

Full Length Research Paper

Peri-urban poverty: Can micro-finance be a panacea?

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Micro-finance has been identified as a major means for poverty reduction. Micro-finance covers products like micro-credit, micro-insurance and micro-savings. The study which was conducted in ten selected communities in the Ashaiman Municipality in the greater Accra region of Ghana was aimed at exploring the impact of microcredit on household level poverty and welfare. The population was all beneficiaries of microcredit programmes in the municipality. A simple random selection was used to select 120 beneficiaries of microcredit programmes in the selected communities. The study showed that microcredit had some impact on household income and welfare which led to improvement in their standard of living and opportunity to save money. They were able to contribute to their children's education, purchase household assets, make improvements in the household diet, received appreciation from family members and had self-confidence in decision making on issues concerning household welfare. In all, they also felt empowered. Though the study recommends the need to increase the size of micro-credits to clients, it however, recommends that MFIs should rather concentrate efforts towards savings. Mobilization as capital accumulation has a greater potential to reduce poverty. Savings provides an asset for the individual's capacity for investment in future production.

Key words: Microcredit, microfinance, poverty alleviation, household poverty, household income, household welfare.

INTRODUCTION

Many experts have defined poverty in their own ways. The Ghana living standards survey (GLSS) of 2005 to 2006 defines poverty using an economic index, characterizing the poor as those "subsisting on a per capita income of less than two thirds of the national average" (Ghana Statistical Service, 2006).

In an attempt to explain the relativism of the term poverty, Chambers (2002) argues that the meaning of poverty depends on who is asking the question, how it is understood and who responds. He thereafter identifies five clusters of meaning of poverty, three of which are of relevance to this study.

1. Income or consumption which is the most common economic meaning
2. Material lack or want which includes lack of wealth, and quality of other assets like clothing, shelter, furniture, personal means of transport, radio and television set.
3. Capability deprivation which is based on Sen's what we can or cannot do; what we can or cannot be concept (Sen, 1997) which includes skills, physical abilities, and self-respect in society.

Similarly, according to Townsend (2006), a person is poor if she or he is deprived of income and other resources needed to obtain the conditions of life which include diets, material goods, amenities; etc which enable the individual to participate in the life of the society.

Townsend sees individuals as requiring more than economic means. Individuals have the need to play social roles as workers, citizens, parents, partners, neighbors and friends. For him therefore, material needs tend to be socially determined and in different ways depending on the type of individual and society. He thus challenges the view of poverty which is restricted to economic domain.

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through three major approaches. These are the deprivation approach, the inequality approach and the relative biological approach. Whilst the relative deprivation and inequality approaches are related to the views expounded above by Townsend and Chambers, the third, that is the biological approach, provides an additionally useful and expanded insight. Biological considerations, to him, relate to the requirements of survival or work efficiency. They are nutritionally based and have often been used to define the poverty line. According to him, starvation is clearly the most telling aspect of poverty, and malnutrition must have a central place in the conception of poverty.

Other authors measure poverty by relative scales, where those with substantially fewer resources than the average are counted as poor, or by absolute measures which are based on what an individual or family require in meeting his or its basic needs.

From these discussions, poverty is considered a multidimensional subject which indicates not only low income and deprivation from basic needs but also low prosperity level due to those deprivations as well as lack of basic opportunities (White et al., 2003).

In their view, poverty is an inability to access physical necessities, social, and cultural needs (Human Rights Commission's Report, 2004). People may have good health and live productive lives. Yet, they may be deprived of suitable opportunities. Some of these deprived opportunities may include lack of employment opportunities which will further deprive them of income and ability to meet the basic human needs. The lack of opportunity makes an individual insecure.

In studies by Nkum and Gharthey (2000) and White et al. (2003), on poverty levels in Ghana, it was found that poverty was multi-dimensional which was similar to findings in other countries. In these studies, poverty was seen as being complex and interwoven and includes lack of basic needs like shelter, household assets, and money.

It was often characterized by hunger, pain, discomfort, exhaustion, social exclusion, vulnerability, powerlessness, low self-esteem and inability to participate freely in the social life of the community (Narayan, 2000; Nsiah-Gyabaah, 1998).

