Microfinance and sustainable household development in the north rift region, kenya

by

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DECLARATION

Declaration by the Student

This research thesis is my original work and has not been presented for a degree in any other university.

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Declaration by the Supervisor

This thesis has been submitted for examination with our approval as university supervisors.

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DEDICATION

I dedicate this thesis to my parents: Jeremiah and Rosaline who taught me that the best kind of knowledge to have is that which is learned for its own sake besides instilling the virtue of hard work, patience; secondly is to mybeloved wife Nancy Tanui for the moral support, my beautiful daughters (Michelle Chebaibai and Janet Jepkoech) in whose shining brilliant smiles reminds me of the fortune to come out of hard work.

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ACRONYMS AND ABBREVIATION

AMFI	Association of Micro Finance Institutions
ASAL	Arid and Semi Arid Land
CGAP	Consultative Group to Assist thePoor
DFID	Department for International Development
DTM	Deposit Taking Microfinance
FHI	Food for the Hungry International
GDP	Gross Domestic Product
GNP	Gross National Product
KWFT	Kenya Women Finance Trust
MFIs	Micro Finance Institutions
USD	US Dollar
USAID	United States AID
SPSS	Special Program for Scientific Studies

ABSTRACT

The Microfinance sector has enjoyed overwhelming support and acceptance from the international development agencies and major donors. In Sub-Saharan Africa there has been rising trend in establishment and expansion of microfinance institutions whereby the primary direct beneficiaries are members of a household. However, the actual contribution of microfinance institutions on sustainable household development variables has not been conclusive due to its potential and possible significant indirect effects thus the need for the study. The study examined effects of micro financial attributes on sustainable household development variables in the north rift region of Kenya, by identifying the micro financial attributes; assessing the effects of the attributes on household development besides establishing the challenges associated with the use of microfinance services on household development and possible remedies. The study affirmed Sen.'s capability and functionality theories of development as very critical as it lays emphasis on the ability to convert commodities under ones possession into actual function and capability advantage. The target population comprised members of households who had been a beneficiary of Microfinance institution for more than four years in North Rift Region. The sample size was determined using simple and purposive sampling technique under stratified sampling method. Descriptive survey research was employed and the instruments of data collection used were questionnaires and structured interviews. The findings were analyzed by use of descriptive and inferential statistics. It was established that micro financial main attributes in the north rift region were: microloans, savings and trainings. The outcome with respect to the Pearson Chi-Square correlation test on the findings, confirms a significant positive effect of microfinance attributes on households development variables hence potentiality in its functionality and capability to transform lives and livelihoods of members of households, thereby enhanced sustainable household development. Therefore the findings contradict prior thought of non-existence of the relationship between microfinance attributes and sustainable household development. In spite of its immense contribution, a number of challenges were noted which can be mitigated upon for instance by: public awareness, additional efficiency, additional tax incentives as well as emphasis on securing proper funding levels to the sector; entrepreneurial knowledge and skills are critical thus bridging existing gap through financial training deserve prioritization.

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CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter presentsthe background to the study, statement of the problem, purpose and objective of the study, hypothesis and research questions, significance, limitationsandassumption of the study,theoretical and conceptual framework that guided the study.

1.2Background to the study

Microfinance is the supply of loans, savings and other basic financial services to the poor, (CGAP, 2003). Micro credit, a central theme of microfinance (Greene and Gangemi, 2006), is broadly recognized as 'the practice of offering small, collateral-free loans to members of cooperatives who otherwise would not have access to the capital necessary to begin small businesses (Hossain, 2002: 79).

According to Parish, (2008) microfinance began thirty years ago as an experiment in rural Bangladesh. It has since become a financially viable industry with a global repayment rate of 97% and astonishing annual growth. The essence of microfinance is a practical and philosophical inversion of traditional financial services towards meeting household quest to alleviate poverty through integrating the informal sector into main stream financial accessibility.

There is a linkage between micro financing and development this is because its success in reaching out to the Kenyan un-banked population may accelerate, stagnate or deceleratedevelopment at a household levelthus a bearing to meeting:nationalgoals;the Kenya's vision 2030 for financial services for instance, is to have a vibrant and globally competitive financial sector driving high levels of savings and financing Kenya's investment needs,the country as envisaged in the vision will decrease the share of population without access to finance from 85% to below 70% at present (ROK 2007);and international development goalssuch as Millennium development goals (MDGs).

However,despite the targets of enhancing accessibility, household sustainable development only depends on household expenditure practices since the ability to eradicate poverty, to enhance literacy as well as to combat disease by low income household is determined by household expenditure decisions given accessibility to financial services.

This study however approached the concept of development at a household level from the household expenditure practice particularly on employment of capital, consumptive household expenditure, and household savings. Furthermore, development encompasses liberation from dependency syndrome which has a bearing from household expenditure style considering expenditure as a proxy indicator of development hence a concept explored. This implies that whenever members of households spent their earnings, the outcome of their spending enhances their sustainable development only if the spending focused more on income generating rather than on consumptive items, that is when the larger proportion of profits and any borrowed money are invested by the members of household in assets or activities that ploughs back more income;thus enabling members of household to progressively move from total reliance on borrowing for consumption to a level of self reliance a condition that guarantees sustainable growth at the household level. On the other hand if the households spend a large proportion of their income on consumptive items,it implies propagating continuous reliance on borrowed money by members of households so as to sustain their livelihood, a condition that is not sustainable; thus depicting the expenditure behavior of members of households as an indirect central determining factor on household sustainable development.

The demand for credit over the recent years globally has been on the increase as evidenced by world bank publication under Global Development Finance (GDF: 2005, 2006),in Kenya for instance the empirical evidence indicates that the trend has been on the rise since 1999, notably expansions of branches mainly in urban centers that is Nairobi, Mombasa and Kisumu as shown in Bank Annual Supervision Report: CBK,1999. This market led scenario has precipitated development and expansion of microfinance institutions such as: K-REP Bank; Kenya Women Finance Trust-KWFT, Faulu Kenya DTM Limited, Equity bank, Kenya Eclof, SMEP and other smaller financial institution. These institutions primarily offer credit and saving products as well as other value adding programs such as training of the customers, whereby the primary direct beneficiaries of these services offered by microfinance institutions are members of a household. The institutions engage the recruited members of households in social, economic, cultural and political empowerment.

The program design of the MFIs in Kenya emulates that of Grahameen bank of Bangladesh whereby group mechanism are employed as a way of guaranteeing individual members for the loans; which may otherwise could not access loans from banks. In sub-Saharan Africa, Kenya included, studies done indicates that householdsare characterized by high rate of poverty, high dependency ratios, hence larger population lives below a dollar per day a condition that may not allow many household to amass adequate assets that can be used as a collateral towards bank loan, this however has popularized microfinance as an option in the region.

Microfinance institutionschosen for the study hadbeen operational in north rift region for the last four years currently with a clientele of more than thirty thousand, those with subsequent loans being above ten thousand in number. Services offered includes mainly giving loans on yearly basis, savings products initially in the form of loan security fund but currently expanded by some MFI such as FAULU, KWFT, KADETto deposit taking following the central bank license given to the institutions to take deposits, value additional activities such as facilitating training of clients as well as involvement in corporate social responsibility among the communities in the region. This study confined to MFI clients in north rift region who have been in MFI for more than one year and have taken subsequent loans.

