

**GENDER INEQUALITY IN ACCESS AND UTILIZATION OF CREDIT IN
RURAL KENYA: THE CASE OF RONGO DIVISION, MIGORI DISTRICT**

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**A Thesis Submitted to the Graduate School in partial fulfillment for the requirements
for the award of Master of Arts Degree in Sociology (Community Development and
Project Management option) of Egerton University**

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DECLARATION AND APPROVAL

Declaration

This thesis is my original work and to the best of my knowledge has not been presented to any University for the award of any degree.

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DEDICATION

To my children, Evans and Paulette who always innocently stood by my side when writing this work, my wife Caroline for giving me moral, financial and material support during my entire study.

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ABSTRACT

This study sought to investigate the extent in which gender inequality influences access and utilization of credit in Rongo Division of Migori District. Despite the fact that most interventions in development activities have targeted women as beneficiaries, women have been disadvantaged regarding access to credit and disempowered in terms of decision making. Recently the Division witnessed the emergence of several micro finance institutions that offer credit to the residents, calling for the need to investigate factors that influence access to credit. The study was guided by two sociological theories of gender. Liberal feminist theory was used to examine how gender relations at the societal level influence the disbursement of credit while Marxist feminism examined how gender relations at the household level influence access and utilization of the same. It was a case study design involving a random sample of 144 loanee applicants drawn from a population of 572 applicants from five micro finance institutions that served 17,108 households in the Division. These institutions were accessed through purposive sampling after which the loanee applicants from each institution were selected through systematic random sampling. Descriptive and inferential statistics were employed to analyze the data. Descriptive statistics was analyzed using histograms, percentages and frequency distribution. Inferential statistics was used to determine the relationships between gender and the variables under study, access and utilization of credit using Cramer's V. The study found that gender inequality in accessing credit in Rongo Division is influenced by levels of education of the applicants, institutions approached for credit and loan sizes offered. The study also found that the constraints to accessing credit included group lending methodology, long period of loan processing, conditions for lending imposed by the credit institutions, collateral requirement, procedures for accessing credit and terms and conditions of repayment of the same. Based on these findings, this study concludes that access to credit can improve the livelihoods of the rural population and recommends that microfinance institutions increase loan sizes given to applicants, diversify their loaning policy by giving individual loans whose availability is not tied to group membership .

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LIST OF ABBREVIATIONS

ADB	African Development Bank
AEP	Agriculture and Environment Programme
AERC	African Economic Research Consortium
CACE	Centre for Adult and Continuing Education
CBS	Central Bureau of Statistics, Migori District
CGAP	The Consultative Group to Assist the Poor
CID	Center for International Development
DAC	Development Assistance Committee
FSA	Financial Services Association
GLM	Group Lending Methodology
IDRC	International Development and Research Center
IFAS	Institute of Food and Agricultural Sciences
IFC	International Finance Corporation
ISAS	Institute of Southern African Studies
KADET	Kenya Agency for the Development of Enterprise Technology
K-MET	Kisumu Medical and Education Trust
KSH	Kenya Shillings
LABALU	Lake Basin Land Use
MDGs	Millennium Development Goals
MFIs	Micro- Finance Institutions
NGLS	Non-Governmental Liaison Services
NGOs	Non-Governmental Organizations
SARDC	Southern Africa Research and Documentation Centre
SAPES	Southern African Political Economy Series

UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Education Fund
UNIFEM	United Nations Fund for Women
WID	Women in Development

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

This study is about gender inequality in access and utilization of credit in Rongo Division. It was motivated by the fact that despite the initiatives by the government in mainstreaming gender in all its development programmes, the patriarchal nature of the Kenyan society continues to produce systematic gender inequalities by sustaining differences in decision making and resource ownership. The initiatives taken by the government include the development of a National Gender and Development Policy, affirmative action, the establishment of the National Commission on Gender and Development and the Ministry of Gender and Social Development but these have borne very little fruit. The *Sessional Paper No. 2 of 2006* on Gender Equality and Development provides a framework for gender mainstreaming in all development programmes and recognizes the right of males and females to participate in and benefit equally from all development initiatives (Republic of Kenya, 2006). The provision of micro credit has been adopted by different agencies as an important tool for addressing rural poverty. This study investigated the existing gender inequalities in such interventions, using Rongo Division as a case study.

In the past, most of the credit in rural areas like Rongo Division was given by commercial banks. However, such credit interventions tended to exclude the rural poor due to collateral requirements (Lele, 1975). Therefore co-operative societies have played a significant role in terms of increasing access to credit not tied to any collateral (UNICEF, 1998). Following the liberalization of the financial sector in the late 1990s, most co-operative societies faced challenges relating to efficiency and management so that many of them either collapsed or reeled under the heavy yoke of indebtedness. Similarly, commercial banks serving the region scaled down due to high operational costs and competition from other banks. The surviving banks were also seen to be inappropriate for providing credit to the rural population due to the large number of their clients coupled with bureaucratic procedures (Roth, 1997). It is these developments that have led to the emergence of the MFIs to meet the needs of the population formerly marginalized by the mainstream banks (Aguilar, 1999). The most visible of the micro finance is the self-regulating borrower groups, formal and informal institutions (World Bank, 1997).

For quite some time, most of the micro credit in Rongo Division was given through the K-REP but other MFIs have now emerged. Most of these MFIs are being funded by NGOs that have combined their interventions to specific problems affecting the Division like poverty and HIV/AIDS with formal lending. Other forms of micro credit have been availed by ROSCAs which are self regulating borrower groups (Republic of Kenya, 2002). However, despite its rapid expansion, the effectiveness of microfinance in achieving its potential has been put into question due to scarcity of reliable data on the impact of financial services on income, expenditure and wealth of poor households (Jung, 2004). Rongo Division has witnessed the emergence of several MFIs. This study therefore assessed the impact of these MFIs on the rural population in the study area.

For a long time, men and women lived by the norms of reciprocity and interdependence. However, the division of labour between men and women shifted when economic development proceeded with its gradual change from family production of goods and services to specialized production (Boserup, 1990; Larsson *et.al*, 1998). Consequently, the norms of reciprocity and interdependence have been replaced by women's economic dependence on men (Momsen, 1991; Sonpar, 2003). Over the last two decades, there has been an increasing recognition of the significant role played by women in the socio-economic development in Kenya. However, their full participation in development continues to be hampered by a number of obstacles, which include lack of access to credit and non participation in important decisions involving their households (SID, 2004). This has been exacerbated by socio-cultural norms which emphasize unequal status of men and women, (Republic of Kenya, 2005). Studies have shown that gender inequality is a product of a patriarchal structure, which is one of the causes of poverty. Thus an environment which has not adequately empowered women in decision making and resource utilization is likely to perpetuate poverty (IEA, 2008). The Government of Kenya's blue print for development for the period 2009 to 2030, *Vision 2030* seeks to achieve gender equity by improving access by women to opportunities and increase their participation in decision making. Attaining gender equity is therefore anchored in the social pillar of the *vision 2030*. It is therefore important that a study be done to investigate if gender is a factor in accessing rural credit, using Rongo Division as a case study.

1.2 Statement of the Problem

Access to credit and household decision-making in Rongo Division has been characterized by gender inequality. This is reflected in the Migori District Development Plan for the period 2002 -2007 which reveals that in relation to men, women in the Division currently play a minimal role in decision making and are placed at a disadvantaged position as men control access to family resources and are therefore better placed to negotiate for credit with the MFIs that operate in the region. The District Development Plan therefore identifies lack of access to credit by women to be a major constraint to economic growth and productivity. It is therefore imperative that interventions on gender parity are integrated into all development programmes in the Division including interventions on access to credit. This therefore calls for the need to undertake a study on gender inequalities and the factors that influence access to credit. It is on the basis of the foregoing that this study was undertaken to investigate the gender inequalities that exist in access and utilization of credit from the MFIs that currently operate in Rongo Division.

1.3 Objectives of the Study

The main objective of the study was to investigate gender inequality in access and utilization of credit in Rongo Division. The specific objectives of the study were:

- i) To ascertain whether the constraints faced by men are different from those faced by women in accessing credit.
- ii) To ascertain whether preferred sources of credit are different for men and women.
- iii) To highlight the gender household decision-making process regarding utilization of credit.
- iv) To examine the gender differences in utilization of credit.

1.4 Research Questions

The study addresses the following research questions.

- i) Are the constraints experienced by men in accessing credit different from those experienced by women?
- ii) Are the preferred sources of credit by men different from those by women?
- iii) How are decisions regarding credit utilization made within the households?
- iv) What are the differences between men and women regarding utilization of credit?

1.5 Research Assumptions

The study makes the following assumptions:

- i) That the constraints experienced by men and women in accessing credit are gendered.
- ii) Women prefer informal sources of credit while men prefer formal sources of credit.
- iii) Utilization of credit involves a process of decision-making.
- iv) There are differences in the utilization of credit between men and women.

1.6 Justification of the Study

Addressing the problem of gender inequality is currently a major concern to the government of Kenya, development agencies and the international community. There has therefore been an emphasis on interventions that address gender disparities as a way of addressing rural poverty. According to Migori District Development Plan for the period 2002-2008, proposed measures to address the problem of gender inequality includes encouraging the emergence of MFIs to support gender sensitive development activities. This study therefore gave an insight on the extent in which gender has been integrated into the existing micro credit interventions in Rongo Division. Specifically, it focused on the extent in which inequality between men and women is manifested in accessing rural credit and has consequently proposed ways of improving access to credit to the marginalized in Rongo Division. Furthermore, it needs to be emphasized that addressing gender inequality in Rongo Division will a right step towards the attainment of the MDGs.

Increased access to credit without gender bias can empower those who have been socially excluded and kept out of the mainstream of economic activity and improve rural income earning opportunities. This is through gaining control over resources like credit and income. However, micro-credit is not in itself a magic potion that would automatically lead to better living conditions of the rural poor. In some instances, micro-credit has led to cycles of indebtedness and bankruptcy among borrowers. Therefore, it was important that a study be done on how credit is utilized by men and women. The MFIs in Rongo division can use the findings of the study to combine their lending with training programmes to enhance proper utilization of credit among the rural borrowers. This can also lead to better repayment of loans. The findings of this study can also be useful in mainstreaming gender into

development policy, as it can help the government, civil society and development agencies in reducing gender inequality in access to opportunities like credit.

1.7 Scope and Limitations of the Study

The study involved a random sample of 144 loanee applicants from 572 households in the five locations of Rongo Division. Although there has emerged a variety of MFIs with different clientele, this study focused on mixed gender MFIs that are currently in Rongo Division and specifically to cases where application for credit had been made. This study investigated how applicants use credits obtained from the MFIs to improve their livelihoods by investigating how such credits were utilized. Only those applicants who are engaged in non-formal employment were involved in this study. This was to control intervening variables which include income from other sources like salaries that was likely to constrain the study.

The limitations that were encountered during this study included the difficulties in getting information from the MFIs due to stringent regulations regarding confidentiality on their members. However, the researcher was able to obtain a letter of introduction from the university which was used to overcome this problem. The scarcity of gender disaggregated data within these institutions was also noted. The credit institutions that were selected for the study also lacked proper data bases of their clients regarding the state of their loans. Hence there was no clear distinction between successful and unsuccessful applicants as those presented as unsuccessful from the loan offices were found to be successful in the field. With these institutional weaknesses, the number of loanee applicants given by the MFIs appeared to be large but a visit to the field found the same names being repeated every time they applied for credit. Therefore, the number interviewed in the field substantially reduced.

1.8. Definition of terms

Access to credit

This refers to being able to obtain credit. In the study, it is used for all the applicants who have either acquired or not acquired.

Affirmative action

This refers to social policy designed to ensure equal opportunities to members of groups that have been under represented in valuable positions in the society.

Formal sources of credit

The formal sources of credit are treated in this study as financial institutions and transactions that fall directly under the regulation of specific laws of the land and include banking institutions and MFIs.

Gender norms

In this study, this will refer to traditional beliefs and practices that regulate relationship between men and women in terms of ownership, access to and control of family assets and division of responsibilities and claims.

Informal Sources of Credit

These will refer to self regulating borrower groups that do not fall directly under any legislations and will include ROSCAs and merry go rounds.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

In this chapter, literature related to gender and micro credit was reviewed. This was to discover the connections between past research findings, identify the existing knowledge gaps and create entry points for this study. The chapter begins by a general discussion on the importance of micro credit. It will then present various dimensions of gender inequality and the factors that perpetuate the same. The theoretical and conceptual frameworks that informed this study will also be examined in this section.

2.2 The Importance of Micro-credit

Micro credit programmes have increasingly become an important intervention for addressing rural poverty due to their important development benefits. Through a strategy of direct lending combined with group liability for loans, they have ensured a supply of credit to those marginalized from the formal banking sector (Kabeer, 1997). It is believed that lack of access to credit by the rural population is a constraint to adoption of improved inputs and technology that can lead to increased household incomes and enhanced welfare (Pishke, 1975). According to Lele (1975), most of the rural populations in Sub Saharan Africa live in poverty by surviving on a per capita income of less than one thousand dollars. Therefore improving the livelihoods of such population can only be achieved through access to credit.

Pellekaan (1997) argues that rural poverty in Africa is caused by inadequate access to assets of various kinds like employment opportunities, physical assets like land, capital and inadequate delivery of education and health facilities. People with food security problems therefore lack access to food because of lack of access to income with which to produce or exchange sufficient food for a healthy life. Improving the livelihoods of such rural population can be achieved through micro-economic policies, which include access to credit by the poor. Access to credit by the poor can enable them to not only invest in business but manage household emergencies and meet other varieties of cash needs that they may encounter (Littlefield *et.al*, 2003). These studies underscore the important role played by credit in improving rural livelihoods. The emergence of several MFIs in the study area calls

for the need for an empirical study of the impact of these MFIs on increasing the incomes of the rural population and raising their livelihoods.

According to Besteman (1995), access to credit is critical to small farm business and the self-employed for whom it is necessary to expand production, obtain new agricultural technology and maintain business at reasonable levels of efficiency, while according to Livingstone (1990), access to credit may facilitate the process of agricultural intensification, which is central to labour absorption process in rural areas. Sirleaf (1997) argues that because rural poverty is caused by inadequate access to employment, credit to the poor can lower unemployment and reduce disparities between the rural households. Furthermore, because most of the poor live in areas of low environmental fragility where they are exposed to dangers of erosion, access to credit can enable the rural folk invest in water saving technologies and reap maximum advantage from land and water resources. The study area for this research is predominantly agricultural. This study therefore explored the impact of access to credit on agricultural activities.

Access to credit has also been associated with empowerment which is critical for poverty alleviation. The evidence of empowerment has been given by authors as participation in decision-making on critical choices like investing in business, sending children to school, improving health care, awareness and control (World Bank, 2004; Cheston & Kuhan, 2002; Hoque & Itohara, 2009), access to wider information and support networks (Mayoux, 1997), increased incomes (Atieno, 2001; K'Aol, 2008; Mayoux, 2006) and bargaining power within the households (Mayoux, 1999; Aguilar, 1999). These can reduce the vulnerability of the poor to shocks and therefore help them build their assets. From the literature cited, it is apparent that empowerment is a wide concept that can not be adequately addressed. Furthermore, while these studies recognize the important role played by credit as an intervention for improving the livelihoods of the rural poor, this has been debatable (Roth, 1997; Aguilar, 1999). No study had been done on the importance of micro credit in Rongo Division. This study therefore examined the importance of micro credit using the Division as a case study.

2.3 Gender and Access to Credit

An analysis of gender inequality in access to credit is better understood when done in the context of access to and control of other resources like land, property and development opportunities. This is because gender norms surrounding property rights influence access to financial services (Ishengoma, 2002; Johnson, 2004). It is well established that access to productive resources like land, employment, and credit has been characterized by male dominance (Hoque & Itohara, 2009; Ishengoma, 2002). Meintfes *et.al* (2001) argue that in most African societies, it is men who control access to resources and distribute it to women on the basis of purported virtues like faithfulness. This implies that those who do not display these virtues are denied access to resources. The studies highlighted underscore the fact that female members of rural households have user rights rather than ownership rights meaning that their position at the household level improves as the prosperity of their husbands do. However, these findings ignore the influence of the household relationships between men and women which will be addressed by this study.