Perceptions of poverty in Ghana vary between rural and urban areas and between men, women and youth. Whereas the rural people identify issues such as food, insecurity, inability to have children, disability to participate in social life etc as indicators of poverty, urban dwellers emphasize lack of employment, the non-availability or inadequacy of social services, lack of skills training, lack of capital and so on, as being linked to poverty and well-being levels (Appiah, 1999; Nkum and Gharthey, 2000).

In general, the concept of poverty for men relates to social status and employment, for women the general

welfare of their children and family, and for the youth capital to invest or undertake economic activities. The negative social consequences of poverty have prompted many countries to introduce various policies to reduce the scale and depth of poverty in their societies. Similarly, the growing and deepening poverty levels in Ghana have necessitated strategic poverty reduction mechanisms (World Bank Report, 2003). One of such poverty reduction mechanism over the years in Ghana has been the use of microfinance.

Microfinance emerged in response by many organizations, both governmental and non-governmental to the need of devising strategies to empower the underprivileged class of society, mostly women who were seen to be able to convert small sums of money into large lump sums (Rutherford, 2000; Hossain, 2002).

Microfinance therefore seeks to supply formal financial services to poor people who are shunned by banks because their savings are tiny; their loan demand is small, and lack loan collateral (Yunus, 2001).

This makes it difficult for them to start businesses, finance emergency needs, acquire assets and insure themselves against illness and disasters. The appeal of microfinance stems from its promise to realize two goals at the same time. First it is seen as reducing poverty in the short run and secondly its ability to stimulate empowerment which is needed to fight poverty in the long run (Allen and Thomas, 2000).

The principles of microfinance are founded on the philosophy of cooperation and its central values of equality, equity and mutual self-help. At the heart of these principles are the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their children (Sapovadia, 2006).

In recent times several literatures have stressed the increasing importance of microfinance as a major tool in alleviating poverty (Navajas et al., 2000; Ahmad, 2001; 2002; CGAP, 2003; Brau et al., 2004; Chowdhury et al., 2005). The success lies in the fact that microfinance helps in the creation of opportunities for entrepreneurship which enable the poor to eliminate unemployment and poverty by fulfilling their creative potential (Yunus, 2001).

It is perceived that when properly harnessed, microfinance offers a variety of benefits to beneficiaries. Foremost, microfinance initiatives can effectively address material poverty, the physical deprivation of goods, services, and the income to attain them, the benefit of which can extend beyond the household into the community (Schreiner and Colombet, 2001).

Over time, microfinance has included a broad range of services like credit, savings, insurance, leasing, money transfers, and others which are directed towards low-income poor and very poor self-employed people (Otero, 1999:8; Ledgerwood, 1999; Schreiner and Colombet, 2001).

Microcredit which is the extension of small loans to entrepreneurs, who are too poor to qualify for traditional bank loans, has been the main components of microfinance especially in developing countries. Microcredit enables very poor people to engage in self-employment projects that generate income thus, allowing them to improve the standard of living for themselves and their families. This has been achieved by the creation of opportunities for entrepreneurship which enables the poor to eliminate unemployment and poverty by fulfilling their creative potential (Yunus, 2001).

A study in Ghana and South Africa by (Afrane, 2002) provides evidence indicating that microfinance programmes have every potential to improve the conditions of beneficiaries. Afrane (2002) found out from the two impact studies that microfinance projects have impacted the businesses and lives of the beneficiaries in several positive ways, particularly in their economic circumstances and access to essential life-enhancing facilities and services.

The studies established that 43 and 44% of the enterprises sampled in Ghana and South Africa respectively had increases in their profit levels as well as in employment. In addition, the total number of people employed by the enterprises surveyed increased by 46 and 49% respectively. Similarly, in a study by (MkNelly and Dunford, 1998) in the lower Pra district in conjunction with lower Pra rural bank, they found out that the majority of the 1997 participants sampled had increased their incomes by 67% since they joined the credit with education programme.

A report by Hishigsuren et al. (2004) on client impact monitoring and performance by some clients of Sinapi Aba trust in Ghana also give empirical evidence on the impact of microcredit on poverty levels. The findings were similar to that of Remenyi and Quinones (2000) who also found out that the household income of families in Indonesia with access to credit is significantly higher than comparable households without access to credit.