1.3 Statement of the Problem

The purpose of MFIs offering financial services to members of households is basically to transform households from: poverty to wealth, ignorance to knowledge, financial inaccessibility to financial accessibility, economic dependency to independency; however little has been done to quantify the magnitude of effect that MFIs have hadon households and businesses. In north rift, introduction of MFI services have solved the problem of financial access to both urban and rural farmers and businessmen posing the challenge of uncertainty to the households welfare status in north rift region. However, pragmatic evaluation can only ascertain as to whether this financial access in the north rift regionhas contributed to improved or deteriorated household welfare status.

Secondly, most research done in past sub Saharan Africa on microfinance and its development focused on the program design and its right application as a way that guarantees success.However this might have been an assumption at household and business level in north rift , and it deserves a pragmatic evaluation in order to ascertain the extent in which the program has succeeded in enhancing sustainable household development. These were because it is possible to design the program right and implement it excellently, yet the outcome may eventually results to household deterioration, stagnation or progress at the expense of institutions reaping exorbitant profits.

Beside this,access to easy credit by members of households can enhance debt trap on household (Albee, 1996) whereby household finds themselves in a state of fully depending on credit for everything they need. This may deny households their freedom they held. Thusenslaving the household rather than making them free and independent. As a result contributing to household deterioration rather than sustained development thus the need for an evaluation on clients businesses as well as households.

Furthermore, the rolling out and implementation of micro financial programs to members of households in north rift generatesan evaluation gap that ought to determine its effect.In sub-Saharan Africa there have not been solid evaluations of outcomes for the micro financial programs that have been implemented (Snow and Buss, 2001). Thus the study sought to address this gap, through evaluating the possible outcome of micro financial programs on sustainable household developmentin north rift region.

1.4 Purpose and objectives of the study

The purpose of the study was to examine the effects of micro financial attributes on sustainable household development variables thereby addressinggaps at household level that demanded the attention of microfinance organization while handling its clients and offer possible alternative measures. Theobjectives of the study were to:

1. Identify microfinance attributes offered in the north rift region.
2. Assess the relationship of microfinance attributesandsustainable household development in the north rift region of Kenya
3. Establish the challenges encountered by members of households in north rift region while engaging in MFI and possible remedies.

1.5 ResearchHypotheses

H_1There is no significant effect ofmicro financial attributesonsustainable household welfare variables among the members of households in north rift region.

H_2There is no significant relationshipbetweenmicro financial attributes andsustained businessgrowth variables for members of households in north rift region.

1.6Significance of the Study

The study is of significance to the community in that it ensures preservation of knowledge that informs on the need for the community to employ the best practices in utilizing MFIs financial services for their sustainable development with regard to their lives and livelihood.

The researchers interested in this study area can use this research for replication elsewhere as well as supplementing the existing literature on the outcome of micro financial services on households.

The microfinance institutions also may be interested in finding out the outcome analysis as a form of market research in north rift through which they can modify their products to enhance sustainable household funding in the north rift region and its environs.

1.7Justification of the Study

The study is of essence to the Ministry of Economic planning and Development, who may be interested in the statistics generated as well as other government department dealing with youth and women fund, to be able to evaluate and project outcome of micro financial accessibility to households.

This study is critical in influencing policy changes that focuses on household financing in relation to their business model and the ultimate expected effects hence may influence prioritization in budgetary allocation.

1.8Scope and Limitation of the Study

The study was confined to an evaluation of micro financial attributes on sustainable household development in Kenya whereby the study was restricted to north rift region. The study consideredfive percent of the six thousand targeted members of households which were established through a stratified random sampling methodfrom the MFIs in north rift region. The respondents were specifically members of households who were currently in 3rd, 4th and above the 5th loan series.

The focus of the study was on the two variables that is household expenditure variable and household business variables as well as the challenges to sustainable household development.

The limitations expected during the study included: the difficulty to access classified information within the households due to confidentiality and sensitivity of such information.

1.8Assumptions of the Study

The research assumes that household in north rift region acknowledge the need of finances for their household development.

It also assumes that all households to be contacted have knowledge of micro financial services within their reach.

1.9 Theoretical and Conceptual framework

1.9.1 Theoretical framework

Asa collection, synthesis and analysis of interrelated ideas, based on theories relevant to the study,this study was guided by contribution from Sen's, (2001) in his functioning and capabilities theories on development where measures of human welfare is analyzed using the concept of functioning and capabilities. Functioning concept explores what a person does with commodity of a given characteristic that they come to posses, emphasis is not only on possession but rather on the ability to convert or turn these commodities under ones possession into actual advantage. Sustainable household development may only have been realized depending on the ability employed by household in utilizing the micro financial services (commodity at their disposal) using the best practices for their own sustainable livelihood. This is measured using the expenditure as an indicator of development.

This would mean that with access to micro financial services, household's participation in the same would enhance increased employment of capital such as land; funding, training and savings products at hand leads to changes in profits, increased savings and investment levels such as in income generating assets which eventually liberates household from dependency to financial independency.Increased profits may not be a sufficient condition for sustainable household development but rather turning it in to actual advantage through wise investment or saving opportunities such as acquisition of income generating assets that further expanses households' capacity to spend even in the future.Training (commodity) available to the households can only be of significance if the households turn it into its actual advantage through application of the knowledge gained in their daily running of their activities. As a result households can be liberated whileundertaking their decisive roles, considering that they are actually the managers of their activity.

1.9.2Conceptual Framework

The conceptual framework for this study was drawn from construction of conceptual model that relates the independent variables (micro financial services) and the dependent variables (household employment of capital; income and expenditure; savings and investment; household decisions as well as its challenges) as illustrated in Figure 2.1. Beside this were the indicators of sustainable household development or deterioration thus aiding the study in establishing the stated outcome of independent variables during the research.

CHAPTERTWO

LITERATURE REVIEW

2.1Overview

This chapter explored on the past researches done in relation to the effects of microfinance on sustainable household development. The concepts explored includes, overall definition of development, literature on sustainable household development, the relationship that exist between microfinance institutions and household development besides an analysis of MFIs in North rift region.

2.2 Concept of Development

Development has been defined by various scholars in various ways, it has been viewed as a multi-dimensional concept that involves changes in structures, attitudes, growth, and reduction of inequality and eradication of absolute poverty (Todaro and Smith, 2003), thus it involves a transformation from one state to a better state of life. Hence development can only have a meaning given that the outcome of the so called development activities undertaken within a given area generates an improvement.

This is further substantiated by Todaro and Smith (2003) view of development as a process of improving the quality of all human life, implying a change that is positive, utilitarian and progressive. Thus the measures and the strategies involved in development as well as its approaches can give a meaning to development if the usefulness towards human life would be considered and deliberated on up to its achievement.

Development is a multi-dimensional in the sense that it encompasses transformation in the various aspects of life that includes economic, socio-cultural, political, technological and environmental perspective.

Development in this study at a household level is viewed in line with the level of expenditure by household. It thus considers expenditure as an indirect measure of development; this is because for a household to develop it must spend on consumption goods as well as on capital goods by businesses (Keynes, 1936).Thus the level of development by households would depend on the changes in household expenditure for both consumption goods and capital goods by businesses.