According to Henn (1984), relations of patriarchal dominance in households confine majority of the rural women to a life of heavy labour with limited welfare. Their problem of low productivity in food farming, lack of cash to invest in modern inputs, lack of time and money to provide adequate nutrition for their children is often ignored or at times denied by national and local leaders. Furthermore, contemporary state institutions like co-operatives reinforce patriarchal dominance by accepting only male heads as members while most women do not receive credit. At the household level, women perform most of the reproductive tasks like child bearing and rearing, food processing and care of the sick but do not enjoy similar rights in terms of access to and control over resources, which include land, credit and decision-making process (Meena, 1992). Even in the same socio economic group, women tend to be worse off than men because they are isolated from chances of improving their livelihood. They lack access to resources for development like credit (Mosse, 1993). Among the barriers to women's access to credit and financial are the assumptions that women do not make major farm decisions and that they are primarily involved in subsistence production which limits the time that they can devote to market oriented activities (UN, 1994). From the foregoing literature, it is apparent that access to credit is characterized by constraints. This study therefore investigated the constraints to accessing credit with a focus on credit initiatives in Rongo Division.

Atieno (2001) argues that credit markets are mainly fragmented as they serve clients with distinct characteristics. On the basis of the loans given and the methods used, the credit market can be fragmented as either formal or informal but drawing a line between the two can at times be problematic (Kairu, 2009). Hence formal sources may as well pass as informal sources and vice versa. Despite this dichotomy, the credit market is characterized by constraints. According to Atieno (2001), the constraints in access to credit from the formal institutions is created by difficulties in loan administration, high transaction costs and the risks of default while for the informal institutions, the constraints are mainly due to the small size of resources that they control. From this literature, while the constraints to accessing credit are apparent, a gendered examination of these constraints is missing. The present study will investigate the implications of these constraints on gender using Rongo as a case study.

Reports on the socio economic status of women in Kenya reveal that access to formal sources of credit in Kenya is currently characterized by gender inequality whereby more males access credit as compared to females (ADB, 2007; IEA, 2008; IFC, 2009). This is because most of the loans disbursed in Kenya require collateral, which in most cases is owned by men, thus posing a constraint to women who may be seeking credit as they do not have control over assets like land which is used as collateral (Kimani & Kombo, 2009; World Bank, 2007). As a result, most of the credit currently accessed by women is from informal saving mechanisms like the women groups (Wacker, 1987) and MFIs (IEA, 2008). Because of this, women are not able to move from MFIs to more formal collateral based lending institutions because they possess collateral in the form of movable assets like livestock and machinery which are not usually considered credible types of collateral (IFC, 2009; World Bank, 2007). Studies on entrepreneurial characteristics among women in Meru district found that a majority of women owning small scale enterprises were compelled to use personal savings and family finance due to lack of collateral required by financial institutions (Naituli, *et.al.*, 2008). Similarly, Mulu *et.al* (2008) while investigating challenges to the advancement of female owned enterprises found that the existing sources of credit are not always available to women micro entrepreneurs because they lack information about them while others lack collateral. They also found that only a small percentage of females acquired credit which was mostly from the NGOs and faced constraints which included high interest rates, lack of collateral, long hours of meeting, short repayment periods, smaller loan sizes and the length of time taken to access credit.

The findings mentioned are silent on the influence of household gender relations on access to credit. Furthermore, the studies above had been based on the assumption that what benefits men automatically trickles down to women. While it is this assumption that had in the past influenced allocation of credit, the emergence of MFIs in Rongo Division calls for the need to investigate the factors that presently influence access to credit. This study focused on how gender influences access to and utilization of credit.

2.4 Gender and Utilization of Credit

It is important to look at household investment strategies in relation to daily work patterns. This is because daily and weekly activity time patterns reflect work habits and expenditure patterns of the family (Devi, 1988). Conventional gender analysis reveal that rural women's productive time is spent primarily in subsistence farming and household activities while men would spend their time on activities outside the home (UN, 1994; Kimani & Kombo, 2009). However there are now changing gender practices at the household level whereby men now allocate more time to domestic work (Silluvian, 2004). Furthermore, under increasing economic pressure, men have lost their traditional livelihoods forcing women assume additional income earning tasks while continuing with their domestic tasks (Narayan *et. al.*, 2000; UN, 1994). It is on the basis of these developments that the current study investigated whether these changing gender practices have influenced utilization of credit at the household level in Rongo Division.

A study done by Gwagwa (1998) on utilization of money within low income households in an urban setup in South Africa found that men were not willing to fully share the proceeds from their income generating activities within the household. Further studies by Ishengoma (2002) in Morogoro region in rural Tanzania also reported higher cases of income retention among males as compared to females. Income retention is therefore reported as an accepted practice, especially where women are also involved in income generation. While men are likely to spend a significant portion of their income for personal use in areas like gambling, smoking drinking and buying whatever they want, women tend to devote virtually all of their income to the family in areas like food, medical treatment, school fees and clothing for the children (Pearson, 1995; Narayan *et. al.*, 2000; Gurung & Gurung, 2006).

An analysis of existing literature on gender and utilization of income have yielded different expenditure patterns between male and female members of the household. For example, Devkota (2006) argues that males dominate in the utilization of income in both crops, livestock and off farm employment, while according to Javed *et al.* (2006) , investment in farm activities like purchase of seeds and poultry is majorly done by females with very few investing in micro- enterprise. In Kenya, Muteshi (2006) found that majority of Kenyan women are primary producers of subsistence for their families and therefore spend most of their income on farm activities. On the other hand, studies by Johnson (2004) on intrahousehold division of expenditure responsibilities in Mathira Division of Central Kenya reveal that purchase of farm inputs and payment of fees is mainly a husband's responsibility while purchase of food, non food items and clothes for the children is the responsibility of the wives.

Studies have also been done on gender and entrepreneurship. For example, Moore (1999) found out that female-headed businesses survive more than male-headed businesses due to the strong driving forces of personal accomplishment, freedom and self-respect. At the same time, it found that females who opened their business have less experience in opening and managing business. Other studies done in Kenya on the influence of intra household gender norms on income and expenditure have revealed that credit advanced to women would be used effectively to support family welfare than if the credit was given to men (IEA, 2008; Johnson, 2004; Kimani & Kombo, 2009). This is because credit given to a female member of the household is likely to increase household income, children's education, and double household expenditure. The findings highlighted underscore the fact that women's income has become critical to the survival of many low income households. This is in spite of conventional gender analysis which views men as responsible for income generation and women for household reproduction. They also show that investment strategies adopted by women are more viable than those strategies adopted by men. Because credit markets are characterized by the inability to satisfy the existing demand, it is imperative that those who access credit utilize it for the full benefit of their households. The present study therefore investigated how both men and women utilized credit in Rongo Division.

2.5 Gender and Household Decision-Making

Households form intermediate institutions between policies, programmes and the targeted individuals. It is at the household level where decisions are made about allocation of scarce resources and purchase of goods for family needs. Furthermore, the prosperity of the households depends on various activities like getting incomes, purchasing food materials and other goods (Amartya, 1990). An understanding of household decision-making is therefore vital for tracing the impacts of any programmes initiated on the households. This is because gender inequality in household decision-making affects the economic well being of those in the household and is likely to perpetuate poverty (IEA, 2008; Parena, 2001). Theories of household decision-making are based on economic models. Although, these theories are varied as there are many scholars on the subject matter, it is apparent that household decision-making involves conflict and co operation (Male & Kayongo, 1984; Amartya, 1990; Johnson, 2004; Xu, 2007). The exploitation theory which is based on the Marxian school of thought treats the household as one where unmitigated self interest, usually that of the husband, prevails (Parena, 2001; Lundberg, 2005). This leads to exploitation of the family members by the husband who makes all decisions regarding the allocation of resources. Furthermore, socio cultural norms exert pressure on women to conform such that a rebellion on the part of women creates conflicts within the household. The neoclassical theory is based on the fact that the head of the household, usually the husband is interested in the welfare of family members and despite controlling significant economic resources, makes compensatory transfers to other members of the household. This theory therefore obscures any conflicts that may exist within the household and presupposes joint decision-making (Lundberg, 2005; Parena, 2001). According to the co operative household bargaining theory, both husband and wife are in conflict over the distribution of revenue but recognize the importance of cooperation in the production of the final product which generates revenue. From the different theoretical underpinnings of household decision making, it follows that decision making process differs from one household to another, depending on situations that may confront the household. This study will offer an empirical assessment of the household decision-making models that are at play when opportunities like credit emerge for the rural population in Rongo Division.

According to Floro (1992), there exist unequal positions in household decision-making between men and women. This is attributed to the patriarchal male culture that predominates at the household level, thus inhibiting women from participating in decision making (World

Bank, 2003). Major decisions usually rest upon the male household head; hence men still retain legal ownership and decision-making power over resource allocation. In certain cases, women are relegated the responsibility of overseeing the household budget and are in charge of designating household duties among family members but within boundaries dictated by norms. Even in modern day African societies where the woman is the bread winner, the husband still wields an explicable power over her (McFadden, 1992). This reluctance by men to allow women take part in household decision making is attributed to the fear by men that it undermines their dignity (zohir, 2003). These studies suggest that gender relations are characterized by patriarchal dominance whereby decision making has been skewed in favour of men. The present study investigated the gender relations with specific focus on household decision-making.

An examination of the factors influencing household decision making has revealed different findings. Some studies reveal that the ability to make decisions within the household is influenced by income and assets one controls, age and the level of education so that the strongest say in the household decision- making belongs to the family member who controls the largest share of household income. Since most resources are granted to the male heads of households, the males therefore acquire the powers to be involved in decision-making (Flood *et.al.*, 1997; Hoque & Itoharu, 2009; UNICEF, 2007). However, according to other findings, the role of husbands and wives in decision making is determined by the perceived needs of the farm and household rather than by culturally determined patterns (Devi, 1988; UN, 1994). A larger percentage of rural women participate in making decisions regarding seed storage, seed selection and winnowing while husbands decide on application of fertilizers. Therefore participation of women in decision-making patterns of home and farm management is correlated with their role behaviour. These studies suggests that women have a greater degree of autonomy in making decisions in matters related to the household food production as they perform most of the tasks related to food production. Other scholars argue that participation of men and women in decision making is influenced by their positions within the households and the community. Therefore, women's output ranges from recommendations and, in a few cases to making actual decisions depending on their positions (Gurung & Gurung, 2006). Even where women have more access to income from proceeds from the farm, they do not have the freedom to spend cash income in any way they desire. While they first have to consult the family and reach an agreement, men on the other hand spend the money they receive to purchase whatever they want without consulting the

family or getting approval. Johnson (2004) investigated intrahousehold decision making on the division of expenditure responsibilities in Mathira Division of Central Kenya and found that it was characterized by conflict and cooperation between husbands and wives. While there was agreement that payment of fees for children, asset purchase and purchase of farm inputs was a male responsibility, there was considerable disagreement about women's contribution. However, there was least disagreement regarding the purchase of food, non food items and clothes for the children whereby it was agreed that this was the responsibility of the wives.

The studies highlighted in this section have revealed that there are variations in household decision-making. This can be attributed to the fact that household decision-making is not a static phenomenon but rather changes with the introduction of new opportunities. With the emergence of several MFIs in Rongo Division, it is imperative that a study be done on the factors that influence decision-making regarding utilization of credit. It is on the basis of the foregoing that this study investigated the decision-making process regarding utilization of credit.

2.6 A Summary of Emerging Issues from the Literature Review

From the literature reviewed, the important role played by credit as a rural development intervention is apparent. It has emerged that access to credit can lead to virtuous spirals of empowerment (Mayoux, 1998) which are evident in increased household incomes (Atieno, 2001; K'Aol, 2008; Littlefield *et.al*, 2003; Mayoux, 2006) and decision- making (Cheston & Kuhan, 2002; Hoque & Itohara, 2009). Access to credit can lead to improvement in livelihoods of the rural poor through investments in education, business and agriculture (Besteman, 1995; Littlefield *et. al.*, 2003; Livingstone, 1990) and therefore reduce their vulnerability to crises that are so much part of their daily lives (Littlefield *et.al*, 2003). The literature reviewed also points that there is gender inequality in several areas of life within the rural households. These Inequalities are manifest in access to credit which is characterized by male dominance (Hoque & Itohara, 2009; Ishengoma, 2002), distribution of work in the households and in income utilization. It has also emerged that there are different expenditure patterns between males and females within the rural households. The literature also points to the existence of three models of household decision-making, namely; exploitative models, neoclassical models and cooperative household bargaining models which evolve with the changing nature of households (Amartya, 1990; Parena, 2001; Xu,

2007). However, while there is evidence of gender inequality in the rural households, the literature is not clear on whether these inequalities affect access to credit provided by micro financial institutions in the rural areas. It is on this basis that this study investigated the extent in which gender inequalities influence access to credit, using Rongo Division as a case study.

2.7. Theoretical Framework

This study examined access to credit by men and women at the household level. Specifically, it sought to examine how unequal gender relations at the household level influences access and utilization of credit. These relations have a bearing on the contribution of men and women to the production process. The feminist theories of gender inequality were therefore found to be relevant for this study.

Feminism is a broad term used for social theories that explain the relations between men and women in the society. Its point is to change the world, to transform the relations between men and women so that all people can have more chance to fulfill their whole potential (Ramazanoglu, 1989). Feminists question and challenge the origins of oppressive gender relations and attempt to develop a variety of strategies that might change these relations for the better. Feminism does not just deal with issues of justice and equality but also offers a critique of male dominated institutions, values and social practices that are oppressive and destructive (Mannathoko, 1992). Feminist theories therefore seek to explain social world from the female point of view and considers the place of women as central in every issue being investigated. It is based on two key assumptions; first, that women are present in most social situations and where they are absent; it is due to deliberate efforts to exclude them. Secondly, in most social situations, women's roles have not been identical to those of men because they are less privileged and subordinated. Therefore, women's location and experience in most situations is different and unequal to that of men (Ritzer, 1992). The basic principle of the feminist perspective is the creation of a non exploitative, non hierarchical reciprocal relationship between men and women (Mies, 1986). Although there are different versions of feminism with distinct theoretical positions, two feminist theories were found to be relevant to this study. These are the Liberal feminism and the Marxist feminism.

2.7.1. Liberal Feminism

Liberal feminism dates back to the eighteenth century when liberal feminists like Mary Wollstonecraft questioned view points about women that are discriminatory. The questions it poses relate to women's dependency on men, their capabilities and their rights (Mannathoko, 1992). This explanation of gender inequality therefore begins by identifying the sexual division of labour between men and women whereby women are viewed mainly as mothers responsible for all caring and domestic responsibilities and dependent on men.

This ideology of female dependency prescribes appropriate roles for men and women and creates separate spheres of work, which sustains unequal gender relations (Arya, 2000). It restricts women to the private spheres of life, which have nothing of value but mindless chores of motherhood and wifery but gives men access to the public sphere where the true rewards of social life like money; power and opportunities for self worth are to be found (Ritzer, 1992). Furthermore, what the housewife produces in the family is the commodity labour force which the husband can sell as free wage labour in the labour market. Liberal feminists argue that this system has produced gender inequality because it justifies discriminatory wage structures, unequal access to technology, information and credit. Liberal feminism is therefore organized around campaigns for equality and redistribution.

Liberal feminists see marriage as a cultural system of beliefs, ideals, institutional arrangement of roles and norms and a complex of interactional experiences for individual men and women. While it empowers men to move beyond domestic setting, it mandates women to be compliant, dependent and centered on the activities and chores of the isolated domestic household (Ritzer, 1992; Mies, 1986). Liberal feminists struggle for equality with men from within the existing social structure (Mackenzie, 1993). One strategy proposed by the liberal feminists to eliminate gender inequality is mobilization through use of the existing political and legal channels for change and equal economic opportunities. It seeks to liberate women through increase of their participation in political organs (Mannathoko, 1992) and emancipate them through wage work (Mies, 1986). Liberal feminism is therefore found to be relevant to this study because it explains why past credit interventions have discriminated against women. Similarly, the emergence of MFIs seeking to increase the access of women to credit opportunities can be seen as one of the strategies of increasing the participation of women in public affairs.

However, liberal feminism does not consider the power relations between men and women at the household level and only focus on correcting inequalities at the wider societal level. Liberal feminists have therefore been accused of compromising women's rights to productive assets for welfare oriented services and ignore the gender inequalities within the system (Manathoko, 1992). Therefore the legal changes proposed by liberal feminists to promote equality do not tackle the underlying economic causes of inequality (Ramazanoglu, 1989). Hence while this theory seems appropriate in explaining why past credit institutions tended to ignore women and instead worked with men, it fails to explain the complex household dynamics that influence the need for credit. This will be explained by the Marxist feminism.

2.7.2. Marxist Feminism

Marxist Feminism not only explains gender oppression but also gender inequality. The Marxist feminists explain women's oppression in terms of their location in class relations, with respect to ownership and control of the means of production and position in the labour force (Mbilyini, 1992; Chow *et.al*, 2004). To this end, they use Fredrick Engels and Karl Marx's work- *The Origin of the Family, Private Property and the State* to locate women's oppression in the family (Mannathoko, 1992). The family is seen as a system of productive and reproductive roles whereby women are seen as workers but on very different terms from men (Ramazanoglu, 1989).