Rural communities have been the focus of various researches which have acclaimed microcredit programmes in reducing poverty (Mosley, 1999; Lashley, 2004; Chowdhury et al., 2005). However, we should recognize that the poor are not confined to the rural communities. The socio-economic conditions of some peri-urban communities are similar to that of rural communities. Some of these communities lack many social amenities and economic opportunities like rural communities but in all, they are faced with challenges arising from their proximity to urban communities. Even though they do not have the same social and economic facilities and opportunities they share the same economy with the urban communities with which they share borders.

Living in the shadows of the affluence in the urban communities nearby, their poverty is easily pronounced

and severely felt. This has called for various interventions to lift the peri-urban poor from their poverty. The main intervention has been the provision of microcredit to help them engage in various low capital demand ventures.

This study sought to find out whether the effectiveness of these interventions in reducing poverty and promoting welfare at the household level in largely rural communities can also be seen in a peri-urban community like Ashaiman.

The general objective of the study therefore was to assess how microcredit has impacted on the poverty levels and the welfare of households in the Ashaiman community. Specifically, the study sought to:

1. Explore the types of microcredit facilities available in the Ashaiman municipality;
2. Examine how beneficiaries use these facilities;
3. Examine how the profits from micro financed activities are used at the household level; and
4. Assess the improvement in income levels and standard of living in the beneficiary households

METHODOLOGICAL THEORY

The methodological theory which underpins this study is interpretivist. The interpretive research adopts the epistemological assumption that reality is subject to multiple explanations. Stated more robustly, reality consists of subjective interpretations and cannot be studied objectively.

The purpose of interpretive research therefore is to understand and analyze subjective interpretations and their consequences.

Just like interpretivist, the researcher did not undertake this research with the view that benefit of micro-finance is fixed. Rather this study is built on the assumption that it is only the beneficiaries who would be able indicate the benefits of micro-finance and the benefits differ among societies; benefits in society X would be different from that of society Y.

Demography and socio-economic features of Ashaiman municipality

Ashaiman is located about four kilometers to the North of Tema and about 30 km from Accra and shares boundaries on the north and east with the Katamanso Zonal Council of the Tema municipal authority and on the south with the Tema Township and on the west with Adjei Kojo, a community which forms part of Tema zonal council.

Ashaiman grew as other migrants from the Dangme west district, particularly the Ada area came to settle in the town and were followed subsequently by other ethnic groups including the Ewes and Northerners. As Ashaiman expanded, communities were established by soldiers returning from peacekeeping duties in Lebanon, the Middle East, Jericho and Bethlehem and which were named after those countries by the settlers. Currently about 50 different ethnic groups from all the 10 regions of Ghana and other African countries reside in Ashaiman, each with its own chief.

The Ghana year 2000 population census report estimated the population of Ashaiman to be 150,312 made up of 75,183 males and 75,129 females with a growth rate of 4.6%, which is higher than the 2.6% national growth rate. The Ashaiman Municipal Assembly (ASHMA) estimated the current population of the municipality to be

217,717 with an average household size of five. The census report of 2000 further estimated that the majority of the population falls within the ages of 15 and 34 years.

The main occupations in Ashaiman are farming especially crop farming, livestock, poultry, quarrying and construction. Commerce is the largest occupation engaging most of the self-employed. Those engaged in this sector are however largely in petty trading in foodstuff and provisions. There is however a growing sector in spare parts for both construction equipment and vehicles.

Ashaiman has 17 public basic schools and 286 private basic schools consisting of nursery, primary and junior high schools. Ashaiman Senior High School (SHS) is the only public second cycle school. There are seven (7) private junior high schools in the municipality. Ashaiman has only one public health centre, 14 private clinics and one private clinic as per the population census.

With inadequate health facilities and qualified health workers, Ashaiman has high incidence of malaria, acute respiratory infections, skin diseases, diarrhoea, chickenpox, hypertension, acute ear infection, eye infection, and typhoid.