This study, documented the influence of micro finance on household development, as measured by household expenditures. Glewwe, Gragnolati, and Zaman, (2000) described determinants of household expenditures, primarily in sequential cross-sections of households; thestudy explores the effects of microfinance on household expenditures in north rift region.

For the purposes of this study, itfollows Deaton (1997) and uses household expenditures to measure relative household welfare with regard to the household accessibility to micro financial services. Advancement of micro financial services such as loans, skills, and savings products to household may affect household expenditure and household decisions on expenditures. Household aspects to be evaluated include household expenditure variables such as consumptive expenditure, expenditure on health, household savings, housing, education, asset acquisition. Business variables include relocation to a bigger premise, increased expenditure on stock, relocation to a strategic place, ability to repay the loan, diversification such as establishment of a new line of business.

2.2 Sustainable Household Development

Sustainable household development has been viewed as the continuously economic increase in a safe environmental condition (Koos, 1992), thus the need of continuity though this definition is limited since it addresses only economic and environmental aspects, there is need for other aspects touching the social being that ought to be factored in.

Globally the concept of sustainability is a multidisciplinary or multidimensional and lays emphasis on the manner in which resources has to be utilized to benefit the present society as well as the future generation. It can be felt across all the dimensions of development, mostly sustainable development affects rural and urban areas in various scales depending on each region, due to the level of exposure and the opportunities present in relation to the environmental conduciveness for household ventures.

Under the concept of sustainability, that is development that does not compromise on environment hence the global focus has been on: combating poverty, changing production patterns and consumption with the view of halting the destruction of irreplaceable national resources and pollution of the planet, current demographic challenges, respecting individual rights to an adequate standard of living including food, medical care, housing, water, sanitation and other social amenities.

It also considers social aspect of development that touches on poverty reduction, employment expansion, reduction of unemployment and social integration; it further focuses on empowerment of women and removal of all obstacles that prevents women access and women owning land as well as other economic resources.

Dimensions of sustainable development always vary from one country to another depending on the resources available to that country. It includes Environment, political, economic and social cultural as well as technological.Economic dimension calls for more support for local based enterprises and development in which peoples livelihood are not at the mercy of international market. It emphasizes the need for empowerment of people to access the economic infrastructural services that can help them realize economic growth.

Furthermore, it also emphasizes the utilization of available recourses in a more sparing manner, so as to benefit the future generation. Nationally the key indicators of economic sustainable development include: accessibility to employment opportunities; improvement in countries GDP/GNP, net national product, per capita income; improvement in savings investment and production in terms of quantity and quality.At household level, key indicators to sustained development would range from household income and expenditure trends, their level of participation in ensuring full employment of capital, the enhanced capacity for household to make relevant and informed decisions as well as their ability to make saving and investment ventures.

2.3Microfinance and Household Development

2.3.1 Financial Accessibility in Kenya

Kenya's banking sector is a very competitive business arena with over 40 financial players who are all competing for a small percentage of the population which has access to financial services. According to the second national survey on access to finance, Fin Access 2009, by the Financial Sector Deepening Trust (FSDT), only one in five Kenyans has a formal relationship with a financial institution .The survey indicates that 32.7% of the population still has no access to financial services.

According to Business Daily Africa (September 26, 2008) statistics estimate that nine out of ten people in most developing countries have limited or no access to a bank account or basic financial services. It is estimated that at least 8.4 million Kenyans are banked. Equity bank which has been rated the third best microfinance in the world by Microcapital of the USA 2007 survey estimates that there are over 17 million Kenyans currently who are un-banked.Chris Farrell (2006) points out that despite the rapid expansion of microfinance over the past 30 years, many poor families remain outside mainstream financial institutions. He points that estimates indicate that more than 75% of the world's 560 million poor families lack access to affordable financial services.

This state of affairs inhibit the businesses in developing countries to access finances thereby hampering their growth .There is need to revolutionize the banking services to allow a larger percentage of the population to access financial services. This is with regard to transforming the operations by reducing the exorbitant bank charges and reducing the complex requirements or procedures that excludes majority of Kenyans.It is believed that access to financial services has a great impact on development and on poverty eradication. Lack of them imprisons the poor who have no or few collateral and since they have no connections to finances they remain in their state without any credit history.

2.3.2 Microfinance as a remedy

A study done indicates that MFIs in Kenya are the main source of credit to self help group which are registered groups under the ministry of social services. These self help groups has stipulated by laws that governs behavioral contacts of members.Microfinance institutions are considered close to the poor that is: they strive to serve those who are excluded from the formal banking sector and bring them in to the market for financial services.

The MFIs provides financial services such as small loans and saving facilities to those who are excluded from commercial financial institutions. In sub Saharan Africa, it follows a Grahameen banks group approach in lending where credit is given to individuals and group is being used as a pressure and support group for loan recovery.The emergence of the microfinance industry in Bangladesh according to Rahman (2009) presents a tremendous opportunity to extend financial services to the vast majority of the poor people. Indeed, he observes, about 50% of a 128 million population in Bangladesh are reckoned to live below the poverty line. Ironically, commercial banks in the country typically serve no more than sixteen percent of the population. The remaining populace historically does not have access to formal financial services, yet this non- traditional market is enormous.

Apart from market changes and demands, in Kenya's scenario there are other pressures that require these financial institutions to develop relevant strategies for handling clients. The Kenya's vision 2030 for financial services for instance, is to have a vibrant and globally competitive financial sector driving high levels of savings and financing Kenya's investment needs. The country as envisaged in the vision will decrease the share of population without access to finance from 85% to below 70% at present (ROK,2007).

This has been reflected with the enactment of the microfinance bill which requires the industry to be under the regulation of the Central Bank so as to meet the needs of Kenyans. Thesector therefore is under great scrutiny and pressure to offer relevant financial services to the active economic poor. As much as advocates of microfinance have argued that credit is a human right (Yunus, 2006) thus justifying efforts toward increased accessibility, others have argued that poor households tend to have such low returns such that expanding credit access to the poorest might only creates a debt burden.This argument cannot be ignored.

Mosley (2002) acknowledges the existence of substantial qualitative evidence that targeting micro credit to the poor and poor women in particular enhances human capital through increased expenditure on consumption, education and related improvement in health. However, a replicated program deserves an evaluation so as to enhance a valid justification.

2.3.3 Women and microfinance

Women as part of households; Nobel Foundation (2007), outlines that 97% of the clients of Grahameen Bank are female. As part of household emphasis on Women in access to microfinance has been argued that it can promote social development, this is attributed to their longer lifespan and their greater focus on families (Chowdhury, 2001). Thus their significant contribution to household development since women population has a potential that deserve to be empowered for the enhancement of development at a household level.

However the existence of difficulty that inhibits women while seeking loans has featured. Dignard and Havet (1995) cite the patronizing attitude by banks employees as a major deterrent. Beside this is the repugnant cultural practice that does not allow women to own property thus lacking adequate collateral that may be used as a security for accessing bank loans. However this has been mitigated by the presence of microfinance that provides women with the opportunity to access small loans thereby allowing them to participate in enhancing household development.