Marxist feminists also create unequal sexual division of labour by associating men with the production of goods and women with the reproduction of human beings (Meena, 1992; Arya, 2000; Ritzer, 1992). Consequently, there is a dualism of private and public domains whereby real work takes place outside the home. However, women's work is at home where they service the needs of the household and reproduce the labour required for production. This social distinction between men's work and women's work concealed divisions in access to land, knowledge, skills and other resources, the control of labour and the right to dispose of what was produced (Ramazanoglu, 1989).

Marxist feminists see the family as a system of patriarchy where men have assumed rights over women's labour, bodies, childbearing and identity (Mackenzie, 1993), with property passing through the male line and authority vested in the male household head. They argue

that the society has legitimized the patriarchal system by claiming that it is the fundamental institution in all societies. Consequently, men have laid claims to resources essential for economic production, have become property owners and developed enforceable needs for a compliant labour force from their wives. Marxist feminism therefore views women as a reserve labour force for capitalism, whereby they serve the interests of capitalism through the management of family consumption (Mannathoko, 1992; Ramazanoglu, 1989). Consequently women have also themselves become property (Ritzer, 1992).

Marxist feminists embed gender relations within the contemporary capitalist class system where women are less advantaged than men in their access to material goods and opportunities for self-actualization. The embeddedness of gender inequality is especially visible in the modern capitalist system where the bourgeoisie men own the productive resources of industry, trade and agriculture. As a result, women have become less valuable as workers than men, had access to a more limited range of work. Men have also benefited from this situation and played part in maintaining it (Ramazanoglu, 1989).

Marxist feminist position on policy matters is to remove the barriers to women's participation in the economy and encourage women to produce more and get more income. It specifies the path to women's liberation that begins with proletariat struggle including setting up women's organizations (Chow *et.al*, 2004). It also advocates mass mobilization and revolution against the male capitalist class (Arya, 2000), which has failed to materialize in Kenya. However, it is relevant to this study because it explains how females utilize the credit that they have accessed to overcome domination by the males. Therefore, Marxist feminism perfectly fits in the empowerment paradigm as seen in the proliferation of many women's liberation movements and women's organizations that seek to empower women through credit.

2.8 Conceptual Framework

The conceptual framework that informed this study in explaining the relationship between gender, access and utilization of credit is presented by figure 2.1.

Figure 2.1: Conceptual Framework of the study

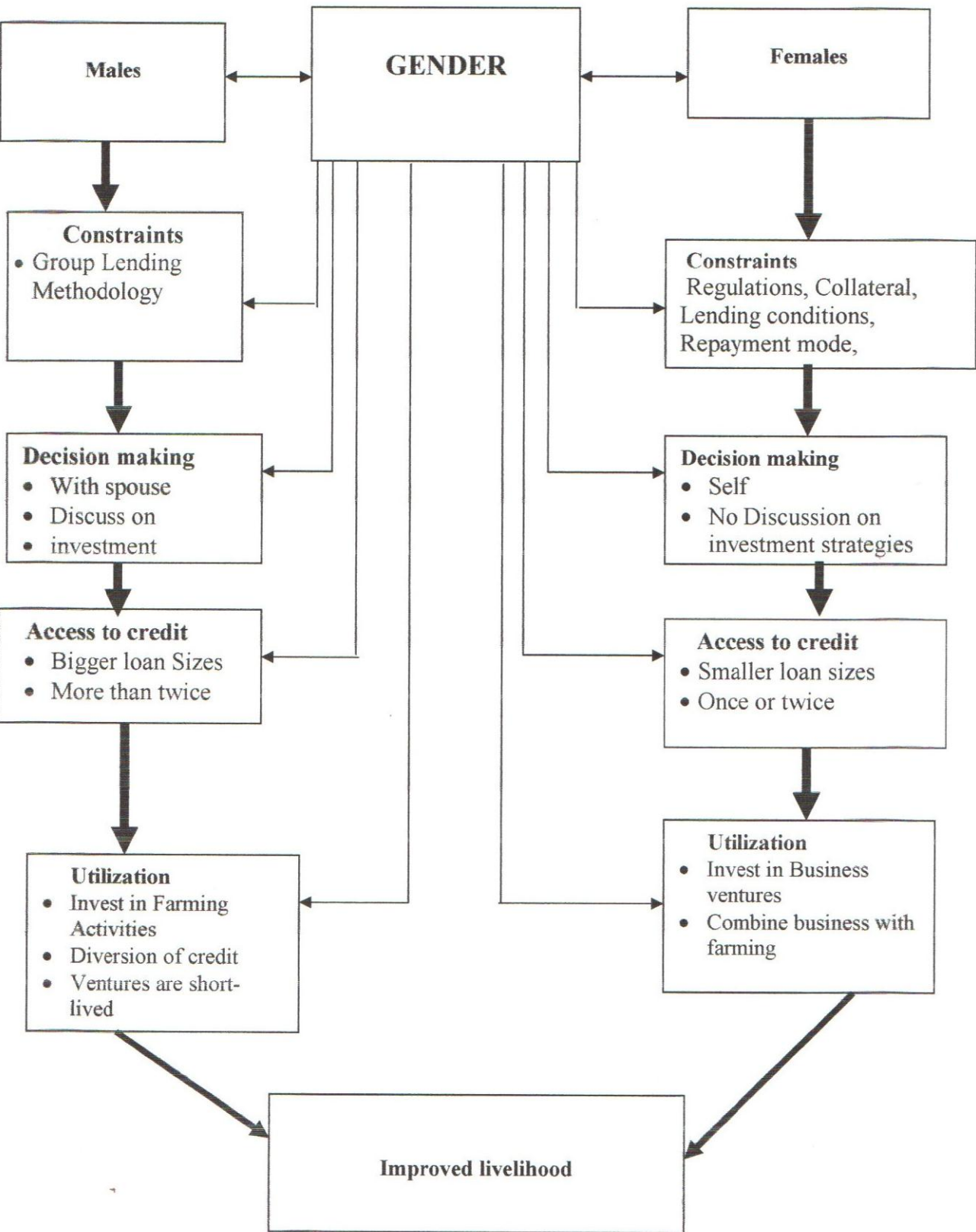


Figure 2.1 gives the conceptual framework that informed the study. Three dimensions of the constraints to accessing credit were considered, using inputs from the theoretical framework. These are societal customs that are enforced at the household level by patriarchy and at the societal level by institutional regulations, which have limited the access of females to credit. The conceptual framework presupposed that access to credit by both gender can lead to improved livelihoods of the rural population if such credits are properly utilized. From the findings of the study, the constraints that are experienced by females in accessing credit include lending conditions, small loan sizes given and mode of repayment of loans. Females therefore access loans only once or twice. The males on the other hand majorly experience the constraint of Group Lending Methodology in accessing credit but have access to bigger loan sizes. From the conceptual framework, females make major investment decisions on their own while males consult their spouses on areas to utilize the credits that they have accessed. The females also tend to utilize their credit on off farm activities which also tend to last longer while males tend to utilize their credit majorly on agricultural ventures which are usually short lived. Gender is an independent variable while the frequency of accessing credit, loan sizes and investment strategies are dependent variables. The constraints to accessing credit are intervening variables.

CHAPTER THREE

METHODOLOGY

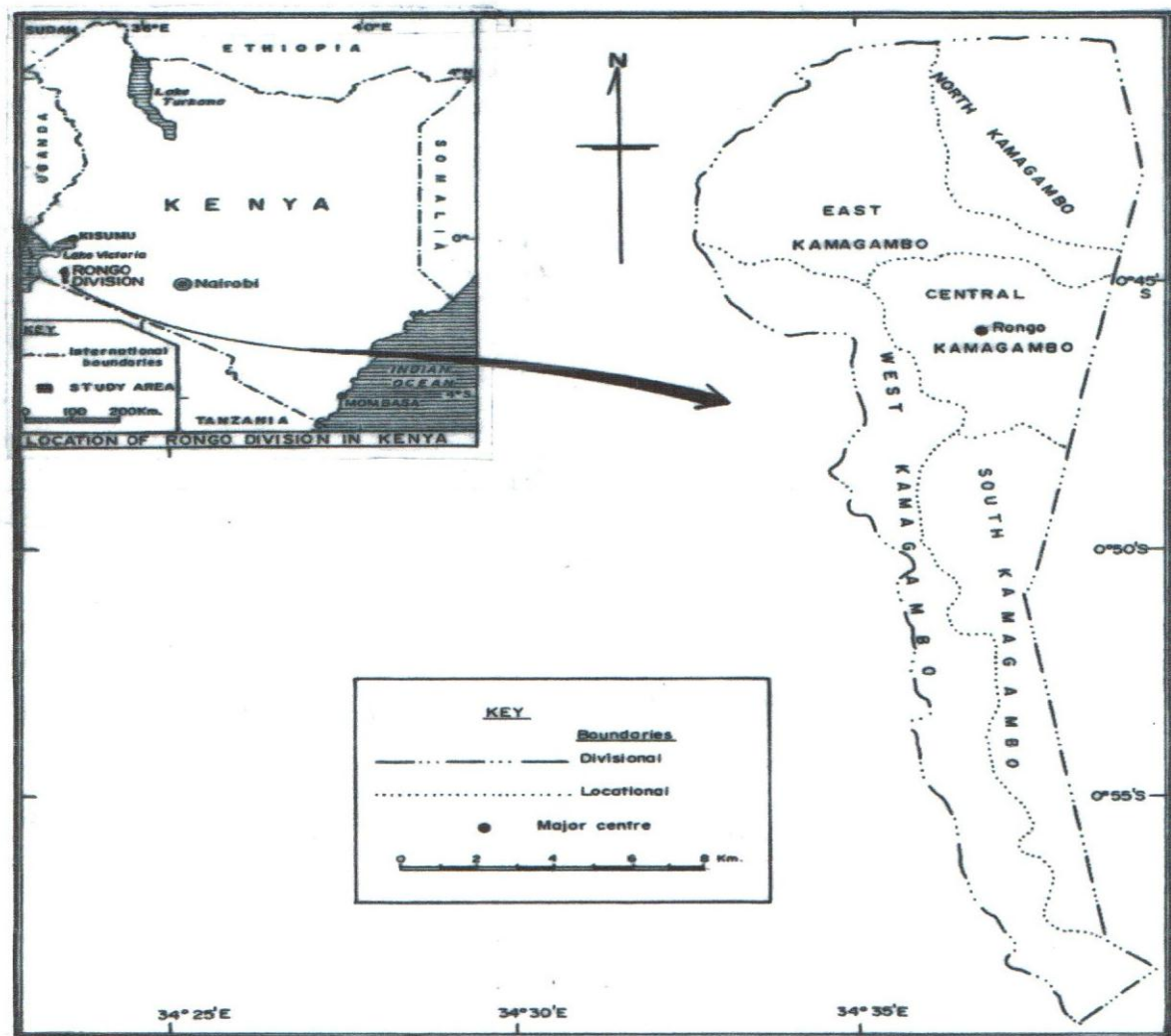
3.1 Research Design

The study was a case study research design. This design is useful in collecting comprehensive, systematic and in-depth information about a particular case of interest and incorporates the views of the subjects involved (Tellis, 1997; Orodho, 2009). A case study is also useful when the researcher needs to understand particular people, problems or situations in great detail and is therefore ideal for sociological studies (Tellis, 1997). This study investigated the constraints that are encountered by men and women of Rongo Division in accessing credit, using variables like frequency of accessing credit and loan sizes accessed, hence found a case study design to be appropriate for investigating the relationship between gender, access and utilization of credit. The cases involved in the study were the 144 members who had asked for credit from the MFIs and were either successful or unsuccessful.

3.2 Study Area

The study was conducted in Rongo Division of Migori District. The Division lies between 0°40' S and 1° S and 34°32' E and 34° 40' E. It covers an area of 212.1 square kilometers with a total population of 79,817 people of which 38,279 are males and 41,538 are females distributed in 17,108 households. It has five locations namely Central Kamagambo, West Kamagambo, East Kamagambo, South Kamagambo and North Kamagambo locations (Republic of Kenya, 2002). The Division borders Homa Bay District to the East, Awendo Division to the West and the larger Kisii districts to the north and south. The residents of the Division are engaged in subsistence farming and cash crop cultivation. The main food crop grown is maize while main cash crops grown are sugar cane and tobacco. These agricultural activities demand that the poor households access credit to enable them invest productively in agriculture. Rongo Division was therefore found to be ideal for a study on credit access in relation to gender and credit utilization.

Figure 3.1: Map of Rongo Division



3.3 Unit of Analysis

The unit of analysis was the individual member of a Microfinance institution in Rongo Division.

3.4 Population and Sampling Procedures

3.4.1 Population

The population of the study was drawn from the MFIs that are operating in Rongo Division. Between the year 2004 and 2006, these institutions had 572 members. The distribution of these members to the institutions by gender is shown by table 3.1.

Table 3.1: Population of the Study

Institution	Males	Females	Totals
KADET	26	51	77
RONGO FSA	79	35	114
AEP	81	117	198
LABALU	11	54	65
K-MET	26	92	118
Totals	223	349	572

Source: Field Data (2007)

3.4.2 Sampling Procedures

The study first employed purposive sampling technique. In this technique, subjects of study are picked because they possess the required characteristics (Mugenda& Mugenda, 1999). The applicants were purposively selected as hey were thought to be typical of the population in important aspects that are under study. Rongo Division was purposively selected due to its high concentration of MFIs, through which the rural population access credit. With the assistance of the local group leaders, an alphabetical list containing the names of all the loanee applicants from these institutions was made and aggregated according to gender and occupations so that those engaged in formal employment were excluded from the study. This was done to control intervening variables like salaries which could be utilized alongside credit given by the institutions. Thereafter, the researcher employed systematic random sampling in which the cases for study from each institution were picked at an interval of five. The number of loanee applicants to be accessed from each institution was proportionally calculated by dividing each case by the total population then multiplying it by the sample size in order to get a representative sample. Armed with information about the applicants which was obtained from the loaning offices, both successful and unsuccessful loanee applicants were traced to their households from where one to one interview schedules were administered to them by the researcher. Unsuccessful applicants were interviewed to investigate the reasons for being unsuccessful while the successful applicants were interviewed to establish the constraints they experienced in accessing credit, how decisions to seek credit were made and areas where accessed credit was utilized.

3.4.3 Sample Size

The sample size for this study was determined using guidelines provided by Israel (1992), who gives three approaches to determining the sample size for any given study. These approaches include using a census, applying formulas, imitating a sample size of similar studies and using published tables which provide sample size for a given set of criteria. For a population size of 500 a sample size of 145 for $\pm 7\%$ precision levels is recommended at a confidence level of 95% while for a population of 600, a sample size of 152 is recommended. Israel (1992) further argues that if descriptive statistics are to be used for data analysis then nearly any sample size will suffice. This study involved use of descriptive statistics and therefore found a sample size of 144 to be adequate because the same response patterns were discerned throughout the interview sessions by the researcher. The distribution of these 144 respondents from the institutions by gender is shown in table 3.2.

3.4.4 Methods of Data Collection

The data for the study was collected by conducting household surveys whereby individual members of the MFIs were located after which structured interview schedules were administered to them by the researcher. Interview schedules for households focused on the constraints to accessing credit, preferred sources of credit and areas in which accessed credit was utilized (Appendix I). These schedules were first pretested on a selected sample on sixteen households from the same area of study before they were administered to the actual sample used in the study. This was to enhance the validity of the instruments. Interview schedules to the MFIs were mailed and sought to establish the number people who have applied for credit, successful and unsuccessful applicants, conditions for accessing credit and the amounts of money given to successful applicants (Appendix II).

3.5 Data Analysis

Both quantitative and qualitative data was collected. Quantitative data related to the demographic characteristics of the applicants, namely age, marital status and levels of education which were measured descriptively in terms of percentages. Qualitative data related to factors influencing access to credit, the constraints experienced in accessing credit, preferred sources of credit, household decision- making process and areas where credit was utilized. The data generated from this study was analyzed by descriptive and inferential statistics. Access to credit was measured in terms of the percentage of males and females who had acquired credit, the frequency of accessing credit from the MFIs and the loan sizes

that were given by gender while the constraints to accessing were described qualitatively and assumed nominal levels of measurement in which the difficulties encountered in accessing were summarized into themes and the emerging variables cross tabulated with gender to determine the relationships. Scientific Packages for Social Sciences (SPSS) was used to determine the relationship between gender, access and utilization of credit, while to examine the gender variations in access to credit in the locations, chi square was used.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This study explored the scope of gender inequality in access and utilization of credit in rural Kenya, using Rongo Division as a case study. A total of 144 respondents who had applied for credit from five locations of the Division were interviewed.