Most households in Ashaiman do not have domestic toilet facilities in their houses. This has led to the indiscriminate defecation in nearby open spaces and bushes in the area. Accessing potable water is not a problem at Ashaiman as the area is served with a network of water connections from the Kpong water works however this does not flow always.

The study was carried out at Lebanon in Ashaiman. To be able to reach most beneficiaries for the study, micro finance companies, credit unions in the district were contacted. These resulted in the selection of the following ten: Lebanon, Jericho, Middle East, Golf City, Roman Down, Zenu, Tulaku, Atta Deka, New York City, and Adjei Kojo. These communities significantly represent Ashaiman area which was another factor that limited the number of village banks and communities in the study.

Data collection and analysis

The study involved 120 beneficiaries of microcredit programmes who were randomly selected from a list of microcredit beneficiaries obtained from five micro-finance institutions operating in the Ashaiman Municipality. The list contained borrowers and their information on loan history. Those selected had been with the group for at least a year or more. The researcher then randomly selected an average of twelve people from each community for the interview.

The main instrument in collecting data was the use of an interview guide. The closed ended structured interview was used only on the participants and sought information like age, size of current loan, type of business, marital status, number of children, length of time with the programme. Semi-structured interviews were used on all respondents. This was to give the interviewees some flexibility to express their opinions. It ensured comprehensiveness, and effective use of time. It also provided the researcher with the freedom to probe further for clarifications while still staying on course.

The questions for the microfinance organization centered on criteria for giving loans, the type of help or assistance the organization gave to the respondents and how they ensured that the loans were paid back. The questions engaged beneficiary respondents on how they get the loan, motivation for taking the loan, what they use the loan for, how they pay back the loan and the impact of the loan on their lives.

Data collection procedures

The researcher obtained approval from the micro finance

companies before embarking on the study. The first thing was to get information from credit unions and micro finance companies that operate in the Ashaiman municipality. Beneficiaries of micro finance companies willingly agreed to participate. Giving explanations concerning the research gave an opportunity to build trust and led to openness during the interview.

After this meeting, the researcher selected some few participants and tried out the interview guide on them. The interview guide was pretested in the field in order to ensure it will help the researcher get the needed information. Slight modifications and additions were made after the pretest.

The loans officers of the various microfinance organizations assisted in getting the selected beneficiaries to appreciate the use of the interview and organized them for focus group and individual interviews.

While the focus group discussion was largely to solicit general information which affected them as a group, the individual interview was on person-specific issues like income and household welfare. Beneficiaries were assured of anonymity during the interview. Notes and tape recorders were used in recording the discussions and gathering the necessary information. This gave opportunity to keep track of quotations made by beneficiaries.

Data processing and analysis

Patton (2002) identifies different forms of analysis which include unique case orientation and inductive analysis. The study used the inductive approach in the analysis of the data. The researcher looked at the themes as they emerged from the data as they were coded and then put into conceptual categories and described what was happening.

The researcher then re-examined the categories identified to see how they are linked. Lastly, the researcher translated the conceptual model into a story line to give meaning to readers. The numerical information in the study was described qualitatively. Correlation was also used in analyzing the data.

According to Forzano and Gravette (2006), correlation allows the measurement of variables and the measurements reviewed to identify any patterns of relationship and to measure the strength of relationship. Therefore, in this research, correlation was performed to test the existence of associations between micro credit and the chosen dependent variables and indicate the possible effect.

Background characteristics of respondents and their households age

Of the 120 respondents, 8% fell between the ages of 18 and 25 years, 15% between 26 and 35, 54% between 36 and 45 and 23% between 46 and of the 120 respondents, 65% were women and 35% were men.

It is evident from the study that more women were accessing microcredit more than men. This is in agreement with Mayoux, (1999) observation that microcredit is strategically targeted at women because of the spillover of the benefits to the household and community at large.

Chowdhury (2001) cites longer life span of women and the focus of their expenditure on the family as reasons for targeting women in microcredit schemes. However, Mallick (2002) thinks that women may only be intermediary for loans for men.

Marital status

It is very revealing that of the number as many as thirty four percent (34%) were widowed while twenty three percent (23%) were

Table 1. Types of businesses engaged in by respondents.