Furthermore accessibility of financial services to women alone rather than increasing status of women, it has been viewed that it only serves to achieve the opposite through encouraging gender conflict, discrimination and humiliation by male banks workers and domestic abuse by their spouses(Mallick,2002). Howeverthere exist success stories as opposed to this view

Other challenges that have been pin pointed are for instance the argument that the poor lack more than credit since they entrepreneurial skills which lacks are paramount (Gurgand et.al, 1994; Sharma and Zellers, 1997). This requires rigorous training on entrepreneurial skills that most microfinance has integrated into their system so as to keep its clients equipped.

2.3.4 The poor and microfinance

Criticisms has been raised whether the microfinance can make a difference by financing the poor, whereby poor households has been measured using consumption or income levels that falls below 1USD per day necessary to meet basic needs hence poverty line (The world Bank, 2003). Microfinance on the other hand has been viewed to refer to different method for giving the poor access to financial services. (Sida,1999), acknowledges that more than twenty years of experience of micro financing around the world shows that the poor people with little education are reliable borrowers who invest wisely and are willing to save given the chance, implying that accessibility to reliable financial services by the poor indicates institutional sustainability.

It is imperative to consider the poor as a constituent of a household in a community whereby microfinance has been recognized as of a great significant in nations financial community. This has attracted the attention of AMFIs; a constituent of eleven big microfinance institutions that focus on further developing microfinance and an institutional framework that seeks to serve the poor and low income people in Kenya.

Policy analysts have pointed out MFIs as a way of lending a hand to the poor; since it assist them to enter economic mainstream and increase the numbers of jobs in low income communities (Friedman, 1988; Boshare et al, 1997). Thus is strengthened by Solomon (1992) who viewed the poor in his opinion as fundamentally resourceful and motivated. The potentiality among the poor can be harnessed through facilitation towards financial accessibility and training. This is supported by Balkin, (1992)who advocates that given adequate access to resources and training, a significant number of poor people should be able to be successful in business.

According to Servon (1998) successful micro entrepreneurs might not only move themselves and their families out of poverty, but also eventually builds a platform for community building. For entrepreneurial household to succeed the concept of finance is key towards advancement of their activity as advanced by Mackinnon, 1997; Shaw, 1973) who emphasized importance of financial sector in a developing economy. Furthermore MFIs helps the poor families build financial assets; human capital as well as social capital (Clark and Kay et al, 1999) an important aspect of development. However, this has to be supported by an empirical analysis given the variation as far as comparative analysis is concerned

2.3.5 MFIsProducts (Attributes)

2.3.5.1 Micro credit

MFI offers credit in the form of small loansto the qualified clients with the aim of transforming their life inclusive of their households in a holistic manner. The products are designed in such a way that it is need based hence consists of products that touches allaspects for instance on; education, business, assets financing, agricultural activities, health as well as investment in acquisition of listed securities.

The approachesemployed are the group based clients that come together and form a group for the purpose of accessing a loan. This involves customers both male and female who may not be able to access a loan in a bank, the focus of the institutions is to lend to the economically active Kenyans who may not have adequate security to acquire a loan.

Beside this are the salaried people whose employer has an agreement with the MFI for check-off. However the provision of micro credit to clients may have direct or indirect impact on their households as far as development is concerned

2.3.5.2 Training

Furthermore MFIs offers training to its clients. This involves a compulsory loan orientation seminar done to clients prior to borrowing a loan; this is aimed at building the capacity of the clients so as to be able to manage their businesses, group and also the allotted amount of loan. Beside this is that it empowers them so as to be able to make informed decisions concerning the size of loan, business, and group as well as in their households.

Other trainings that have been incorporated have been as a result of the need as suggested by the clients particularly that entails value adding technique and skills for their produce in the case of farmers. Besides this are the trainings pursued under the vision of community initiatives targeting the less fortunate members of the community in which it works with having the purpose of improving their environment and their lives at large.

2.3.5.3 Saving as a lifestyle

In addition, most MFIs also offer saving facilities to its clients. This is aimed at nurturing the saving culture in Kenya which is a very significant and a necessary component for the development to be realized. This is because it enables households to save so as to invest thereby increasing their income, a condition that enables the households to break vicious circle of poverty thus development.

Saving is classified as delayed expenditure, when household save this raises their future purchasing power such that apart from investing the savings build, they can as well use them to meet expenses such as education, health, housing or emergencies. This therefore allows household not to temper with their businesses when such need for an expense arise, hence cushioning their businesses.

MFIs offer variety of savings products to its clients. In order to borrow a loan the clients are required to raise savings which will act as collateral for the loan, referred to as loan security fund. Beside this are the savings products that a client can deposit or save towards a predetermined future expenditure; these touches on issues related to household future expenditure such as asset acquisition, consumptive expense, meeting educational expense or an investment expense, health and emergencies.

The conceptual model as indicated in the Figure 2.1, elaborates in details the microfinance attributes as independent variableswith regard to its effect to members of households involved, in relations to dependent variables as indicated.The MFI attributes affects household behavior in terms of household incomes and expenses which can be verifiably identified through examining profit or loss trends at the household.

However, effect on household participation in its employment of capital possessedcan be observed through changes in activity size as well as the number of trainings attended that seeks to improve on household decisions(managerial skills) thus enhanced level of decision making by household.

Furthermore the value of household savings and investment can be ascertained by changes in number of household asset and household savings volumes. However, household challenges as dependent variable could be examined through thestatus of intra-household relations as well as household financial ability to meet its liabilities.

The conceptual framework summarizes the relationships between micro financial attributes (products and servicesthat is Credit products,Savings products,Training) and its potential effect on identified household development variables which could be observed through highlighted verifiable indicators as illustrated in Figure 2.1