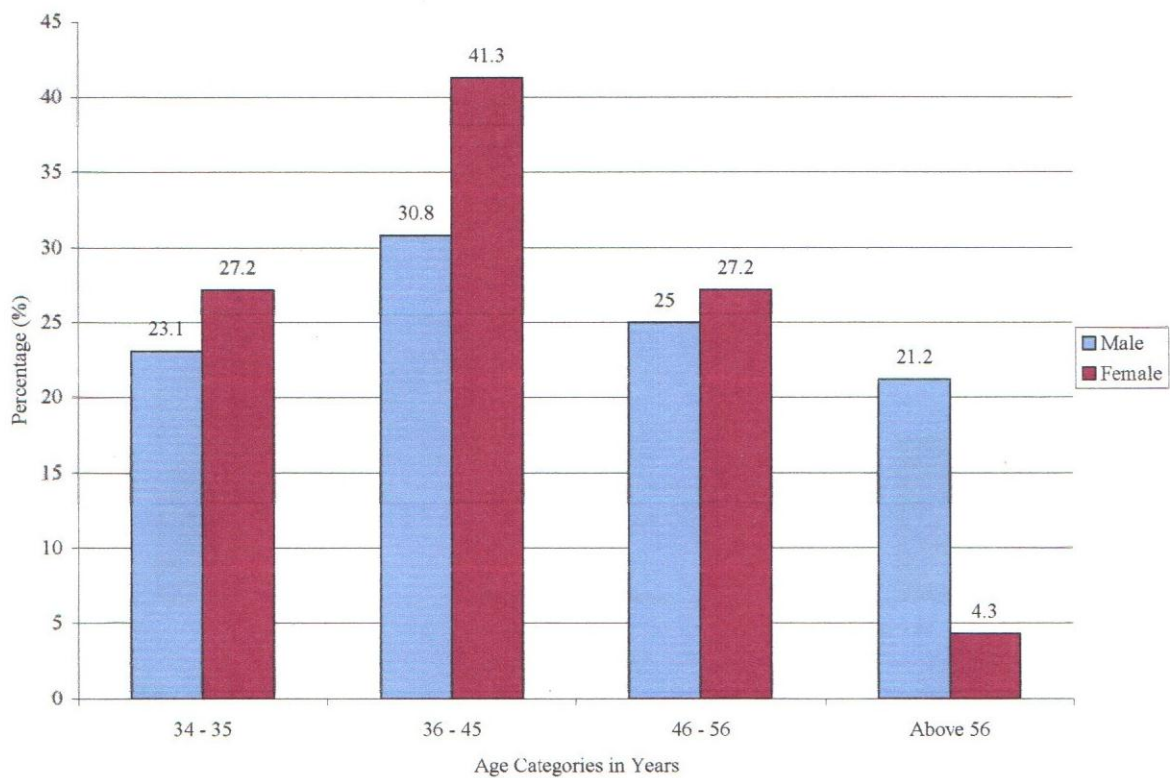
4.1 Results

This section begins by examining the demographic characteristics of the respondents who had applied for credit from the MFIs in Rongo Division. The respondents had a wide range of demographic characteristics relating to age, level of education, marital status, religious background and occupation. The factors that lead to inequality in access to credit are also presented. This chapter explores the relationship between these characteristics and access to credit. The constraints to accessing credit are also discussed and their implications on gender given. This section ends by an examination of the decision-making process regarding the need for credit at the household level and areas where accessed credit is utilized.

4.1.1 Demographic Characteristics of the Respondents

The distribution of the respondents according to gender age category and marital status is presented in figures 4. 1. and 4.2.

Figure 4. 1: Percentage of Respondents by Age and Gender

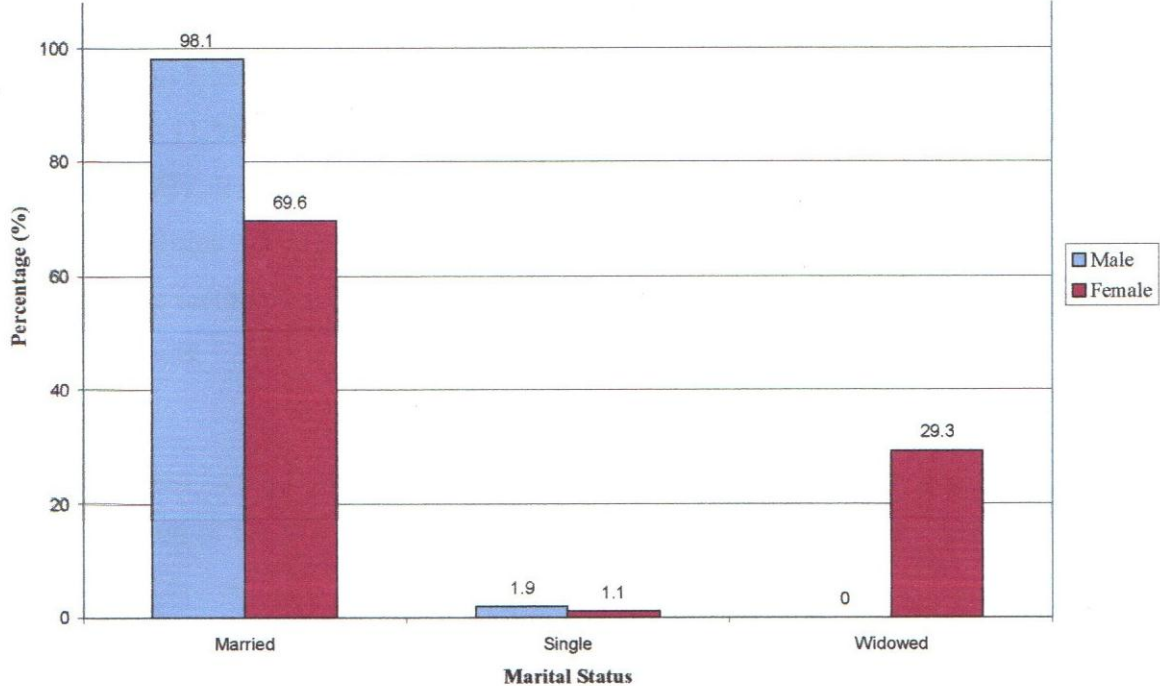


Source: Field Data (2007)

Figure 4.1 shows that most of the respondents who had applied for credit are aged between thirty six and forty five years. In all the age categories of the loanees, a greater percentage of females older than males except the age bracket above fifty six years which had more males as compared to females. This research found that it is this critical and productive segment of the population experienced financial difficulties that necessitated the need for credit as 37.8% of the population experiences difficulty in their occupation.

Figure 4.2 gives the distribution of the respondents by marital status.

Figure 4.2: The Distribution of the Respondents by Marital Status



Source: Field Data (2007)

Figure 4.2 shows that 98.1% of males who had asked for credit are married as compared to the females who constitute 69.6%. Among the widowed who applied for credit, females constitute 29.3% while there are no males in this category.

4.1.2 Gender Inequality in Access to Credit

This study established that there was gender inequality regarding access to credit from within the MFIs in Rongo Division. These inequalities in access to credit from the MFIs are shown by table 4.1.

Table 4.1: Access to Credit by MFI

MFI	Successful Applicants		Unsuccessful Applicants		Total
	Males	Females	Males	Females	
KADET	13.4%	15.2%	3.9%	4.4%	19.4%
RONGO FSA	21.2%	2.2%	1.9%	0%	9.7%
AEP	13.4%	10.9%	5.8%	5.4%	18.5%
LABALU	11.5%	20.7%	1.9%	3.2%	20.8%
K-MET	21.2	38%	0%	0%	31.9%
Total	84.6%	87%	15.4%	13%	100%

Source: Field Data (2007)

Table 4.1 shows that there exists gender inequality in access to credit from the institutions. For example, in Rongo FSA, 21.2% of the males who had applied for credit were successful as compared to 2.2% of the females who had applied for credit from the same organization. In LABALU, 11.5% of the males were successful as compared to 20.7% of the females while in K-MET, 21.2% of the males were successful as compared to 38% of the females. These inequalities in accessing credit are attributed to the level of education of the applicants, the institutions that are approached for credit and the loan sizes that are accessed by the applicants.

4.1.3 Education Level of the Applicants

The distribution of the respondents according to their educational attainment is summarized and presented in Table 4.1.

Table 4. 2: Education Level by Gender

Level of education	Gender		Totals
	Males	Females	
Nursery and non literate	1.9%	6.5%	4.9%
Primary	42.3%	59.8%	53.5%
Secondary	51.9%	30.4%	38.2%
Tertiary	3.9%	3.3%	3.5%
Totals	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.2 shows that 53.5% of the respondents who had applied for credit have attained primary level of education. There is a higher percentage (59.8%) of female primary school graduates as compared male primary school graduates who constitute 42.3%. Secondary school graduates account for 38.2% of the respondents. The study also found that 51.9% of the males have attained secondary level of education as compared to females who are 30.4%. At least 4.9% of the respondents have attained primary level of education or are non literate. Cases on none literacy are relatively higher among the females (4.9%) as compared to the males where it was 1.9%.

This study investigated the relationship between the level of education and access to credit, which was seen in terms of the number of times the respondents had accessed credit. The findings are presented in table 4.3.

Table 4.3: Frequency of Accessing Credit by Gender

Frequency	Gender		Totals
	Males	Females	
Nil	9.6%	6.5%	7.6%
Once	34.6%	41.3%	38.9%
Twice	28.8%	41.3%	36.8%
Thrice	11.5%	4.3%	6.9%
Four times	9.6%	0.0%	3.5%
More than four times	3.8%	3.3%	3.5%
Totals	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

The findings in table 4.3 show that 38.9% of the respondents have accessed credit once while 36.8% have accessed the same twice. These findings also show that 41.3% of the females have accessed credit once or twice 4.3% accessed it thrice while none has accessed credit four times. Only 3.3% of the females have accessed credit more than four times. On the other hand, 34.6% of the males have accessed credit once, 28.8% have accessed credit twice, 11.5% thrice, 9.6% four times while 3.8% have accessed credit more than four times. The relationship between gender and the frequency of accessing credit has been found to be statistically as seen by Cramer’s V value of 0.309. There is therefore a statistically significant relationship between gender and the frequency of accessing credit whereby more males seeking credit are likely to access credit more than twice while more females seeking the same are likely to access credit either once only or twice.

4.1.4 Institutions Approached for Credit

This study investigated the variations in gender and the institutions that were approached for credit. The findings are presented in table 4.4.

Table 4.4: Institutions Approached for Credit by Gender

Name of institution	Gender		Totals
	Males	Females	
KADET	19.2%	19.6%	19.4%
LABALU	15.4%	23.9%	20.8%
FSA	23.1%	2.2%	9.7%
AEP	21.2%	16.3%	18.1%
K-MET	21.2%	38%	31.9%
Total	36.1	63.9%	100 %

N=144

Source: Field Data (2007)

Table 4.4 shows that the most known and utilized MFIs are KMET (31.9%), LABALU (20.8%) and KADET (19.4%). However, there is a variation between male and female respondents regarding institutions that are approached for credit. For example, 23.1% of the male respondents use FSA as compared to 2.2 % of the females who use the same institution. Similarly, while 15.4% of the males use LABALU, 23.9% of the female have approached the same MFI for credit. Furthermore, while 22.2% of the males access their credits from K-MET, 38.0% of the females access their credit from the same MFI. A Cramer’s V value of 0.368 was obtained at a significant level of 0.001. Therefore more females were likely to get loans from K-MET, LABALU and KADET while more males are likely to approach FSA and LABALU for credit.

The study also investigated the variations in access to credit within the institutions that were approached for credit. The findings are presented in table 4.5.

Table 4.5: Frequency of Accessing Credit from the MFIs

Frequency	Name of Institution					Total
	KADET	LABALU	FSA	AEP	K-MET	
Nil	10.7%	13.3%	0%	0%	0%	7.6%
Once	28.6%	53.3%	0%	30.8%	52.2%	38.9%
Twice	39.3%	30%	28.6%	38.5%	41.3%	36.8%
Thrice	7.1%	0%	35.7%	3.8%	4.3%	6.9%
Four times	3.6%	0%	28.6%	0%	0%	3.5%
Five times	7.1%	0%	7.1%	0%	0%	2.1%
More than five times	3.6%	3.3%	0%	11.5%	2.2%	4.2%
Total	19.4%	20.8%	9.7%	18.1%	31.9%	100%

N=144

Source: Field Data (2007)

Table 4.5 shows that among the applicants who have accessed credit, 38.9% of them accessed credit once while 36.8% accessed credit twice. LABALU has 53.3% of those who have accessed credit once followed by KMET which has 52.2% while AEP has 30% of the applicants accessing credit once. Similarly, 36.8% of the successful applicants have accessed credit twice with 41.3% coming from KMET, 39.3% coming from KADET and 38.5% coming from AEP. The results also show that the MFIs have very few applicants graduating to the third, fourth and fifth cycle of lending with exception of FSA that has 35.7% of its applicants accessing credit twice and 28.6% accessing the same four times. These results also show that it is easy accessing loans from FSA and KMET as none of the applicants to these institutions has become unsuccessful. To determine the relationship between the lending institution and the frequency of accessing credit, a cross tabulation was done and a Cramer's V value of 0.372 found to be significant at 0.000 level. This implies that applicants seeking credit from particular institutions are likely to get credit many times as compared to others. For example, applicants seeking credit from K-MET, LABALU and KADET are likely to access credit only once or twice while those applicants seeking credit from FSA are likely to access the same up to four times.

4.1.5 Loan Size Accessed by the Applicants

This study established that inequalities existed between males and females regarding access to loans of various sizes. The loan sizes varied with the number of times the applicants had applied for credit. These findings are presented in tables 4.6 to 4.10.

Table 4.6: Loan Sizes Accessed During First Application by Gender

Loan Size	Gender		Total
	Males	Females	
Nil	11.5%	13%	12.5%
Less than 10,000	30.8%	19.6%	23.6%
10,000-19,999	46.2%	63%	56.9%
20,000-29,999	7.7%	1.1%	3.5%
30,000-39,999	3.8%	2.2%	2.1%
40,000-49,999	1.9%	0%	0.7%
50,000 and above	0%	1.1%	0.7%
Total	36.1%	63.9%	100%

N= 144

Source: Field Data (2007)

The findings in table 4.6 shows that there are gender inequalities regarding loan sizes accessed during the first application for credit. From these findings, 23.6% of the respondents have accessed loan sizes of less than 10,000 Kenyan Shillings, whereby 30.8% are males while 19.6% are females. Furthermore, 56.9% of the applicants accessed loan sizes ranging from 10,000 to 19,999 Kenyan shillings. The percentage of females who have accessed loan sizes in this category is 63% among the females as compared to 46.2% among males. A cross tabulation was done to determine the relationship between the gender of the respondents and amounts of money given during the first application and Cramer’s V value of 0.505 found significant at 0.000 level. There is therefore a strong relationship between gender and access to various loan sizes upon first application, whereby more females are likely to access loan sizes ranging from 10,000 to 19,999 Kenyan shillings during the first application for credit while more males are likely to access loan sizes of less than KSH 10,000.

Table 4.7 gives the loan sizes accessed by the applicants during the second application by gender.

Table 4.7: Loan Sizes Accessed During the Second Application by Gender

Loan Size	Gender		Total
	Males	Females	
Not applicable	46.2%	53.3%	50.7%
Less than 10,000	15.4%	3.3%	7.6%
10,000-19,999	11.5%	14.1%	13.2%
20,000-29,999	15.4%	25%	21.5%
30,000-39,999	7.4%	2.2%	4.2%
40,000-49,999	9.9%	1.1%	1.4%
50,000 and above	1.9%	1.1%	1.4%
Total	36.1%	63.9%	100%

N= 144

Source: Field Data (2007)

Table 4.7 reveals that 50.7% of the respondents have not applied for second loans. The percentage of female non applicants is higher (53.3%) as compared to that of males which is 46.2%. The table also reveals that there is a decline in the percentage of applicants who have accessed loan sizes ranging from KSH 10,000 to 19,999 from 56.9% to 13.2%. Furthermore, 21.5 % of the applicants have accessed loan sizes ranging from KSH 20,000 to 29,999 during their second application for loans. Loan sizes accessed by females during the second application are slightly larger than those accessed by the males because it involves 25% of the females as compared to 15.4% of the males. This study also found that there are gender inequalities regarding access to bigger loan sizes. For example, while the percentage of applicants who have accessed loan sizes ranging from KSH 30,000 to 39,999 was 4.2%, the percentage of males in this category is slightly more (7.4%) as compared to that of females which is 2.2%. To determine the relationship between gender and access to loans during second application, a Cramer’s V value of 0.661 was found significant at 0.023 level, which is statistically significant. Therefore, it can be concluded that more females are likely to access loan sizes ranging from KSH 20,000 to 29,999 upon second application while more males are likely to access loan sizes of KSH 30,000 and above.