Type of business	Frequency	Percentage (%)
Farming / fishing	15	13
Artisans	28	23
Petty trade	72	60
Transport	5	4
Total	120	100

Table 2. Use of loan facility by respondents.

Use of loan facility	Frequency	Percentage (%)
Business start up	70	59
Business expansion	34	28
Pay off previous debts	4	3
Family up keep	12	10
Total	120	100

divorced, twenty five percent (25%) were in marriage at the time of the survey while eighteen percent (18%) had never married.

RESULTS

Educational attainment

From the study, fifteen (15%) had no education, fifty percent (50%) of the respondents had basic education with twenty seven percent (27%) having secondary education and only eight percent (8%) had tertiary education. This shows that the majority of the respondents have at least basic education up the junior high school level.

Table 1 shows the various businesses engaged in by the respondents. The majority of the respondents was engaged in petty trading, and was followed by artisans. The low representation of farming and fishing was not surprising considering the fact that Tema is coastal community which was specifically planed to serve the labour needs of the shipping and industrial sectors.

The land reserved for farming purposes in Ashaiman have been largely encroach upon by estate developers thus driving out the few agricultural workers into other sectors mostly in trading. Transport business was the least represented in the survey. Most of those engaged in it do so as a compliment to their trading to convey their wares or as a risk- spread strategy.

A possible explanation why micro-entrepreneurs are concentrated in the petty trading business could be because the needed startup capital for such businesses is relatively low and land requirement is relatively low compared with the other sectors. Microfinance institutions also find the sector less risky as they have shorter

gestation period.

Table 2 reveals that majority of the respondents used the microcredit for the intended purpose either as a start up (59%) or business expansion capital (28%). There was minimal diversion of funds for other purposes. These use of the microcredit resulted in income generation and subsequent improvement in living standards.

Length of years engaged in business

The study found out that out of the 120 people sampled and interviewed, those who have been in business for 2 to 5 years was 56, representing forty seven percent (47%). Those who have been in business for the period of 6 to 10 years were thirty (30) representing twenty five (25%). For less than two years, the total number was twenty two (22), representing eighteen percent (18%). Only twelve (12) people, representing ten percent (10%) had been in business for more than ten years. The study showed that most of the respondents have been in business for up to ten years but the majority was within five years (Table 2).

The length of stay in business which may be interpreted to mean experience then can be said to be a factor in influencing Micro-Finance Institutions in advancing credit to beneficiaries.

More than half of the beneficiaries used the loans for business start up and almost a third used the facility for business expansion. A significant ten percent (10%) of the beneficiary respondents used the facility for the upkeep of their families (Table 3).

This suggests the need for cash by such beneficiaries to meet basic family needs. Such people are more likely

Table 3. Length of years engaged in busines.

Number of years	Frequency	Percentage
Less than 2 yr	22	18
2 to 5 yrs	56	47
6 to 10 yrs	30	25
Over 10 yrs	12	10
Total	120	100

to be very deprived people whose need for cash for other purposes was greater and more urgent than for their businesses. Asked whether this was made known at the time of applying, they all responded in the negative. Others explained that, it was not their original intention.

The need arose after the acquisition as a result of demands from their some members of their families, either to pay for educational fees or medical expenses which could not be postponed.

Table 4 shows the impact of micro finance on the welfare of respondents. The variables selected for the analysis were education, health care, savings and household items.

In all cases, many more people were able to access various welfare services after they acquired microfinance. This was largely due to increase in income levels. As much as 83% of the respondents earned less than two hundred Ghana Cedis, (GHC200) a month prior to accessing microcredit. However as high as 82% indicated that their income levels currently is higher than the period before accessing microfinance. Only 18% had their conditions remaining the same or worse than the period before accessing the facility.

Many of the respondents were therefore, able to purchase more household items after assessing the loans and increasing number were able to set aside some of their profits aside for savings. These are likely to build up capital to expand their businesses and possibly reduce their dependence on microfinance in the future which in turn will reduce their vulnerability and build their self confidence.

DISCUSSION OF FINDINGS

Age of respondents

The greater majority of the respondents were in the age range of 36 to 45 years. This accounted for 54%. This could be due to the fact that these ages represent the vibrant age group in any growing economy. Many young people as well as the aged could not access the micro loans. Probing further for the reasons, it was found that the aged did not have the passion for micro businesses. The young were deemed to be inexperienced in business and therefore could not attract enough loans.