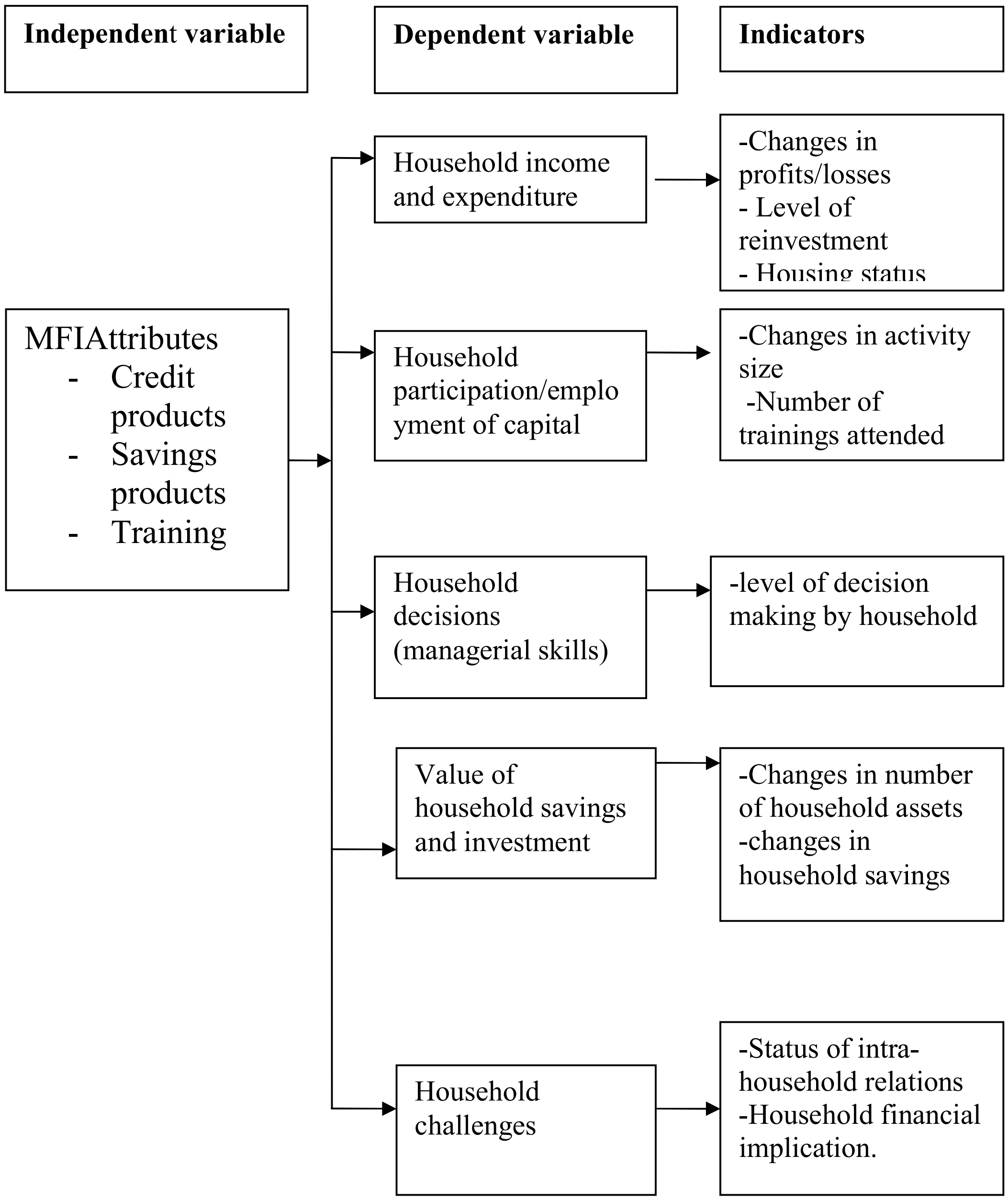

Figure 2.1 Conceptual Framework

Sources: Author

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter describes the research methodology and comprises of the research design, the description of the study area, study population, the sampling procedures, the research instruments, and the procedure of data collection and analysis.

3.2 The Research Design

This study used descriptive survey research design, which adopts a qualitative and quantitative approach. The design was critical to this study due to its purpose that enabled description of the state of affairs as it exists in the study process and hence reports the findings (Kombo &Tromp, 2006);Kerlinger (1996) points out that descriptive studies are not only restricted to fact findings, but may often result in the formation of important principles of knowledge and solution to significant problem.

Descriptive survey entailed collecting information by interviewing and administering a questionnaire to a sample of members of household (Orodho, 2003). It enhanced collecting people's attitudes, opinions, habits or any of the variety of educational or social issues (Orodho and Kombo, 2002). Thus the questions that solicits the desired information was constructed; identified the members ofhouseholds that was surveyed as well as the means by which the survey will be conducted and summarize the data in a way that provides the designed descriptive information

By using qualitative research, researcherwas able to collect data and explain phenomena more deeply and exhaustively as indicated in Chapter 4, (Mugenda

&Mugenda, 1999).According to Greswel (2003), qualitative research takes place in the natural setting where the researcher goes to the site to conduct research.The study investigated and described the situation on the ground on the following: the effects of microfinance on sustainable household development in north rift region of Kenya.

The study employed quantitative and qualitative techniques meant to analyze in likert scale forms micro financial attributes on sustainable household development. Qualitative interviews provided an in-depth analysis of existing micro finance effects in North Rift which involved analysis of micro financial attributes in relation to its contribution in sustainable household development with regard to meeting household needs, business needs besides the challenges in the way the system were carried out.

A thematic analysis of qualitative interpretation of the implication examined on household as enhanced by micro financial services was deliberated on. Interviews with MFI staff and group officials were semi-structured open ended questions that sought to probe respondents view. The MFI staff interviewed included field staff from MFIs operating in north rift whereas group official and an illiterate member of households included a representation from the chosen strata that covered ASAL areas (soy division- the lower part of Keiyo district), rural arable lands (Ziwa division- Eldoret north district) and urban (Eldoret town).

This meant to asses MFIs effects on members of household with respect to the development trends in regard to their livelihood, businesses besides establish the possible challenges encountered as well as its possible way of addressing them. Thus provided a synopsis of the attitude of both MFI staff as well as group representatives so as to depict an exhaustive validation and supplement outcome from the respondents' questionnaires.The views of the members of households who had benefitted from MFIs in north rift were analyzed according to the objectives and latter according to hypothesis.

3.3 Description of the Study Area

The study was carried out in North rift region, located in rift valley province in Kenya.It is placed three hundred kilometers northwards from the capital city of Kenya(Nairobi).The North Rift region in rift valley province generally covers Uasin Gishu district, Turkana, West Pokot, Trans Nzoia, Marakwet, Baringo, and Samburu. Geographically it encompasses arable lands as evidenced in places such as Uasin Gishu, Tran-zoia, Nandi, parts of Elgeiyo marakwet and as well as East and West Pokot where the main economic activity is maize and wheat farming, dairy farming, horticulture as well as recently introduced planting of passion fruits which is essentially potential for saving of the activity proceeds, justification for the need for financing for upgrade, improvement and expanding streams of income by households.

ASAL areas is constituted by Turkana, East Pokot, Baringo, Eastern parts of Elgeiyo Marakwet and Samburuwhereby their main economic activity include rearing of indigenous livestock, fruit farming using irrigation method, bee keeping, charcoal burning as well as fishing along Kerio river and lake Turkana. The study area is unique in the sense that it heavily contributes to the food security in the country due to high yields in maize and wheat. Urban centers' in the region is currently experiencing rapid population growth basing on the high influx of immigrants both from rural parts of the region as well as business community transferring from other major towns in Kenya. Beside this is the uniqueness is that the region is currently a cosmopolitan area inhabited by nearly all tribes in Kenyahaving different cultural background with divergent needs as well as varied income streams.

The North Rift part of rift valley shares more international borders than any other province in Kenya. Uganda, Sudan, and Ethiopia thus provide a link to potential trading across the region. Due to the vastness of the region and the similarities exhibited, the study area was categorized into major stratus: Urban, ASALareas (rural) and arable lands (rural). In establishing the relevance to the study three places were purposely selected: Eldoret municipality represented the urban due to its size as the biggest town in north rift, Ziwa location in soy division, Uasin gishu represented arable land and Chepsigot location in soy division, Elgeiyo marakwet represented the ASAL areas of the region.

MFIs outreach to the north rift had been motivated by collapse of financial service provider such as AFC and despite this the need for financial assistance by households for activity expansion besides, huge deposit potentials from the farming proceeds remained a key prerequisite for household progress. With the already existing ongoing organized groups in the area and the support from respective MFI staff paved way to the establishment of the actual respondents for the study whose responses were critical for the study.

3.4 Description of the TargetPopulation

A population being a group of individuals from which samples for measurement are taken,the entireclientele of MFIs in North rift that constituted the study population was rated approximately seventy seven thousand members of households served by microfinance institutions as per the AMFIs 2009 annual report.From the MFIs selected based on its extend of outreach, the total target population of the study wassix thousand members of households constituted by three thousand from Eldoret municipality due to its huge population; two thousand from Ziwa location in soy division and one thousand from Chepsigot location in Elgeiyo marakwet whereby a sample of three hundred MFI clients as a representative of households were conducted. This constitutes five percent of the entire target population in the three major stratus. The major correspondents were MFI clients who had benefited from microfinance institution, whom the study considered as members of household.