Table 4.8 gives loan sizes accessed by the applicants during the third application by gender.

Table 4.8: Loan Sizes Accessed During the Third Application by Gender

Loan Size	Gender		Total
	Males	Females	
Not applicable	75%	94.6%	87.5%
Less than 10,000	7.7%	1.1%	3.5%
10,000-19,999	3.8%	0%	1.4%
20,000-29,999	0%	1.1%	0.7%
30,000-39,999	5.8%	2.2%	3.5%
40,000-49,999	1.9%	0%	0.7%
50,000 and above	5.8%	1.1%	2.8%
Total	36.1%	63.9%	100%

N= 144

Source: Field Data (2007)

The findings in table 4.8 show that 87.5% of the respondents who had accessed credit have not apply for third loans from the MFIs. From the findings, there are a higher percentage of female non applicants (87.5%) as compared to the percentage of male non applicants which is 75%. Among those who had made applications for third loans, 7.7% of the males accessed loan sizes of less than KSH 10,000 as compared to 1.1% of the females. Table 4.9 also shows that only 3.5% of the respondents are able to access loan size ranging from KSH 30,000 to 39,999 in which 5.8% of the male applicants are males while 2.2% are females. Only 2.8% of the respondents who have applied for fifth loans have accessed loan sizes of KSH 50,000 and above which represents 5.8% of the males as compared to 1.1% of the females. To investigate the relationship between gender and access to credit during the third application, Cramer’s V value of 0.634 has been found to be statistically significant. There is therefore a strong relationship between gender and access to various loan sizes upon third application, whereby males applying for third credits are likely to access bigger loan sizes as compared to females during the third application.

The findings on loan sizes accessed by the applicants during the fourth application are given by table 4.9.

Table 4.9: Loan Sizes Accessed During the Fourth Application by Gender

Loan Size	Gender		Total
	Males	Females	
Not applicable	88.5%	97.8%	94.4%
Less than 10,000	0%	0%	0%
10,000-19,999	3.8%	1.1%	2.1%
20,000-29,999	0%	0%	0%
30,000-39,999	1.9%	0%	0.7%
40,000-49,999	3.8%	1.1%	2.1%
50,000 and above	1.9%	0%	0.7%
Total	36.1%	63.9%	100%

N= 144

Source: Field Data (2007)

According to the findings that are presented in table 4.9, it is apparent that 94.4% of the respondents have not applied for the fourth loans from the MFIs .This represents 97.8% of the females as compared to 88.5% of the males. The findings also reveal that despite the fact that access to loans during the fifth application is limited. This is evidenced by the small number of applicants. However, more males are likely to benefit from bigger loan sizes as compared to females during the fourth application for credit.

Loan sizes accessed by the applicants during the fifth application are given by table 4.10.

Table 4.10: Loan Sizes Accessed During the Fifth Application by Gender

Loan Size	Gender		Total
	Males	Females	
Not applicable	94.2%	97.8%	96.5%
Less than 10,000	0%	0%	0%
10,000-19,999	0%	1.1%	0.7%
20,000-29,999	0%	0%	0%
30,000-39,999	0%	0%	0.7%
40,000-49,999	1.9%	1.1%	1.4%
50,000 and above	3.8%	0%	1.4%
Total	36.1%	63.9%	100%

N= 144

Source: Field Data (2007)

Table 4.10 shows that 96.5% of the respondents have not applied for fifth loans from the MFIs which represented 94.2% of the males as compared to 97.8% of the females.

4.1.6 Constraints to Accessing Credit

This study investigated the constraints experienced by men and women in accessing credit. These constraints are presented in table 4.11.

Table 4.11: Constraints to Accessing Credit by Gender

Constraints	Gender		Total
	Males	Females	
High Default Rates	13.5%	18.5%	16.7%
Raising Shares and Savings	25%%	56.5%	45.1%
Group Lending Methodology	53.8%	18.5%	31.3%
Collateral Requirement	13.2%	44%	32.6%
Application Fees and other Levies	3.8%	15.4%	11.2%
Long Period of Loan Processing	36.5%	38%	37.5%
Small Loan Sizes	15.4%	8.8%	11.2%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.11 shows that the constraints to accessing credit were the difficulty of raising shares and savings (45.1%), the Group Lending Methodology (31.3%), long period of loan processing by the MFIs (37.5%) , collateral requirement (32.6%), high rates of default by the borrowers (16.7%), small loan sizes that are given (11.2%) and the difficulty of raising application fees and other levies. This study investigated the relationship between gender and the constraints that are encountered by the applicants in accessing credit.

4.1.7 Raising Shares and Savings

The findings on the relationship between gender and the constraint of raising shares and savings are presented in table 4.12.

Table 4.12: Constraint of Raising Shares and Savings by Gender

Is raising shares and savings a constraint?	Gender		Total
	Males	Females	
Yes	25%	56.5%	45.1%
No	59.6%	25%	37.5%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

The findings in table 4.12 show that 45.1% of the respondents have difficulty in raising shares and savings before they can access credit. This constraint affects 25% of the males as compared to 56.5% of the females. On the other hand, 37.5% experience no constraint from the requirement that they raise shares and make savings before they can access credit. The study found that 59.6% of the males have no difficulty raising shares and savings before they can access credit as compared to 25% of the females. To establish the relationship between gender and the constraint of raising shares, a cross tabulation was done and Cramer’s V value of 0.355 found. It can therefore be argued that there is a statistically significant relationship between gender and the constraint of raising shares and savings whereby males seeking credit in Rongo Division are less likely to be affected by the problem of raising shares and savings as compared to females.

4.1.8 Group Lending Methodology

It is a policy of the MFIs in Rongo Division that applicants seeking credit must register in rotating groups of about five to ten members from where they get guarantors for their loans. It is these groups that clear the applicants before they can approach the credit institutions for credit. Repayment of loans is done through group officials who then hand them over to credit officers during weekly meeting. Furthermore, no new loans can be advanced to the

group members until all the outstanding loans are repaid. The findings on gender and the constraint of Group Lending Methodology are presented in table 4.13.

Table 4.13: The Constraint of Group Lending Methodology

Is GLM a constraint?	Gender		Total
	Males	Females	
Yes	53.8%	18.5%	31.3%
No	30.8%	62%	50.7%
Not Applicable	15.4%	19.6%	18.1%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

From the findings that are presented in table 4.13, it can be seen that 31.3% of the applicants experience difficulty with Group Lending Methodology, which affects 53.8% of the males as compared to 18.5% of the females. However, Group Lending Methodology is not a constraint to 50.7% of the respondents, whereby 30.8% of the males never have difficulty with this constraint as compared to 62% of the females. To establish the relationship between gender and the constraint of Group Lending Methodology, a cross tabulation was done and Cramer’s V value of 0.374 found to be statistically significant at 0.000. This implies that there is a strong association between gender and the prevalence of the constraint, whereby males seeking credit in Rongo Division are more likely to experience difficulty with the Group Lending Methodology as compared to females.

4.1.9 Long Period of Loan Processing

This study established that the loanee applicants in Rongo Division did not get their loans in time even after meeting the requirements prescribed by some of the institutions. There were therefore constraints related with long period of loan processing. These findings are presented in table 4.14.

Table 4.14: Days Taken to Access Credit

Number of days taken	Gender		Total
	Males	Females	
1-14	21.1%	10.9%	14.6%
15-30	13.5%	23.9%	20.1%
31-45	0%	1.1%	0.7%
More than 45	51.9%	52.2%	52.1%
Not Applicable	13.5%	12%	12.5%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.14 shows that 52.1% of the respondents have taken over 45 days before accessing credit. Females are slightly more affected by the problem of delays in disbursement and account for 52.2% of this population while males account for 51.9%. Furthermore, the percentage of applicants who have accessed their credit within two weeks after application is 14.6%. This involves 21.1% of the males as compared to 10.9% of the females. However, the constraint of delay in disbursement of loans does not significantly vary according to gender as is confirmed by Cramer’s V value of 0.183 which is significant at 0.304 level. This implies that both male and females seeking credit are likely to experience the problem of delays before they can access their loans in the same way.

4.1.10 Collateral Requirement

This study found that there are constraints related to raising collateral before one can access credit. The applicants seeking credit are required to pledge household goods like furniture, electronics or even livestock which can be attached by the MFIs in case of failure to repay loans that had been accessed. These findings on the prevalence of the constraint of collateral by gender are presented in table 4.15.

Table 4.15: The Constraint of Collateral Requirement by Gender

Is collateral a constraint?	Gender		Total
	Males	Females	
Yes	13.2%	44%	32.6%
No	71.7%	36.3%	49.3%
Not Applicable	15.1%	19.8%	18.1%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.15 shows that 32.6% of the respondents experience the problem of raising collateral before they can access credit. This constraint affects 13.2% of the males as compared to 44% of the females. On the other had, 49.3% of the respondents do not have difficulty in raising collateral. This involves 71.3% % of the males as compared to the females where it is 36.3%. The association between gender and the constraint of raising collateral has been found to be statistically significant as confirmed by Cramer’s V value of 0.360. This implies that females seeking credit in Rongo Division are more likely to experience the difficulty of raising collateral as compared to males.

4.1.11 Procedure for Accessing Credit

The study found that there are constraints related to the procedure for accessing credit from the MFIs in Rongo Division. Table 4.16 gives the procedure for accessing credit by MFI.

Table 4.16: Procedure for Accessing Credit by MFI

MFI	Procedure for Accessing Credit From the MFI
KADET	Join a group, have shares, open an account, save and apply
LABALU	Join a group, save, have shares, attend meetings, group clearance and apply
FSA	Join a group, save , have shares, get guarantors and apply
KMET	Join a group, register, save, attend meetings, get clearance and apply
AEP	Join a group, register, save, pay insurance, attend meetings and apply

N=6

Source: Field Data (2007)

Table 4.16 shows that applicants seeking credit first have to belong to certain groups from where they are to get guarantors before complying with other formalities. The applicants then required to pay registration fees to the MFIS in these groups. At the same time, they are required to save some money and pay insurance fees against the loans that they will be given. Before loans are disbursed, the loanee applicants are required to attend meetings where their commitment to the group is assessed. They are then finally required to fill forms for loan application which are appraised by officials at the loaning agencies' offices. The respondents' judgment of the said procedures is presented in table 4.17.

Table 4.17: Respondents' Judgment of the Procedure for Accessing Credit

Respondent's judgments	Gender		Total
	Males	Females	
Very easy	1.9%	2.2%	1.4%
Easy	67.9%	34.1%	51.4%
Very difficult	5.7%	0%	2.1%
Difficult	24.5%	63.7%	49.3%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.17 shows that 51.4% of the respondents find the procedure for accessing credit easy. This involves 67.5% of the males as compared to 34.1% of the females. Complying with the said procedures before accessing credit is however difficult among 49.3% of the respondents whereby it affects 24.5% of the males as compared to 63.7% of the females. The relationship between gender and the prevalence of constraints resulting from the procedure of accessing credit is statistically significant as confirmed by Cramer's V value of 0.407. This implies that males seeking credit in Rongo Division are less likely to find difficulty with the procedures for accessing credit as compared to females.

4.1.12 Conditions for Lending by the MFIs

The study found that there are constraints emanating from the conditions for lending prescribed by the MFIs. Table 4.18 gives the lending conditions and the percentage of borrowers that complied with these lending conditions.

Table 4.18: Lending Conditions by Gender

Lending condition	Gender		Total
	Males	Females	
Having collateral	25%	38.2%	63.2%
Getting group clearance	27.1%	25.7%	52.8%
Regular attendance of meetings	2.8%	6.9%	9.7%
Having shares and savings	26.9%	13%	18.1%
Good credit history	11.5%	8.7%	18.1%
Having tangible business or farming activity	19.2%	21.7%	20.8%
Providing home based care	1.9%	3.3%	2.8%
Paying insurance fees and other levies	13.5%	28.3%	22.6%
Production of ID card	5.8%	8.7%	7.6%

Source: Field Data (2007)

Table 4.18 shows that the major conditions for lending include having collateral by the applicants (63.2%), being in a group for guarantors (52.8%), and paying application fee and risk fund (22.9%). At the same time, it was found that the applicants seeking credit must have tangible areas to invest before they could be granted any loans. This affected 20.8% of the respondents.

The lending conditions that are perceived by most respondents to be a constraint to accessing credit are summarized and presented in table 4.19.

Table 4.19: Lending Condition that is a Constraint to Accessing Credit

Lending condition	Gender		Total
	Males	Females	
Not applicable	26.9%	38%	34%
Having collateral	17.3%	10.9%	13.2%
Getting group clearance	44.2%	31.5%	36.1%
Raising shares and savings	9.6%	13%	11.8%
Regular attendance of meetings	0%	1.1%	0.7%
Providing home based care	0%	2.2%	1.4%
Raising application fees	1.9%	3.3%	2.8%

Source: Field Data (2007)

Table 4.19 shows that the lending condition that is difficult to comply with by most respondents is getting clearance from the group (36.1%). This lending condition affects 44.2% of the males as compared to the females where it affects 31.5%. However, there is a small association between gender and the difficulty of these lending conditions as confirmed by Cramer's V value of 0.210 found significant at 0.501 levels.

4.1.13 Terms and Conditions of Loan Repayment

This study found that there are constraints relating to the terms and conditions of repayment of loans. Table 4.20 gives the terms and conditions of loan repayment as prescribed by the MFIs and the percentage of the respondents who repaid their loans by complying with these terms and conditions.

Table 4.20: Terms and Conditions of Loan Repayment by Gender

Terms of repayment	Gender		Total
	Males	Females	
10-20% interest in 6 months with saving	25%	21.7%	22.2%
10-20% interest in 12 months with savings	65.4%	63%	63.9%
Over 20% interest in 12 months with savings	3.8%	4.9%	4.9%
Not applicable	5.8%	9.8%	8.3%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

The findings presented in table 4.20 reveal that 63.9% of the respondents who have accessed credit repay their loans within twelve months with interest rates ranging from 10% to 20%. At the same time, they are required by the institutions to be saving some money during the period of loan repayment. The percentage of males who have complied with this requirement is slightly more (65.4%) than that of females (63%). On the other hand, 22.2% of the respondents repay their loans within six months with an interest rate ranging from 10% to 20% and at the same time make savings. This condition for loan repayment affects 25% of the males as compared to 21.7% of the females.

This study also investigated whether the respondents experience constraints from the terms and mode of loan repayment. The findings are presented in table 4.21.

Table 4.21: Constraint from Terms and Conditions of Repayment

Constraint	Gender		Total
	Males	Females	
High interest rates	21.2%	30.4%%	27.1%
Saving during repayment	40.4%	8.7%	20.1%
Monthly Repayment	19.2%	39.1%	31.9%
Not Applicable	19.2%	21.7%%	20.8%
Total	36.1%	63.9%	100%

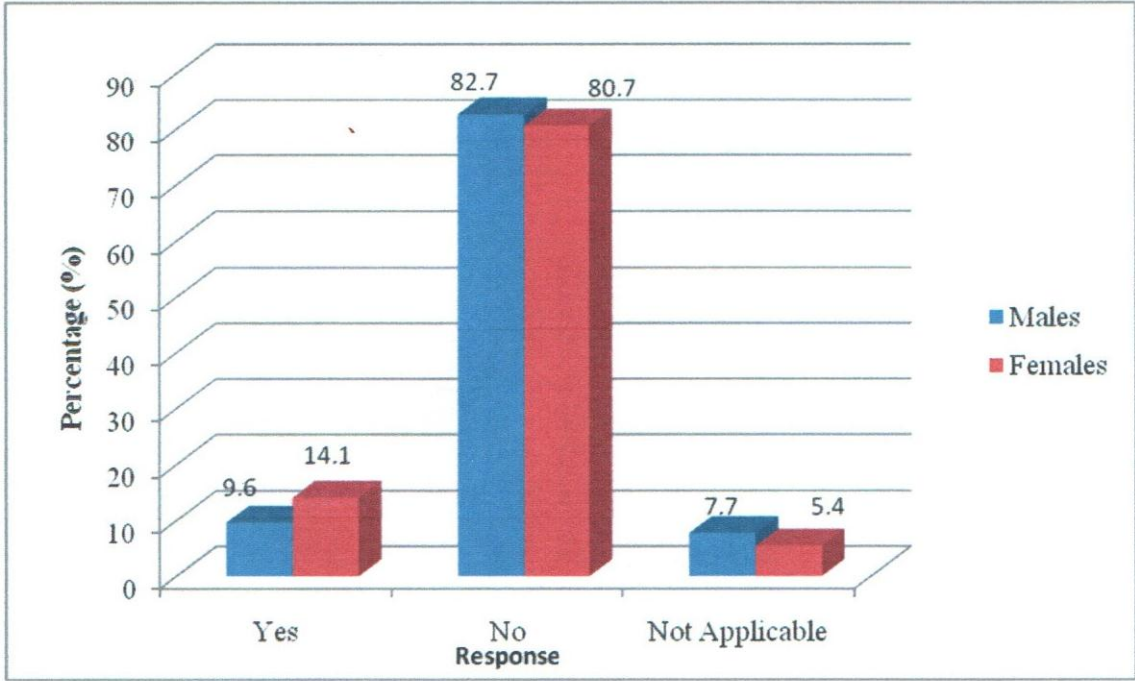
N=144

Source: Field Data (2007)

Table 4.21 shows that 31.9% of the respondents experience constraints with the requirement that loans are repaid monthly. This constraint affects more females (39.1%) as compared to males (19.2%). Payment of interest on loans borrowed is a constraint to 27.1% of the respondents who access credit. This constraint affects 21.2% of males as compared to 30.4% of the females. The requirement that loanee beneficiaries save as they repay their loans has been found to be a constraint to 20.1%, whereby it affects 40.4% of the males as compared to 8.7% of the females. The variations of these constraints regarding conditions of loan repayment were found to be statistically significant as was confirmed by Cramer’s V value of 0.389. This implies that there is a relationship between gender and the prevalence of constraints regarding terms of repayment of loans, whereby males accessing credit are likely to experience difficulty in saving as they repay their loans while females are likely to experience the problem of high interest rates and weekly repayment of loans.