Sex of respondents

It was discovered that more females accessed micro finance than males, accounting for 65%. The reason suggested for this was that women in most societies are felt to be more disadvantaged, downtrodden and more vulnerable.

The traditional banks and financial institutions are reluctant in advancing loans to them as they normally are unable to provide the required security and collateral. On the other hand, women are traditionally perceived to bear the responsibility for the welfare of their households. They therefore tend to attract the attention of intervention aimed at reducing poverty at the household level.

Marital status

In respect of the marital status of beneficiaries, the widowed were more numerous than all other categories. They accounted for 34%. This could be due to the fact that, being single parents, they need more resources to take care of their lives and that of their children.

Education attainment

The data on educational levels reveals that most of the people had basic education. This was so for 50%. This means that those with lower educational levels were not likely to have access to "white collar" jobs.

The respondents' participation in micro-entrepreneurial activities was partly influenced by their low levels of education which stimulated the development of respondents' competency including entrepreneurship. This is consistent with Lugalla (1995), who commented that due to the fact that most people have a primary school level education, they tend to be engaged in the activities which need minimal skills. This assertion was also confirmed by Kibas (2001), who indicated that the majority of micro-enterprises are conducted by people who have primary level education.

Type of business engaged in by respondents

On the type of work they do, petty trade accounted for more than half (60%) of the respondents. Petty trading requires relatively small amounts of money to start with.

The majority of the respondents had been in business for a period of 2 to 5 years.

Use of loan

More than half of the respondents used their loans as a start capital for their business. This indicates that the

Table 4. Impact of micro finance on access to other indicators of welfare.

Variables	Before accessing loans (%)	After accessing loans (%)
Offering of secondary education to children	8	23
Quality health care	6	33
Basic households items like television sets, refrigerators, etc.	11	48
Savings	3	27

majority of the respondents owed their livelihood to the provision of the microfinance without which this large number of persons and their households would not have had any source of livelihood. Almost a third of them also had their business expanded with access to microfinance. This also adds to the importance of microfinance in ensuring the source of livelihoods of many poor people.

Income levels

As high as 83% of the respondents earned less than two hundred Ghana Cedis a month which is consistent with the findings of the World Bank that most people in sub-Saharan Africa earn and live on less than one dollar a day which is the generality accepted poverty bench mark.

It must be noted however that such amounts are likely not to include expenditure made from the daily sales especially for food and other household basic needs. Most women do the shopping for the upkeep of their households from the sales of the day.

In calculating their income, petty traders usually do not take such expenditure into consideration especially among traders with a low level of education. It is possible that people are prepared to engage in activities that bring in some amount of money, no matter how small it might be as long as it can assure the provision of their household's basic need for food. It was significant to note that as many as 82% felt that this level of income is better than the period before accessing microfinance facilities. This is a further evidence of the importance of micro finance in the income level of users.

Impact of on household welfare

Using education, health care, electronic household items and savings capacities as indicators of household welfare, the study found marked improvement in all the indicators. Many more people were able to further the education of their children up to at least secondary which included vocational and technical school.

There was as much as five times increase in ability to access quality health care which was interpreted to mean attending hospitals or clinics as against the use of

traditional medicine and self medication including buying medicines over the counter of drug stores.

Many more people had the capacity to save from the incomes they earned. This is one capacity which if properly encouraged; microfinance can use it to affect poverty levels. Savings lead to capital accumulation which will then enhance the individual's independence in raising needed capital for expansion and thus reduce their vulnerability and build up their self confidence.

Conclusions

The study revealed that micro finance had a positive impact on the lives of beneficiaries. This is demonstrated in the marked increase in incomes which in turn increased their capacity to save money.

An increasing number of them are now able to educate or contribute to their children's education. Many were also able to purchase household goods. Having an income from which they could buy the necessary household food, ensured improvements in the household diet. Most respondents reported that they felt empowered because their self-confidence was promoted, and they were able to contribute to discussions at not only the household level but at other social groups. This is very important as it shows the relationship between economic power and political power.