3.5 Sampling Procedures

The study employedstratification of the study area (North Rift) into proportional strata that is from the three categories which included:Urban, Rural (ASAL and Arable lands) then selection was done using purposive, simple random sampling technique to identify stratum that was studied as indicate in Table.3.1

Table 3.1 Sampling design for the study

Location	Sampled Respondents					
	FAULU	K-REP	EQUITY	ECLOF	KWFT	TOTAL
Eldoret Town	30	30	30	30	30	150
Ziwa (Arable)	30	15	15	20	20	100
Chepsigot (ASAL)	30	0	0	0	20	50
Total	90	45	45	50	70	300

The stratum that represented urban centre in north rift was Eldoret Town due to its size and the concentration of MFIs. On rural arable lands; Ziwa location, Soy division in Eldoret North District was purposely selected due to the presence of largely farming community besides the presence of many MFIs clients who are in organized groups and regularly meet on weekly basis to remit their weekly payments.Chepsigot location,Soy Division in Keiyo south district was selected to represent the ASAL areas considering the centrality and accessibility of the place owing to the fact that MFI clients frequently meet at the nearest trading centre on weekly basis for the purposes of remitting loan payments and savings. The selection was guided by the level of participation by members of household on and the number of times the members of households have taken loans from MFIs.

3.6 Research Instruments

The data collection instruments used in this study were,interview schedules, use of questionnaire and observation in collection of the data. Since every method has its limitation, it was good to use multiple methods in order to achieve some accuracy (Robinson, 1993; Palton, 2002). Data collection methods in qualitative inquiry should be interactive and humanistic. The method adopted in this study was interactive.

3.6.1 Interview schedules

The study used semi structured face to face interview with some respondents among the sampled twenty seven groups served by MFI and five members field staff from each MFI involved. This was because of the need to collect information from the semi and the illiterate members of household who may not be able to read and respond to questions as asked in the questionnaire, they included onerepresentative from group officials, one client who could not read and MFIs field staff. The purpose was to obtain relevant information from the sampled households thus giving room for flexibility, in that the interview was expected to provide an in depth data from the sampled households on: the position of household participation and employment levels of capital, its effects on financial decisions as households that is whether there exist a tendency of credit dependency as well as its outcome implication to their households.

Interview schedule enabled the researcher to have clarity in elaborating his inquiry there by accessing adequate and clearer responses from all the surveys. The interview also enabled the researcher toobtain direct responses from all the sample cases.

However the challenge that the researcher encounteredwas on expenditure to be incurred while visiting all sampled households. Also most of the household members were busy for the interview given their daily household duties. Its findings were analyzed in item number 4.8,from page **97** according to the objectives and interpreted comparatively to findings from the other instruments employed in the study.

3.6.2 Questionnaires

Self-selected questionnaires were distributed to sampled members of households, who were enjoying MFI services. These questionnaireswere handed over to the respondents by the researcher after requesting them. Questionnaire method was used on all literate and semi- literate members of households.

This method was expected to give divergent views, ideas and opinions from various members of households in regard to their expenditure trends, saving and investment trends as well as challenges faced due to engagement with the microfinance institutions. It also gave members of household adequate time so as to provide responses that were well thought.

However, there was a possibility of low-return rate of the distributed questionnaires considering the level of education of most respondent in the ruralareas (Chepsigot location, soy division and Ziwa location Soy division) where majority went through basic education, in addition was due to its vastness making it challenging to traverse the location collecting distributed questionnaires.However it was minimized owing to the followup efforts employed by the researcher. There was also an initial tendency by the concerned MFIs officers and later respondent not to cooperate hencethis slowed down the research process.

However, the data collected was from two hundred and seven selected well filled questionnaires received from members of households that had benefitted from MFI for more than four years from purposely selected places that represented a cross-section of North Rift with respect to urban setting, rural arable areas and rural ASAL areas in the region. The major factor considered in distribution of questionnaires was population size in terms of where microfinance institutions had concentrated its services. The Table 3.2 indicates how the distribution of questionnaires to the respondents was done and the rate of response from the respondents as indicated.

3.6.3 Distribution of questionnaires

The study collected data through distribution of questionnaires to respondents among the three selected stratum and the outcome in relation to the number received from responses as well as the number of questionnaires well filled by respondents were indicated in the Table 3.2

Table 3.2 Distribution of questionnaires

Constituent	**Questionnaires distributed**	**Questionnaires received**	**Well filled Questionnaires received**
Urban (Eldoret)	150	136	109
Rural(Arable) - Ziwa division	100	86	60
Rural(ASAL)-Soy division	50	43	38
Total(N)	300	265	207

Source: Survey data; Number of respondents (N)

Response rate x = [207/300*100]; x = 69%

This was of significance to the study in that it enabled the researcher to make informed decision as to whether to rely on the data collected basing on the number of valid responses received and the required number that could adequately address the objectives of the study, thus the response rate in this study informed the judgment to proceed with data analysis.

3.7 Piloting the Research Instruments

Before carrying out the actual study, a pilot study was conducted in a sample of ten members of households funded by Faulu Kenya Deposit Taking Microfinance in, Kericho Municipality so as to establish the clarity of the instrument and its' ability to generate adequate and relevant desired information. As a result the outcome precipitated relevant and necessary changes which were done.

3.8 Reliability and Validity of the Research Instruments

Reliability, as a measure of the degree to which a researcher's instruments yields consistent results or data after repeated trials (Mugenda & Mugenda, 1999),hence the consistency of instruments, in terms of their ability to produce similar conditions on all occasions; while validity according to Mugenda and Mugenda being the accuracy and meaningfulness of inferences which are based on the research results thus gauging the ability of the research instrument to measure what it was meant to measure, it was considered paramount to the study.

To ensure that there was reliability and validity in this study, the researcher carried out a pilot study as explained above. The researcher also availed to the supervisors and other research experts in the School of Human Resource Development or any other; questionnaires, interview schedule and content analysis check list to assess the relevance of the instruments. Their comments and suggestions were used to improve the validity and reliability of the instruments.

3.9Research Ethics

There exist a number of challenges associated with conducting research at thehousehold level. Among the most prominent of these is dealing adequately with ethicalconcerns surrounding the fieldwork process. For this study, which requireshouseholdsinformationabout highly sensitive issues such as their financial decision-making and theirexperiences of involvement in MFI, ethical concerns were paramount and had to beaddressed with care.

Informed consent forms were used as a means to provide surveyed households with information on the nature of the study, the types of questions that would be asked and the ways in which the research findings would be publicized in the final research report. Each household participant was given the opportunity to refuse participation in thestudy and to withdraw their participation in the research at any time. In terms ofoutlining the responsibilities of the researcher, these forms stated that the researchfindingswere purely academic and their views will be treated with utmost confidentiality besides being given the option not to write their personal details.