The study investigated whether the beneficiaries seek more loans after repaying the previous ones. These findings are presented in figure 4.3.

Figure 4. 3: Has the Respondent Asked for More Loans



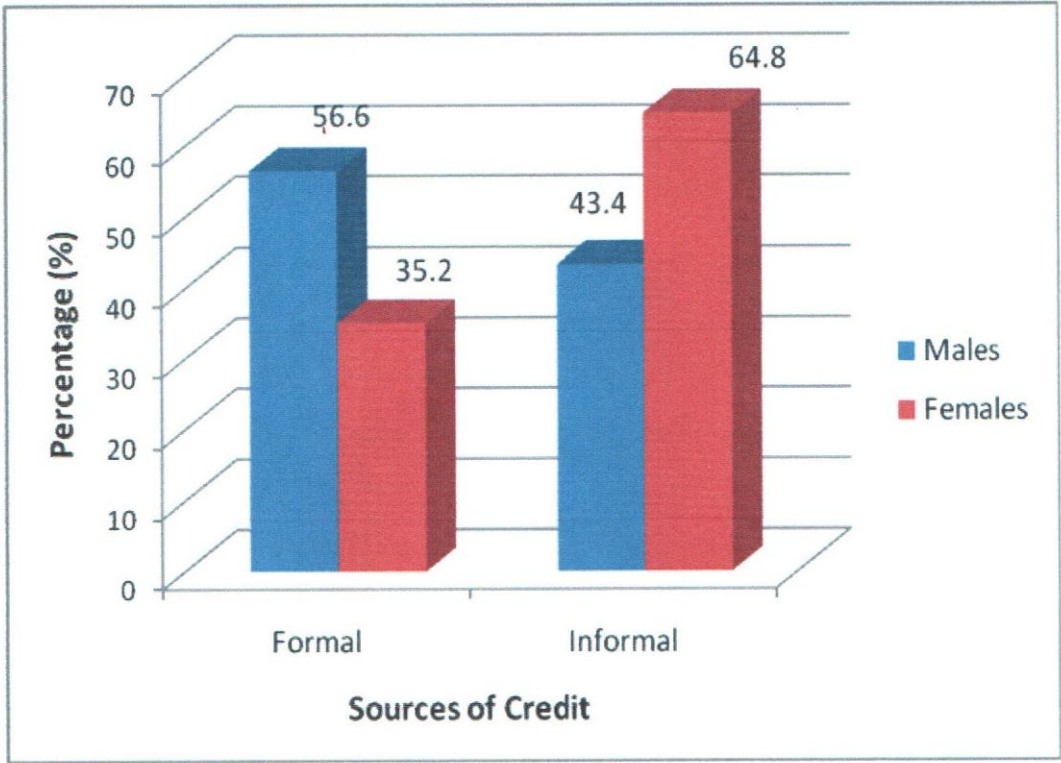
Source: Field Data (2007)

From the findings in figure 4.3, it is apparent that only 9.6% of the males who have accessed credit are not willing to apply for more loans as compared to 14.1% of the males. On the other hand, 82.7% of the males who have accessed credit are not willing to apply for subsequent loans after repaying the previous ones as compared to 80.7% of the females. There are however no significant variations on the basis of gender.

4.1.14 Preferred Sources of Credit

This study investigated the preferred sources of credit and the findings are presented by figure 4.4.

Figure 4.4: Preferred Sources of Credit



Source: Field Data (2007)

Figure 4.4 shows that 56.6% of the males prefer getting credit from the formal sources of credit, which in this study are MFIs as compared to 35.2% of the females. From the findings, 64.8% the females prefer informal sources of credit as compared to the males who are 43.4%. These informal sources include ROSCAs, friends and relatives. Preference for the formal sources of credit involves 35.2% of the females as compared to 56.6 of the males. There was a small variation on the basis of gender and the preferred sources of credit. This is confirmed by Cramer’s V value of 0.209 significant 0.12 level.

4.1.15 Gender Household Decision-Making Process

This study investigated gender relations at the household level with regard to decision-making process concerning the need for credit and utilization of the same. The findings are presented in table 4.22.

Table 4.22: Gender Household Decision-making

Decision Maker	Gender		Total
	Males	Females	
Self	46.2%	59.8%	54.9%
Spouse	3.8%	9.8%	7.6%
Both	50%	30.4%	37.5%
Total	36.1%	63.9%	100%

N=144

* $\chi^2=6.049$, degrees of freedom = 2, contingency coefficient = 0.049 significant at 0.05

Source: Field Data (2007)

Table 4.22 shows that in 54.9 % of the households, the decision to obtain credit is mainly made by self. Individual decision making is higher among the females where it involves 59.8% as compared to males where it involves 46.2. The findings also show that 37.5% of the respondents make decision to acquire credit jointly with their spouses. Such joint decision- making is reportedly higher among the males whereby it involves 50% as compared to among females where joint decision making involves 30.4%. Where decisions to acquire credit were made by self, in depth interviews reveal that spousal approval had decline as only 40.4% of the males have their wives approving of their decisions as compared to 34.8 % of the females. The responses regarding household decision- making have been subjected to chi square and a p value of 0. 049 found. Because this value was greater than 0.05, it can be argued that there is statistically no significant relationship between gender and household decision-making process regarding the need for credit.

The study also investigated the gender relations regarding household discussion on utilization of credit. The results are presented by table 4.23.

Table 4.23: Gender -Household Discussion on Utilization of Credit

Does the Respondent discuss with spouse	Gender		Total
	Males	Females	
Yes	94.2%	64.8%	75.5%
No	1.9%	6.6%	4.9%
Not Applicable	3.8%	28.6	19.6%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.23 shows that 75.5% of the respondents who have accessed credit discuss with their spouses on areas to utilize credit. More males (94.2%) who have accessed credit discuss with their spouses on areas to utilize credit as compared to females (64.8%). The table also shows that there is a decline in the prevalence of unilateral decision on areas to utilized credit that has been accessed from the MFIs as it involves only 4.9% of the respondents. The prevalence of individual decision-making is 1.9% among the males and 6.6% among the females. The relationship between gender and household discussion on areas to utilize credit is statistically significant as confirmed by Cramer’s V value of 0.326. This implies that males are more likely to consult their spouses on areas to invest the monies they have acquired in form of loans as compared to females.

4.1.16 Gender and Utilization of Credit

The study investigated the relationship between gender and utilization of credit. Utilization of credit was seen in terms of the areas in which the applicants had invested their loans, the longevity of ventures they had engaged in and their ability to repay loans. The findings are presented in table 4.24.

Table 4.24: Gender and Utilization of Credit

Areas of Investment	Gender		Total
	Males	Females	
Farming	28.5%	12%	18.1%
Business	36.5%	55.4%	48.6%
Both Business and Farming	7.7%	15.2%	12.5%
Household Needs	17.3%	16.3%	16.7%
Not Applicable	9.6%	1.1%	4.2%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.24 shows that 48.6% of the respondents who have accessed credit have invested in business. A greater percentage of females (55.4%) have invested in business ventures as compared to males who constitute 36.5%. The findings in the table also reveal that only 18.1% of the respondents utilize loans that they have accessed, whereby 28.5% of the males invest in farming as compared to 12% of the females. Only 12.5% of those who have accessed credit diversify their activities by investing in both farming and business ventures. This involves more females (15.2%) as compared to males who constitute 7.7%. The relationship between gender and utilization of credit was found to be statistically significant as was confirmed by Cramer’s V value of 0.326. This implies that females who have accessed loans are more likely to invest them in off farm activities while males who access loans are more likely to invest in farming activities.

The study also investigated areas where the beneficiaries who have invested in business use the diverted the profits accrued from their businesses. Follow up interviews found that 41.3% of the females have diverted profits from their loans as compared to the males who are 33%. Similarly, a greater percentage of females (31.5%) have diverted their profits to meet household needs like payment of school fees for children, clothing and medical bills as compared to the males who were 21.2%. Income retention is found to be relatively higher among the males as compared to the females. This is because 52% of the females who have accessed credit have not diverted their profits to other household needs as compared to males who were 48%.

This study also investigated the impact of the loans obtained from the MFIs on the livelihoods of the respondents. This was done by asking the respondents whether they had used their credits for the purpose for which it was borrowed. It was found that 54.9% of the respondents have utilized their loans for the intended purpose with slight variations on gender. This is because it involved 50% of the males as compared to 57.6% of the females. Among those who had utilized their loans on business, 50% still had their businesses operational as at the time of this study. A greater percentage of this population was females who were 56.5% as compared to the males who were 38.5%. However, little impact of credit was noted among those who had utilized their loans on agricultural activities as seen in the acreage of land brought under cultivation using the loans and the size of harvest. Most of these beneficiaries were only able to bring less than one acre of land under cultivation using these loans. The harvests were therefore not sufficient to sustain their families throughout the year.

This research further established that there was a statistically significant association between the amounts of money given to the applicants and the acreage of land had been brought under cultivation. A cross tabulation was done between the amounts of money given and the acreage of land brought under cultivation and a Cramer's V value of 0.678 found to be significant at 0.000 level. Therefore it can be argued that giving the applicants bigger loan sizes can improve their livelihoods as they will put more acres of land under cultivation.

This study also investigated the variations in loan repayment by gender. The results are presented by table 4.25.

Table 4.25: Gender and Loan Repayment

Have the respondents repaid their loans?	Gender		Total
	Males	Females	
Yes	55.8%	45.7%	49.3%
No	32.7%	42.4%	38.9%
Not Applicable	11.5%	12%	11.8%
Total	36.1%	63.9%	100%

N=144

Source: Field Data (2007)

Table 4.25 shows that 49.3% of the respondents who had accessed credit repaid their loans. Among those who had repaid, 55.8% were males while 45.7% were females. Similarly, 38.9% of the respondents had not repaid their loans. Majority (42.4%) were females as compared to 32.7% that were females. This research established that there was no association between gender and repayment of loans.

4.2 Discussion

4.2.1 Gender Inequality and Access to Credit

This study established that gender inequality in access to credit in Rongo Division is attributed to the education level of the respondents and the institutions approached for credit and the loan sizes that are accessed. From the findings, more females have accessed credit as compared to males. This is attributed to the apparent preference and priority that is given to females over males by the MFIs. The MFIs have a deliberate policy regarding the composition of the groups that could apply for credit. It was established that groups seeking credit must have one male for every five female members. This requirement naturally increased the number of females seeking credit as compared to the males, thus contributing to inequality in access to credit. These findings are consistent with previous studies which had established that micro finance institutions give priority to women over men (Javed *et.al*, 2006; Cheston & Kuhan, 2002). The many rationales by the MFIs for preference to females for gaining access to micro credit are that women are the poorest of the poor and spend more of their income on families (Javed *et.al*, 2006).

It has been established that the level of education increases the level of knowledge, self confidence and confers status on the individual. Therefore disparate levels of education may reinforce gender inequalities by ensuring that women remain disadvantaged (UNICEF, 2007). From the findings of this study, most of the respondents who apply for credit have attained primary level of education as compared to those who have attained secondary level of education. Among the primary school graduates, there is greater percentage of females as compared to the males while among the secondary school graduates; the proportion of females is lower while that of the males is higher. Therefore the level of awareness seemed to higher among the males because many of them were fairly educated, thus giving them an upper hand in complying with some of the conditions for accessing credit. This also gives the males access to bigger loan sizes, thus leading to gender inequality regarding loan sizes that can be accessed. Due to limited education, majority of the females are excluded from formal employment and therefore find micro credit interventions as the only options for improving their livelihoods. However, with low literacy levels of the majority of women, they are unable to comprehend and go through the cumbersome conditions and procedures for lending prescribed by the institutions. This explains the deliberate attempt by the micro finance institutions to have more females in their membership.

This study found that loan size was crucial in the improvement of the livelihoods of the rural population. This is because a strong association that has been established between the amounts of monies given and the longevity of the business ventures that the beneficiaries of loans engaged in. Where relatively larger amounts of monies are given, the businesses ventures tend to last longer. Similarly, where investments have been made in agriculture, the acreage of land brought under cultivation also tends to be higher where bigger loan sizes were given. However, graduation to bigger loans is determined by the repayment of previous ones, which limits the number of times the applicants, especially female borrowers can access credit. These differences in loan sizes can be attributed to the unwillingness among the females to acquire more loans because as the loan sizes get bigger, the beneficiaries are mostly the males. The percentages of beneficiaries who seek second and third loans tend to decline due to the conditions of repayment. When many do not apply for loans, the revenue base of the MFIs is adversely affected due to non contribution of the mandatory instalments by members. In such instances, members are only motivated to contribute their shares and savings which cannot match the amounts of loan given out by the MFIs.

The lending institutions themselves also perpetuate gender inequality in access to credit. This is by showing preference to a particular gender. For example, LABALU, KADET and K-MET are dominated by female borrowers who have accessed credit either once or twice only. With high rates of default reported to be among female borrowers, many applicants to these institutions are not able to benefit from many loans from these MFIs with the exception of FSA. It should be noted that most of the lending institutions also operate as NGOs which combine micro-finance interventions with their broader social goals and therefore face the difficulty of running after loan defaulters. This also undermines their capacity to lend from their revolving funds hence the delay in disbursement of loans.

The findings of this study are consistent with the studies conducted by Javed *et.al* (2006) on the impact of micro credit schemes on the socio- economic conditions of female community in three rural districts in Kashmir, Pakistan, whereby it was established that overwhelming majority of the respondents in their study were first time borrowers. Aguilar (1999) argues that giving loans in small amounts deters all but the poor from seeking credit. This implies that there is overwhelming demands for loans after completing repayments. However, from the findings of this study, the number of beneficiaries who graduate into subsequent loans appear to be smaller and smaller so that only a few access loans upon third application.

4.2.2 Group Lending Methodology

The GLM adopted by micro finance institutions has been widely acclaimed to be a tool for building social capital, trust and reciprocity among the rural population and therefore touted as the most innovative method of increasing access to credit by the rural poor, especially women (Besteman, 1995, World Bank, 1997, Lundberg, 2005). The proponents of GLM argue that offering small loans through groups allows for the sharing of risks as the group collectively works to ensure that loans are repaid on time (UNICEF, 1997) because no new loans are provided to members until all outstanding loans of the group are repaid. Foreman (2001) argues that developing savings mechanisms gives the group experience in money management, which is crucial for business survival. However, this study established that GLM limit the access of the rural population to the credit markets and is therefore not effective in. This is because the groups that are formed do not have common interests as they are further apart and hurriedly formed solely for the purpose of disbursing credit. The diversity of members to these groups therefore makes it difficult to enforce social contracts regarding repayment of loans at the group level. Because loaning has been found to be

determined by the level of individual savings, some of the groups are dominated by the village elites and their families, who are capable of raising quick savings to access credit. The risk in this scenario is the creation of credit sharks who are able to access quick loans which they in turn lend to the poor at exorbitant interest rates. Therefore, the loans from these MFIs may end up not reaching the poorest members who end up leaving the groups due to frustration. In such cases, it may be difficult for such poor members to get refunds on their savings as these have already been loaned out to the elites. Furthermore, the group leaders at the grassroots' level at times may misappropriate savings of other group members when officials from the loaning agencies delay in collecting savings by group members.

