your organisation?

B. Microfinance Schemes: Goals, Implementation and Challenges

5. How are your programmes organised?
6. Who are your main targets for microfinance schemes? (Any special reasons for the choice?)
7. What services do you offer to the women?
8. How much interest do you charge on savings and loans
9. Do you think your programmes have brought changes to the lives of beneficiaries? (Can you explain?)
10. Can you tell me about any success cases of woman/women through your programmes?
11. What are some of the challenges women face? (in business and at home)
12. Any challenges in the implementation of programmes from the institutional standpoint?
13. How do husbands and other household members respond their participation in your programmes?
14. What have your organisation done or doing to address some of the challenges you have identified.
15. Through your programmes, what do you seek to achieve in the lives the women and their households?
16. Any further comment (s)?

Thank you!

Appendix 3: Participant Observation Checklist

a. At the Group Meetings

1. Group dynamics
2. Interaction between field officer and the women
3. Issues discussed

b. At their Business Centres

4. Type of ware sold
5. The size of the business
6. Who helps in the business; family labour or hired labour

c. At their Homes

7. Nature of housing
8. Organisation of household
9. Type of housing

Appendix 4: Map of Ghana with Insert of Tamale Metropolitan Assembly



Source: TMA's, Profile

Appendix 5: Map of Northern Region with insert (in red) of Tamale Metropolitan Assembly



Appendix 6: Pictures of the Business Activities of Women and Group Meeting Sessions





3. A Grain Banker displaying her food grains for sale at the Tamale Market



4. At work at a bakery



5. Charcoal displayed for sale



6. A cousin helping at a Bakery and the provisions shop



7. A woman takes of loaves bread at bakery for her business



8. A hawker with clothes on display at a group meeting



9. A traditional oven for baking bread



10. A Field Officer's mobilised savings and credit repayment from women



11. A woman presenting her money to a field officer; beside (on the table) are women's passbooks