3.10 Data Analysis Procedures

This is the process of bringing order, structure and meaning to the mass of collected data (Mugenda& Mugenda, 1999). In qualitative study, data collection and analysis should go hand in hand. After data had been collected, the interview schedule and questionnaires submitted wastranscribed and discussed qualitatively through analysis of emerging themes. Qualitative research was interpretive.

The researcher made an interpretation of the data which included developing a description of phenomenon, analyzing data thematically and finally drawing conclusions about its meaning, stating lessons learnt and offering further questions tobe asked. The researcher's data from the questionnaires and interviews was subjected to coding and processed by entering these first into the Microsoft Excel Spreadsheet computer program and later transferred to the Statistical Package for Social Scientists (SPSS) to facilitate easy analysis.

Inferential techniques such as Chi-square(X^2) tests was useful in testing the hypotheses generated while the correlation co-efficient was used to test the quantitative data obtained through documented sources. Thus, enhancing generation of conclusion and recommendations

CHAPTER FOUR

DATA ANALYSIS,PRESENTATION, AND INTERPRETATION

4.1 Overview

This chapter employed quantitative and qualitative analysis of the data collected. It also presents the findings through discussions that are based on the objectives of the study. The chapter begins with the background characteristics of the respondents in terms of age, gender, level of education.

4.2Demographic Characteristics of the Respondents

Demographic characteristics of the respondents provided the background information about the respondents. This included sex of the respondents, the number of years the respondents had been in MFI as well as the number and the amount of credit ever accessed from MFI that is in the form of minimum and maximum amount was considered crucial in establishing the respondent's repayment growth capacity (its ability to repay).The location as an aspect was also crucial in comparing views of the population in the urban with those from rural (arable and arid lands) areas in north rift region depending on their different socio-economic activities.

4.3.1 Respondents Age

The findings in Table 4.1indicated that 7.2%(15) of the respondents where between a the age of eighteen and twenty five years; 39.6% (82) of the respondents being the highest were between the age of twenty six and thirty five years, while 39.1%(81) of the respondents were between the age of thirty six and forty five years. 12.1% (25) of the respondents aged between forty six and fifty five years whereas those of the age above fifty six years where 1.9 %(4). Most of the respondents (46.8%) are youthful that was between the age of eighteen years and thirty five years this depicts the centrality of MFI in addressing gap left out by main stream commercial banks. Group guarantee in loan products as supported by existing literature on MFI model may have succeeded in addressing the element of inability by the youth to posses tangible collaterals or securities such as log books and title deeds of which majority of the youths does not have.

On the other hand, other products such as savings products and training might have played a key role in ensuring that MFIs becomes one stop shop since it enhances more relationship development other than on economic empowerment only through social interaction at group level. However this agrees with the existing literature that label youth as part of previously marginalized group particularly by mainstream financial institutions.

Table4.1 Distribution of respondents as per their age

Years	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	15	7.2	7.2	7.2
26-35	82	39.6	39.6	46.9
36-45	81	39.1	39.1	86.0
46-55	25	12.1	12.1	98.1
>56	4	1.9	1.9	100.0
Total(N)	207	100.0	100.0	

Source: Survey data; Number of respondents (N)

Furthermore having a sizable number of respondents (51.2%) with the age of between thirty six and fifty five would possibly underscore the supporting finding as per the existing literature that MFI deals with economically active poor, this imply that poverty being a factor that hinders acquisition of assets has no boundary as far as age is concerned hence forced the economically active members of households to resort to available alternatives. In north rift, MFI became the option, considering the collapse of AFC for the arable rural parts of the region creating a gap for institutional growth, and mushrooming MFIs in the urban setup. Beside this, majority of the respondents contacted are female as indicated in Table 4.2 who may have contributed a large number of this group due to its vulnerability irrespective of age.

4.3.2 Respondents Gender

The findings aspresented in Table 4.2shows total of 93(44.9%) of the respondents as males while 114(55.1%) of the total responses were females. This distribution in terms of gender parity has been summarized in the figure 4.1

Table4.2 Distribution of respondents as per their Gender

Gender	Frequency	Percent
Male	93	44.9
Female	114	55.1
Total(N)	207	100.0

Source: Survey data; Number of respondents (N)

This was attributed to cultural attributes in households being part of the culturally bound society that ensures impediment on ownership of assets by women, thereby restricting them from accessing loans from commercial banks that requires huge collaterals as a result opting to microfinance institutions as a remedy. However women have sociable tendencies as compared to men whereby they find it easy to form a group which was a prerequisite to accessing microfinance loans.

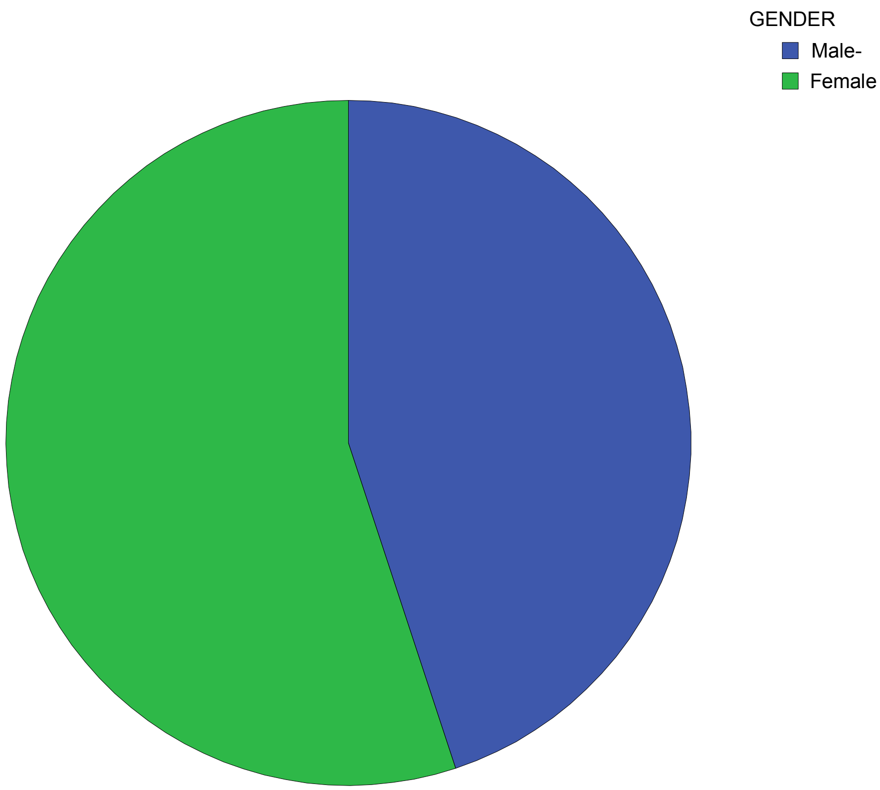

Figure 4.1 Pie chart showing the Distribution of respondents as per their Gender

There was significant number of men who benefit from microfinance institution; this was an improvement from the previous observation from existing literature that singled out only women as among the financially marginalized group. It was attributed to manageable collateral in microfinance institution considering that larger population of the respondents falls between the ages brackets of twenty five to thirty five of which most of them may not have established adequate collaterals to borrow from the commercial banks.

It was also found out as indicated in Table 4.22 that they currently prefer microfinance institutions ease in accessibility of the loan without much procedure. Furthermore, north rift being culturally diverse due to its cosmopolitan in nature might have enhanced erosion of cultural conservativeness hence opening up group participation by male members of households particularly in the urban setting. The findings were represented in the pie chart above.