The GLM can also be a source of tension among the rural borrowers because group members are compelled by the MFIs to take responsibility and pay in case one of their own defaults on credits given. However, the rural poor are more concerned with daily survival for their families and therefore have no time for experiments on money management. Savings can only be realized after long accumulation of surplus which can not be achieved by first time or second time borrowers. It is also worth mentioning that group members are not willing to be guarantors of other members for fear of their property being attached in case of default. There are also reported cases of members pulling out of these groups after accessing credit and then shift membership to other MFIs operating in the same region, leading to credit tourism. Given the cosmopolitan nature of the study area, it is also possible that some group members migrate to other areas and evade debt, thus passing the burden of payment to other group members. Mayoux (1997) concurs that repayment pressure may increase tensions in the groups or lead to the exclusion of the most disadvantaged who may be further disadvantaged in the markets and communities. Because credit is a debt, accumulation of savings and loan interest or insurance payments divert resources which might otherwise be channelled towards household consumption. Furthermore, pressure for repayments by group members leads to the exclusion of those with difficulties in loan repayments, thus turning the groups into elitist clubs.

4.2.3 Long Period of Loan Processing

For any meaningful development, it is appropriate that credit institutions process loan applications faster to enable the applicants meet their urgent needs. This study established that most of the respondents take forty five days before accessing credit from the micro finance institutions in Rongo Division. The long period of processing credit arises from the

and long tedious procedures that credit institutions have adopted in their guidelines. These include attendance of weekly group meetings whereby loan applicants are screened and cleared by the group. The delays in disbursement of loans tend to affect more females as compared to males. It is argued that the high transaction cost in terms of time spent and participation in lengthy meetings would bar all but the poor from seeking credit (Aguilar, 1999). The findings agree with those of Besteman (1995) who argues that the rural population consumes hours and days by travelling to finance institutions to get loans. The females are most affected as it is difficult for them to take time away from their domestic duties and make journey to loan offices.

It is apparent that delays in processing of loans inherently raises the transaction costs. Furthermore, by the time such loans are eventually accessed, the objective that necessitates the seeking of the credit may have lost its advantage or may be irrelevant. This is because some investments come as an opportunity that needs immediate action. Delays in disbursement of loans are likely also likely to push the households into indebtedness as they have to seek for interventions from the informal markets to finance their investments.

4.2.4 Collateral Requirement

This study established that the loanee applicants are required to pledge collateral before they could access credit. This is in the form of land or household goods like furniture and electronics which can be attached by the MFIs in case of failure to repay loans. Females are most affected by such attachments as compared to males. It should be pointed out that most of the females claim ownership to household resources like, animals and household goods on account of their marriage hence access to these household resources are usufructuary. Therefore attachment of collateral by the credit institutions may cause conflicts at the household level as males are the real owners. Similar studies by Reno (1981) had found that collateral requirement was a major obstacle for women interested in obtaining credit in Kenya as most women do not hold titles in their name. Furthermore, women business tend to be in the informal sector like trading and marketing agricultural produce and therefore their small operations cannot be used as collateral. For credit programs to be successful, collateral should include physical items like jewellery and non physical items like recommendations by community leaders.

4.2.5 Conditions for Lending

Credit interventions are intended to alleviate the poverty of the rural population. However, from the findings of this study, it is apparent that conditions for lending may exacerbate poverty by raising the transaction costs that are inherently incurred while seeking credit. It is a requirement by the MFIs in Rongo division that applicants raise shares and savings against which they are given money upon attaining certain levels of savings determined by the institutions themselves. Through such mobilized savings, the institutions are able to cover the costs of lending. However, it must be pointed out that due to high poverty levels in the rural areas, making loanee applicants to save makes the cost of accessing credit very expensive. Savings may also divert the meager resources that may be otherwise channelled towards household consumption and meet other emergencies at the household.

It was established that those applicants seeking credit must be cleared by the group members who access their credit history. However, due to cultural perceptions, men find it very difficult to attend group meetings where they are supposed to be cleared by group members whereas women have established networks in form of merry go rounds which make them blend easily in the groups as opposed to men. While paying insurance fee makes the cost of accessing loans expensive, the multiplicity of the numerous forms to be filled coupled with high literacy levels make it difficult for the applicants to comprehend the requirements spelt out in these forms. Therefore, most of the beneficiaries are unwilling to apply for more loans after repaying the previous ones.

4.2.6 Terms and Conditions of Loan Repayment

It is apparent that the terms and conditions of loan repayment created credit apathy among the population of Rongo Division. The repayment schedules were found to be rigid as loan repayments commenced immediately the loans were disbursed. This gave the beneficiaries no grace period to accumulate profits with which to repay loans. Further more, the interest rates on loans borrowed were found to be high. Therefore most of the loanee beneficiaries did not seek subsequent loans after repaying the previous ones due to fear of debt burden.

Scholars of the Ohio School justify high interest rates charged on loans by arguing that the high interest rates are a real reflection of the opportunity costs of the loan and includes payment for a range of services like insurance (Roth,1997). However, given the precarious nature of livelihoods and lower life expectancies of the rural population, services like

insurance do not mean a lot for a population shackled by poverty and is fighting for daily means of survival. The requirement that loans are paid weekly was found to be a constraint to accessing credit among the females as their businesses have not accumulated enough returns to enable them to repay the loans. Furthermore, females have additional responsibilities like feeding their families, which take up most of their earnings, thereby making it difficult to repay loans weekly. As a result, it is not surprising that some of the female applicants were found to have diverted their loans to other areas of household needs. However, the difficulties did not vary much between the males and females. The findings on the conditions and mode of repayment of loans are consistent with those of Besteman (1995) and Mayoux (1998; 1999). Besteman argues that rigid payment schedules pose a serious constraint to women's access to credit as females have additional domestic chores which make it difficult to divide their time between visiting the loan offices to repay loans and look for food for their families. Mayoux (1998) on the other hand argues that repayment rigid repayment schedules and high interest rates affect the ability of women to use the loans profitably and also control incomes.

4.2.7 Preferred Sources of Credit

This study established that there were variations regarding preference for sources of credit. More females prefer informal sources of credit as compared to males who prefer formal sources of credit. Although this study shows that formal source of credit was preferred by the males, it should be pointed out that these sources of credit require savings, payment of shares, collateral and application fees before they can be accessed. Therefore, poverty restricts the potentiality of use of this source due to the institutional conditions for lending. Females are most affected due to general low income arising from their low educational achievement and unemployment. Furthermore, due to their socially ascribed gender roles and responsibilities, the females take up much of their time feeding for their families and therefore leaving them with no time to venture into investment opportunities. These findings are consistent with those of Atieno (2001) done on microfinance in Kenya, which found that majority of poor rural women have greater access to informal credit facilities than to informal sources.

This study also established that more than half of the respondents interviewed had attained primary level of education. While the respondents who had attained primary level of education were more among the females, the opposite was found regarding secondary level

of education where there were more females. This clearly shows that literacy levels were low among the females. With such lower literacy levels, there are likely to be problems with the formal sources of credit among the females due to the conditions for lending. Berger (1985) concurs that due to higher illiteracy levels among women, they find the numerous forms necessary for application for credit to be an insurmountable barrier. Furthermore, with lower literacy levels they are likely to be unaware of the credit options available to them from the formal sources or may not understand the conditions for lending.

4.2.8 Gender and Household Decision -Making on the Need for Credit

This study had found that a greater percentage of females made most of the decisions to obtain credit by themselves as compared to the males. However, spousal approval of decisions to seek credit was higher among males as compared to females. Therefore, it is apparent that variations in the household decision-making process are influenced by differences in household structures which also reflect variations of the general dominance of patriarchal relations in the area under study. Previous studies on gender and household decision-making have reflected imbalance of power between the husband and wife whereby the latter is disadvantaged in decision making (Floro; 1992, Zoro; 2003; McFadden; 1993; UNICEF, 2007; Gurung & Gurung, 2006). These studies have pointed to the prevalence of the exploitative model of decision-making at the household level whereby husbands make most of the decisions about household expenditure. However, the findings of this study on household decision-making indicate that the exploitative model of decision making where the husband dominates does not apply. This is shown by the fact that more females made the decision to acquire credit by themselves, a phenomenon which can be attributed to the economic power acquired by the females. These findings on decision-making also differ with those done by Ishengoma (2002) in Tanzania, where it was found that there existed separateness in decision making so that some decisions were made by men while others were made by women, thus pointing to the existence of conflict in decision-making.

The findings can only confirm that household decision making is not a static phenomenon and therefore changes with the introduction of new economic opportunities (Parena, 2001). This calls for trade offs between the patriarchal authority of the husband and immediate family needs. It can therefore be argued that the co operative household bargaining model of decision-making dominates the decision-making process in the households of Rongo

Division. Households are aware on the importance of generation of family income and therefore compelling pressures for survival make conflicts minimal.

From the findings of this study on household decision-making, it can be argued that the participation of females in joint decision making and making critical choices about household expenditure is an indication of empowerment. This is practical in situations where females have been marginalized in intra household decision-making process. Due to changing economic trends, rural women are assuming increasing responsibility for income generation and the well being of their families As the division of labour becomes less instinct, rural women are increasingly getting less instinct, majority of rural women are increasingly getting involved in activities that are traditionally performed by men, which increases their participation in household decision making. These findings are consistent with other studies which found that financial power of the female members of the household increases their participation in household decision-making and therefore empower them. For example, studies by Ramu (1988, cited in Parena, 2001:4) among single income earning households in India found that the more a partner brought into the household in terms of income, the more decision power he or she possessed. Similarly, Hoque and Itara (2009) also found that utilization of loans in any productive purpose contributes to some extent to household income which gives them claims over the family decision-making process. Therefore, micro credit interventions go a long way in generating economic activities and participation on family decision making of the rural women.

4.2.9 Gender and Utilization of Credit

Conventional gender analysis identifies men as responsible for income generation while women are responsible for household labour and social reproduction. This should be reflected in the expenditure patterns made at the household level. However, this study had different findings as it found the percentage of females who had utilized the credits obtained from the MFIs in business to be higher than that of males. On the other hand, the percentage of males who had invested in farming was greater than that of females. Furthermore, a greater percentage of women divested the profits accrued from their businesses in paying school fees, clothing and meeting medical bills for their children as compared to that of the males, thus contributing to the generation of family income. This implies that besides the culturally ascribed role of contributing to household labour, women have to bear the extra burden of generating income for their households by investing in business as compared to

men. These findings differ with those by Javed *et.al* (2006) and Muteshi (2006) who found that females utilized their incomes majorly in agricultural production. Under increasing economic pressure men have lost their traditional livelihoods and women have been forced to take additional income earning tasks while continuing with their domestic tasks.

The findings of this study also show that women are responsible for household labour, while at the same time they have to bear the extra burden of generating income for their families. This is supported by the fact that more females had invested in business as compared to males. These findings are consistent with earlier works done by Sirleaf (1997) and the World Bank (2004) on the importance of credit in improving the livelihoods of the rural population. These findings show that access to credit by women has a multiplier effect that enlarges the impact of the lending institution's activities (Cheston and Kuhan, 2002; Kabeer, 1997). Kabutha (1999) concurs that a general increase in men's incomes does not necessarily result in improved welfare of the family but an increase in income directly under women's control on the other hand tends to be spent mainly on household welfare. There is therefore the need for more micro credit interventions targeting the poor rural women.

This study also established that business longevity was higher among the females as compared to the males. A greater percentage of the beneficiaries who had their businesses operational were women meaning that they utilized their credits wisely as compared to men. These finding concur with the studies done by Moore (1999) on entrepreneurship which found that women headed businesses survive more than male headed businesses due to the strong driving forces for personal accomplishment and self respect.

It is also worth looking at utilization of credit in terms of the ability of the loanee beneficiaries to repay such loans. This is because proper utilization of credit leads to generation of money which is in turn used to repay. Similarly, improper use of credit may lead to unnecessary debt burden among the rural poor. Lending agencies have been obsessed by showing preference to female borrowers ostensibly because of their superior repayment rates (Mayoux, 1997, Cheston & Kuhan, 2002) and their cooperativeness with the MFIs (Cheston & Kuhann, 2002). However; this study yielded different findings as cases of default were higher among the females as compared to males. This was proved by the fact that a higher percentage of the males who had accessed credit were able to repay their loans as compared to their female counterparts. The higher incidents of default among the females

can be explained by the fact that the lending agencies in Rongo Division are mostly NGOs which had been past known to be providing grants to women and therefore shifting to provision of loans make them soft targets as they are unwilling to exert pressure on their long term partners to repay.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the major research findings, conclusions from the findings and recommendations drawn from the conclusions. The study sought to examine the extent to which gender inequality influences access and utilization of credit in rural Kenya. The theoretical framework that informed the study was the liberal and Marxist feminist theories of gender inequality, whereby the influence of gender relations at the household level on access to credit was examined. The research was a case study design and the study area was Rongo Division. In depth on to one interview schedules and observations were used as data instruments for 144 respondents. Data was analyzed using the statistical package for social sciences.

5.2. Summary of the findings

5.2.1 Gender Inequality in Access to Credit

The findings show that there are gender inequalities in access to credit. More females access loans only once or twice as compared to males while more males access loans more than twice. There are also inequalities regarding loan sizes that are accessed whereby more females are likely to access loan sizes ranging from KSH 10,000 to 19,999 during the first application while males are likely to access bigger loan sizes during the second and third application. These inequalities are statistically significant. Most of the respondents had accessed money from the MFIs only once or twice. This is due to the fact that most of the loanee beneficiaries were reluctant to apply for more loans after repaying the previous ones, a phenomenon that had been attributed to the unfavourable lending conditions. Similarly, most of the respondents took more than forty five days before accessing credit, with no significant variations on the basis of gender.

5.2.2 Constraints to Accessing Credit

The findings also show that the constraints to accessing credit are group lending methodology that has been adopted by the MFIs, collateral requirements, long procedures for accessing credit experienced by females in accessing credit are not the same as those

ones experienced by males. However, there are gender inequalities regarding the way these constraints affect males and females. More females experience the constraints of raising shares and savings, collateral, procedures for accessing credit and the terms and conditions of repayment of loans while more males experience the constraint of Group Lending Methodology. The constraints resulting from delays in disbursement of loans and conditions of lending affect both males and females. From the findings, it can be argued that gender inequalities in education, loan sizes that are given and the institutions that are approached by members influence access to credit.

5.2.3 Preferred Sources of Credit

The findings show that informal sources of credit were preferred by more females while more males preferred formal sources of credit. However, there was minimal gender variation between males and females regarding preference for sources of credit.

5.2.4 Household Decision-Making Process Regarding the Need for Credit

The findings of this study reveal that more females made most decisions to acquire credit by themselves as compared to the males. However spousal approval of decision to acquire credit was found to be higher among males as compared to females. These findings show that decision-making is not a static phenomenon and changes with the nature of the household in question and changing opportunities that present themselves to households. Therefore co operative household models of decision-making predominate.

5.2.5 Gender and Utilization of Credit

This study established that there were gender inequalities in utilization of credit. More females had utilized their loans in business ventures as compared to males. Similarly more males had utilized their loans as compared to females. Females also diversified their loans in various ventures whereby they invested both in farming and business. More females also diverted the income accrued from their loans to meet other household needs like school fees and payment of medical bills. High income retention was also reported among males.

5.3 Conclusions

This study concludes that the inequalities in access to credit are attributed to gender. The constraints that are experienced by men in accessing credit are also not the same as those ones experienced by females. While there is demand for credit by the rural population, the conditions for lending and the problems arising from loan administration raise the cost of accessing loans and therefore pose serious constraints to accessing credit. These need to be addressed. However, the findings from this study show that access to credit can improve the livelihoods of the rural poor as seen by the investment strategies whereby females invest in both business and farming and use the proceeds from these ventures to meet household expenses like paying for medical expenses, school fees and nutrition needs while males invest in agricultural ventures. These findings on gender and utilization of credit show that there are inequalities in the utilization of credit whereby more female beneficiaries utilize credit on areas that bring additional incomes to their families while the males utilize their credits on household production like farming.

5.3.1 Theoretical Conclusions

This study was informed by the feminist theories with specific focus on liberal feminism and Marxist feminism. Liberal feminism is premised on the fact that the society has prescribed separate spheres of life for men and women whereby men have unfettered access to public life while women are confined to the private spheres. Furthermore women are seen to be compliant and dependent on men. According to liberal feminists, emancipation of women from the private sphere could only be achieved through access to modern education and employment. From the findings of this study, the emancipation of women in Rongo Division has been achieved through access to credit as most of the MFIs involved in the study emphasize on more females being members of groups that could apply for credit. Liberal feminism also restricts women to private spheres of life while giving men unfettered access to public sphere. However, the findings of this study show that women in Rongo Division are very active in public life and in fact, as most females who have acquired credit invest in productive ventures like business and farming that bring additional income to their families and therefore improve their livelihoods. Furthermore, the proceeds are used in the education of children. Marxist feminism sees the family as a system of patriarchy whereby women contribute to the family labour force. However, the findings of this study point to a different theoretical position because it is the males who are engaged in the generation of family

labour as they tend to be investing their loans in agriculture while the females are active in business. This has liberated them from the shackles of patriarchy and given them autonomy.