Most of the respondents reported an increase in their incomes since the time they accessed loans. The study has therefore shown that, giving access to micro finance can increase income levels as users are empowered to engage in various economic activities which in turn do not only increase the welfare of their households.

Increased incomes from the businesses were channeled into enhancing facilities such as education, food and health. These findings are similar to those of Mayoux (1999), who reported that giving loans to persons engaged in small scale businesses leads to increase in their income level.

It further confirms his assumption that access to microcredit will commence a 'virtuous upward spiral' where individual economic empowerment of women will lead to wider economic, social and political empowerment (Mayoux, 1999).

Mayoux argues that the targeting of women and the

assumption of the virtuous spiral is actually the result of three distinct paradigms of microfinance which have become entangled. These are the financial self-sustainability paradigm, the poverty alleviation paradigm and the feminist empowerment paradigm. They all assume that women will be socially and politically empowered when they become economically empowered. In all these paradigms women are held to be reliable borrowers. They spend most of their increased income on their family's wellbeing.

The majority of the respondents expressed that their participation in the micro credit program had given them an opportunity to accumulate savings, something which they could not have done in the past. They felt empowered because they owned this money even though it was little and they still could accomplish gender specific roles and responsibilities within their households.

Rutherford (2000) noted that poor people have the ability to save and they need a savings mechanism in order to turn their savings into investments. However, this can only be realized if they are able to have positive net incomes.

Respondents felt that the ability to purchase assets such as household assets and plots of land for building houses or farming greatly improved their quality of life. Some of them have built their own houses and have been able to do a number of home improvements.

The improved status of the respondents in the families has been appreciated by their family members and by their partners and are therefore able to contribute to decision making at various levels. By participating in the micro finance program, the peoples' self-esteem and confidence has increased due to access to cash income.

In addition the micro-enterprises activities have progressed and enhanced respondents' empowerment within households, communities and other improved factors such as education, nutrition, and health and lender's abilities to accumulate assets. However, the control of the business and income of women beneficiaries was not quite clear and conclusive.

At an aggregate level, it is assumed that the micro-finance sector has involved economic participation for the majority, particularly marginal groups, including the poor and downtrodden that had been previously not considered as potential lenders by lending institutions.

Micro-finance is especially important as observed in the study and beneficial to borrowers who are willing to use the loans efficiently and productively. It can be established from the study that the majority of the positive outcomes resulting from borrowing loans, however important, seem to be for survival purposes.

It can be argued that activities like education and nutrition have a long-term pay-off for individual lenders and their families. By providing education to their children, these women are breaking the cycle of a lack of access of opportunities in which they were caught due to poverty. Likewise, by providing healthcare and improved

nutrition to the members of the household the women relieve themselves from burdens of taking care of the sick and therefore, they can spend ample time on improving and maintaining their businesses.

RECOMMENDATIONS

Despite the success indication of microfinance, there are several factors which need to be addressed and incorporated into micro credit if it is to be more effective and beneficial to users. Some of the factors include microfinance institutions' lending methodologies, working environment, gender inequalities, government policies and financial structures. Based on the research findings, the following part will offer suggestions that pertain to program issues' broader policies at the national level.

POLICY IMPLICATIONS

Local councils should be able to create a favorable environment for the micro-enterprise which is accessible and near the market. Proximity of microfinance institutions to the place where users ply their trade is absolutely crucial for easy access by the users and their own monitoring of the use of the facilities.

Microfinance institutions should take into consideration the cultural constraints in the society. Unequal gender relations may inhibit proper use of the facility by the female users. Where they are expected to provide for the welfare of their households they are more likely to divert the working capital from investment in the business into unproductive household use.

Microfinance users should therefore be educated on the need to set aside the capital and use only part of the profit generated. Microfinance users are to be encouraged to cultivate the culture of saving. This can be done by the microfinance institutions sending out officers to where the users ply their trade on agreed periods to collect the savings. Due to pressure and the desire to sell off their wares, most users find it time wasting and a bother to come and spend long hours in queues in the banks. Alternatively special counters should be created to serve the micro finance users to shorten the time spent in the banking halls.

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