The conceptual framework that informed the study presupposed the existence of relationships between access to credit and improved livelihoods. It has been established that access to credit can lead to improved livelihoods as seen by investments in education, health and nutrition. Mayoux (1997) had also established that access to credit can lead to virtuous spirals that lead to the empowerment of the beneficiaries. This is confirmed in this study by the fact that most of the females who have accessed credits make certain critical decisions about their families by themselves because of the additional income that they bring to their families and therefore raise their status at the family level. There is therefore the need for more credit initiatives targeting the population of Rongo Division.

5.3.2 Empirical Conclusions

Theoretically, the findings suggested that emancipation of women in Rongo Division has come true through access to credit as more females have accessed credit as compared to males. Furthermore, while the findings on household decision-making process regarding the need for credit indicate that most of the individual decision-makers were females, in reality where large amount of credit is involved, the husband takes precedence. Follow up interviews saw many female respondents confess that they were only decision makers or consulted when the amount under question was minimal. The unbalanced power and gender relationships entrenched by patriarchy, does not give room for consultation or women making their own investment decisions. While the findings of this study also indicate that a greater percentage of men discuss with their spouses on the utilization of credit, it must be pointed the unequal power relations at the household level make the input of the women to be minimal, mostly advice and recommendation with actual decision making still being done by men.

Whereas it was established that access to credit can improve the livelihoods of the rural population through increased household incomes, investment in education, household health and nutritional needs, the loan sizes were found to be small. Therefore, they were unlikely to have any serious impact on empowerment of the rural population, particularly women who dominate low income and suffer discrimination along traditional lines of property ownership. Micro-credit cannot therefore be the only solution to rural poverty, especially

when it is accompanied by high interest rates that only exacerbate debt burden among the poor. Furthermore, given that most of the micro- credit was offered by NGOs, these programmes were short term by nature. Empowerment of the marginalized rural poor cannot therefore be addressed only through credit. Other aspects like access to land, other rights and adequate training on business are required.

5.4 Recommendations for Policy and Further Research

Based on the results, this study makes the following recommendations:-

5.4.1 Policy Recommendations

- 1) There is need for the government, NGOs, and other stakeholders in the credit financing sector to support and initiate programs and activities aimed at increasing women's access to credit facilities. One such support could be to provide financial and technical assistance to grassroots self-help groups since these groups are one of the main avenues through which women access credit facilities.
- 2) Whereas Group Lending Methodology has been favoured by the MFIs, there is need to consider giving individual loans besides giving loans to groups. The findings of this research on the previous chapter reveal that such groups are haphazardly chosen and members do not have common interest.
- 3) There is need to initiate a policy framework that will encourage the growth of the informal sector where most females tend to utilize their credits. This will cushion them against unfavourable lending conditions by the MFIs like exorbitant interest rates and short repayment schedules.
- 4) There is need by the micro finance institutions to diversify their loaning policy and start giving credit to farmers in form of farm inputs like fertilizers, water pumps and ploughs rather than give cash which most of the loanee beneficiaries are unable to pay. The institutions could also finance the activities of the borrowers like agricultural production and marketing.
- 5) There is need by the micro finance institutions to give loans in large amounts to have any meaningful impact on the loanees. Furthermore, the duration of repayment of loans given by the credit institutions need to be longer to enable the applicants to get returns on their investments to enable them repay the loans promptly.

- 6) The micro finance institutions in Rongo Division need to screen the group officials thoroughly as some of these group officials misappropriate savings of the members and thus hinder them from getting loans.
- 7) Local group leaders should be trained to evaluate loan applications and lend money at the village level. Such leaders would therefore act as intermediaries by bringing the lending agencies closer to the rural population and therefore reduce the transaction costs.

5.4.2 Areas for Further Research

This study was conducted in Rongo Division and focused on factors that influence access to credit and the constraints towards accessing the same. From the findings the study makes the following recommendations for further research.

- 1) Since the study was conducted in only one district, future researchers could extend it to other districts. This is because of the increasing expansion of the MFIs in rural areas. Therefore, this can provide a good bench mark from which measures are taken by the MFIs to ensure that levels of default are minimized.
- 2) This study had been done in a rural area. A similar study could be extended to compare factors influencing access to credit in rural and urban areas and the constraints to accessing the same. This is because of the fact that the government and other development agencies are not only concerned with the problem of rural poverty but urban poverty as well.
- 3) This study found that the rural population was not willing to take advantage of the credit facilities that are available in the rural areas. There is need to investigate the causes for credit apathy in Rongo Division.

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APPENDICES

APPENDIX I – INTERVIEW SCHEDULE FOR HOUSEHOLDS

Interview schedule on the study of gender inequality in access and utilization of credit in rural Kenya: The case of Rongo Division, Migori District.

Dear sir/madam

Kindly respond to the questions asked below. The information provided will be used to establish the relationship between gender, access and utilization of credit in Rongo Division. Be assured that the information will be confidential and used only for research Purposes. Your co operation will be highly appreciated.

Sincerely,

Kennedy Mboya Nyamolo (Researcher)

Department of Sociology, Anthropology and Economics.

Egerton University.

*Questionnaire Number _____ Date _____ Location _____

Part A: Bio-Socio Data

(Please tick where applicable)

- 1) State your gender 1= Male { } 2=Female { }
- 2) State your age.....
- 3) State your level of education
1=Nursery { } 2= Primary { } 3= Secondary { } 4= Tertiary { } 5=None { }
- 4) What is your religion?
1=Christian { } 2= Muslim { } 3= None { }

Part B: Gender

Tick where appropriate

- 5) State your marital status
1= Married { } 2= Single { } 3=Widowed { } 4= Separated/Divorced { }
- 6) Do you have children?
1=Yes { } 2= No { }
- 7) Do your children go to school? 1=Yes { } 2= No { }

- If yes who pays their fees? 1=Self { } 2= Spouse { }
- Others, specify.....
- 8) Do you own land? 1= Yes { } 2= No { }
- 9) What is your occupation? 1= Farming{ } 2= Business { } 3= Both Business and farming

Part C: Access and Utilization of Credit

- 10) Do you ever experience financial difficulties in your occupation?
1= Yes { } 2= No { }
- If yes, what kinds of difficulties.....
.....
.....
- 11) Where do you prefer to get credit to solve your financial difficulties?
1=Formal sources { } 2= Informal sources{ } 3= Multiple sources{ }
- 12) Have you ever heard of other financial institutions offering credit in Rongo Division?
1=Yes { } 2= No { }
- 13) How many institutions offering credit in Rongo Division have you heard of?
- 14) Do you find these institutions accessible to you? 1=Yes{ } 2=No{ }
- 15) Have you approached any of the institutions for credit? 1= Yes 2= No { }
- If yes, which institution have you approached?.....

Part D: Constraints to Accessing Credit

- 16) How far is the financial institution from you in Kilometers?
(Approximate).....
- 17) Did you experience difficulties in approaching the institution for credit
1=Yes{ } 2= No { }
- 18) Kindly give the difficulties you experienced in approaching the institution for credit
(i).
(ii).
(iii).

- 19) Were you given credit by this financial institution?
 1=Yes { } 2= No { } (If No, go to (i), if Yes go to (ii))
- (i) Were you given any reason for not getting credit? 1=Yes { } 2= No { }
- If yes kindly share with me the reasons that were given
- a)
 b)
 c)
 d)
- i) How many times were you given credit?.....
- 20) Kindly share with me the procedure for getting credit from this institution
- a)
 b)
 c)
 d)
- 21) How do you judge the procedure for accessing credit from this institution?
 1=Very Easy { } 2= Easy { } 3= Difficult { } 4 Very difficult { }
- 22) What are the requirements needed by the institutions before giving credit?
- a)
 b)
 c)
 d)
- 23) Did you find any of these requirements difficult to meet? 1=Yes { } 2= { }
- 24) Which one of the requirements in 14 did you find to be a constraint in accessing credit?

- 25) Did you get credit immediately after meeting the requirements in 14?
 1=Yes { } 2=No { } If No go to (i), if Yes go to (ii)
- (i). Kindly state why you were not able to get credit immediately?
- a)
 b)
 c)
- (ii). How long did it take you get credit after meeting the requirements?.....

Kindly give the amounts of monies that were given to you during

- a) First lending.....
- b) Second lending.....
- c) Third lending.....
- d) Fourth lending.....
- e) Fifth lending.....

27) Do you know others of your gender who have got credit from the same institution?

1=Yes { } 2= No { } If yes go to (i) and (ii)

- (i). How do you relate with them? 1=As members of a rotating group { } 2= As customers { }

Others, specify.....

(iii). Is this relationship a requirement for getting credit? 1=Yes { } 2=No { }

28) Do you find formation of groups to be a constraint o accessing credit?

1= Yes { } 2= No { }

29) Have you been able to repay the loans given to you by the institution?

1= Yes { } 2= No { } If No, go to (i) if Yes go to 30

30) In what mode are you required by the institution to repay your loans?

1= Monthly { } 2= Monthly { }

31) Kindly give the conditions regarding repayment

- a)
- b)
- c)

32) Do you find any difficulties with these conditions regarding repayment?

1= Yes { } 2= No { }

If Yes, what kind of difficulties?

- a)
- b)
- c)

33) Have you asked for more loans since repaying the last one? 1= Yes { } 2= No { }

34) Have you been given more loans since repaying the last one? 1=Yes { } 2 =No { }

35) What does the institution do to those who fail to repay?

- a)
- b)
- c)

- 36) What do you think should be done by the institution to make its credit more accessible to other applicants?
- a)
 - b)
 - c)

Part E: Gender, Household Decision- Making and Utilization of Credit

- 37) Who makes decision that you need credit?
 1= Spouse { } 2= Self { } 3= Both { }
- If yourself, does your souse approve of your decision? 1=Yes { } 2=No { } 3=Na { }
- 38) Do you discuss with your spouse on areas to utilize credit given to you?
 1= Yes { } 2=No { } 3= NA { }
- 39) Kindly share with me the where you utilized the credits that were given to you
 1=Invested in farming { } 2= Invested in business { } 3= Paid school fees { }
 4= Household needs { } 5=Home improvement { }
- If farming, go to 40, if business go to 41, if school fees go to 42, while if home improvement, go to 43*
- 40) How many acres of land were you able to bring under cultivation using the money loaned to you? 1=Less than 1 acre{ } 2=1-3 acres{ } 3More than 3acres { }
- a) Was the harvest sufficient for your household consumption throughout the year? 1=Yes { } 2= No { } \
- b) How many bags of the following crops do you currently have in store?
- i) Maize.....
 - ii) Sorghum.....
 - iii) Millet.....
 - iv) Beans.....
- Others, specify.....
- 41) What business did you invest in?
- i) Is the business still operational? 1= Yes { } 2= No { }
 - ii) If NO, kindly share with me what happened to your business

- 42) Was the money enough to pay your child’s fees throughout the year?
 1=Yes { } 2=No { }

Up to what level were you able to educate your child using the monies loaned to you?.....

43) In what area did you use the credit to improve your home?

1=Built a new house { }

2= Renovated the house { }

3=Bought new furniture { }

Others, specify.....

Observe the following for 43

(i). Roofing material of the MAIN house 1=Grass{ } 2=Iron sheets{ } 3=Tiles{ }

Others, specify.....

ii) Wall material of the MAIN house

1=Mud { } 2= Bricks/Stones { } 3=Iron sheets { } 4= Wood { } .5= others

specify.....

(iii). Floor material of the MAIN house 1=Earth{ } 2=Cement{ } 3=Wood{ }

4=Tiles { } 5=others, Specify.....

iv) The general condition of the house 1=Good{ } 2= Fair{ } 3=Poor{ }

44) In your opinion, do you think you utilized your credit for the purpose for which it was intended 1= Yes{ } 2= No{ }

THANK YOU FOR YOUR CO OPERATON.

APPENDIX II: INTERVIEW SCHEDULE FOR FINANCIAL INSTITUTIONS

Interview schedule on the study of gender inequality in access and utilization of credit in rural Kenya: The case of Rongo Division, Migori District.

Dear Sir/Madam

Kindly respond to the questions asked below. The information provided will be used to establish the relationship between gender, access and utilization of credit in Rongo Division. Such information will be used for the purpose of research only and will be treated as confidential. Your co-operation will be highly appreciated.

Sincerely,

Kennedy Mboya Nyamolo

(Researcher)

Department of Sociology, Anthropology and Economics.

Egerton University.

*Questionnaire number _____ Date _____ Institution _____

1. For how long have you been operating in this region?

.....
.....

2. Kindly explain why you decided to establish yourselves in Rongo division

.....
.....
.....

3. Is it your policy to deal with a specific category of gender? 1=Yes 2=No { }

If yes, what gender? 1=Males 2= Females { }

a) Who are your frequent customers by gender? 1= Male 2= Female { }

b) What is their approximate age?.....

4. Do you prefer to deal with a specific category of customers?

1=Yes { } 2= No { }

If Yes, specify the category.....
.....

5. For what activities do you prefer to give your loans?
.....
.....
6. What conditions do you require customers to meet before they are given credit?
.....
.....
7. How long does it take the loans to be ready?
.....
.....
.....
8. What amounts of money do most of your customers come for?
.....
.....
.....
9. What factors affect the availability of your loans to clients?
.....
.....
.....
10. What do your customers normally use the loans for?
1=Start business { } 2= Improve business { }
3=Improve on crop production and marketing { }
4=Pay School fees { } 5= Pay medical bills { }
6= other, specify.....
.....
11. What gender comes for loans for the following purposes?
a) Start business: 1= Males { } 2= Females { }
b) Improve business: 1= Males { } 2= Females { }
c) Improve crop production and marketing: 1= Males { } 2= Females { }
d) Pay school fees: 1= Males { } 2=Females { }
e) Pay medical bills: 1= Males { } 2= Females { }
f) Other,specify.....
.....

12. Do you make a follow up to ensure that your loans are utilized efficiently?

1=Yes { } 2= No { }

If yes, elaborate on the kind of follow up

.....

.....

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13. Where do most of your customers come from?

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14. Do you charge interest on your loans? 1= Yes { } 2= No { }

If Yes, what percentage?.....

15. In what mode are your customers required to pay back the loans given to them?

.....

16. Do you know of any difficulties experienced by customers in repaying your loans?

1=Yes { } 2= No { }

a) If, yes what kinds of difficulties?.....

.....

.....

.....

b) Are these difficulties gendered? Yes { } No { }

17. What gender experiences these difficulties?

1= Male { } 2=Female { }

18. What do you think can be done to help your customers overcome the difficulties?

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19. Do your customers pay back loans promptly?

1=Yes { } 2= No { }

a) What gender are the defaulters? 1= Male { } 2= Female { }

20. What do you do to the defaulters?.....

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21. What measures do you have to guard against defaulters

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22. What do you want to do so that many people can easily access your loans?

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THANK YOU FOR YOUR CO OPERATION.

APPENDIX III: RESPONDENTS USED IN PRE TESTING

NAMES	GENDER	LOCATION	INSTITUTION
ANJELINE AWITI OKUMU	FEMALE	N.KAMAGAMBO	AEP
CAREN ATIENO JABUYA	FEMALE	E.KAMAGAMBO	FSA
FRANCISCA AKUMU	FEMALE	E. KAMAGAMBO	FSA
IRENE OMOLO	FEMALE	C.KAMAGAMBO	K-MET
JANE AUMA OBUTO	FEMALE	S. KAMAGAMBO	LABALU
LORNAONYANGO	FEMALE	W. KAMAGAMBO	LABALU
PHILEGONA JUMA RABEL	FEMALE	W.KAMAGAMBO	LABALU
SYPROSE ATINDA	FEMALE	C. KAMAGAMBO	LABALU
CHARLES O.RANYUONGI	MALE	N.KAMAGAMBO	AEP
PHILIP OJIKA OMOGO	MALE	N. KAMAGAMBO	AEP
JOHNSON OJWANG OSITO	MALE	E.KAMAGAMBO	FSA
RASTO NGIRA ORONY	MALE	E.KAMAGAMBO	FSA
PETER OMOLO ONGARO	MALE	C.KAMAGAMBO	KADET
ALFREDOCHIENG	MALE	W. KAMAGAMBO	LABALU
JOHNSO NEMBI	MALE	W. KAMAGAMBO	LABALU
MAURICE ONYANGO	MALE	W. KAMAGAMBO	LABALU