4.3.3 Respondents' Level of Education

Table4.3Occupationand Level of Education

Occupation	Level of Education			
	Primary	Secondary	Tertiary and university	Total (N)
FarmerFreq %	27 47.4	39 37.2	11 24.4	77 37.2
Managing Own Business Freq %	27 47.4	63 60.00	27 60.00	117 56.5
Salaried/WagesFreq %	0 0	1 0.9	6 13.3	7 3.4
OtherFreq %	3 5.2	2 1.9	1 2.2	6 2.9
Total (N)Freq %	57 27.5	105 50.7	45 21.8	207 100

Source: Survey data; Number of Respondents (N)

From the findings as indicated in Table 4.3, 37.2 %(77) of the respondents were farmers of which 47.37 %(27) had reached primary level of education;37.15 %(39) of the farmers had completed secondary level of education while 24.44 %(11) had reached tertiary level of education. In Table 4.3, it was also found out that 56.53 %(117) of the respondents were managing their own businesses. In relations to their level of education it was found out that 47.37% (27) of the respondents in this occupation had attained primary level of education; 60.0%(63) of those that had attained secondary level of education and 60.0%(27) of those that had attained tertiary level of education.

The findings also indicated that the respondents who had income in form of salary and wages were 3.38 %(7) and they contributed to 0.95% (1) of the respondents who reached secondary whereas the remaining amounting to 13.3% of the respondents had attained tertiary level.Respondents having other kinds of occupation represented 2.89 %(6). They constitute 5.26% (3) of all respondents who went through primary level of education; 1.9 %(2) constitute those who had attained a secondary education while 2.23 %(1) of the respondents who had attended a tertiary level of education were involved in other occupations

However the findings depictedlarger number of respondents managing their own businesses, this implied that majority of members of household in north rift participating in MFI who own and manages their own businesses as well as farmers have only gone through basic education justifying the need for specialized training for the realization of sustained growth hence sustainable household development. As pointed out in table 4.20, the members of households have had challenges that may have emanated from knowledge and skill deficiency, a catalyst for household development. This was because lack of business and money management knowledge and skills is prone to suffocate household businesses which are the source of livelihood hence deterioration as opposed to growth.

Most respondents had attained secondary education, followed by those of primary level of education whereas tertiary level of education constituted a smaller percentage. However there was no respondent who had joined university.This indicates that most household reached by microfinance institutions have not gone beyond tertiary level with majority having been able to attain secondary level of education, a basic foundation for learning.

4.3.4 Respondents' occupation and actual activity

The study sort to categorize respondents as per their business activity and the findings was presented in the Table4.4. It was found out as shown in Table 6 below that those whose activity type was service included 80.96% (17) being managing their own business, 14.28% (3) were salaried people whereas 4.76% (1) were involved in other kinds of occupation.Table 4.5 indicates (58) of respondents involved in retail business, whereby 91.38% (53) were managing their own businesses; 1.72% (1) of the respondent was a salaried, while 6.90% (4) of the retail respondents were involved in other occupations.

Out of (40) of the respondents involved in wholesale, 92.5 %(37) of them were managing their own businesses; 5% (2) were salaried whereas 2.5% (1) was involvedin other occupation.

Table4.4Occupation andbusiness activity

Occupation		**Activity**						
		Service	Retail	Whole sale	Manufa cturing	Jua-kali	Produ ction	Total
Farming:	Freq %	0 *0*	0 *0*	0 *0*	0 *0*	0 *0*	77 *98.72*	77 *37.2*
Managing own: business	Freq %	17 *80.96*	53 *91.38*	37 *92.5*	1 *100*	9 100	0 *0*	117 *56.5 3*
Salaried;	Freq %	3 *14.28*	1 *1.72*	2 *5*	0 *0*	0 *0*	1 *1.28*	7 *3.38*
Other :	Freq %	1 *4.76*	4 *6.90*	1 *2.5*	0 *0*	0 *0*	0 *0*	6 *2.89*
Grand Total:	Freq %	21 *100*	58 *100*	40 *100*	1 *100*	9 *100*	78 *100*	*207* *100*

Source: Survey data; Number of respondents (N)

However 0.48% (1) of the respondent involved in manufacturing as well as 4.35% (9) of the respondents involved in Jua kali sector was managing their own business. The findings indicated that out of the total respondents 37.68% (78) were small scale farmers of which 98.72% (77) were purely farmers' whereas1.28% (1) is also salaried.

4.3.5 Respondents' MFI of choice

The research was conducted in restriction to the number of years a client had been in a microfinance institution, it was also in consideration of the geographic location as well as the number of times the client had taken loans. The distribution of the respondents as per their institution and the year in which they enrolled in to microfinance institution was illustrated in the Table 4.5 below.

Table4.5 below indicates that majority of the respondents examined had been in microfinance institution for more than three years; however the respondents less than three years had taken loans more than four times during their time in microfinance institution.

Table4.5 Respondents'MFI of choice andthe year of enrolment

MFI	**The Time of Enrolment**					
	One year ago	**2 years**	**3 years**	**4 years**	**>5 years**	**Total(N)**
FAULU	2	10	27	29	16	84
SMEP	0	1	7	10	2	20
KWFT	0	0	24	18	13	55
ECLOF	0	1	7	5	3	16
K-Rep	0	0	7	3	10	20
Equity(Bank)	0	0	5	3	4	12
Total(N)	2	12	77	68	48	207

Source: Survey data; Number of respondents (N)

As indicated in Table 4.5above, the source of finding was drawn from various members of households in north rift region who had participated in a particular microfinance for the last one year and had taken loan not less than three times.It was established that majority of the respondents (84) had benefitted from Faulu Kenya limited due to its strong Christian base as well as time of opening its offices in north rift hence had worn the trust of the clients, followed by KWFT (55) basing on the number of years it had operated in north rift under group guarantee mechanism. Its popularity among the north rift residents was informed by previously held view that group set up is exclusively for women and not men hence contributing to its majority in urban and rural parts of north rift. Equity bank, K-Rep, SMEPand ECLOF had concentrated majorly on urban hence in respect to the scope of the study their respondents constituted smaller number of respondents.

On the other hand majority (193) of the respondents had been in microfinance for more than three years as compared to 14 members of households with less than two years. These implied that the responses offered by the majority displayed a picture enhanced having had some experienced with MFIs.

4.3.6 Why the respondents joined MFI

The study inquired as to why the respondents had opted to join micro finance institution of their choice.In regard to the findings from Table 4.6, it illustrates that 27.5 %(57) acknowledged that they saw other colleagues succeeding in their businesses through loans which prompted their inquiry into it , as a result were convinced to join a microfinance institution; majority 51.2%(105) were of the view that they needed loan to finance their activity hence drove them to a financier that would suit their need; 19.8%(41) of the respondents attributed to the influence from their friends who were looking for members to work within their groups as a result they finally joined the microfinance institution; furthermore it was also found out that the least 1.4%(3) of the respondents were influenced by the marketing officer of the MFI to join a microfinance institution.

Table4.6Reasons for enrolment

Reason For Joining	Frequency	Percent
I saw others succeed through loans	57	27.5
Needed loan to finance my activities	106	51.2
Influenced by friends(include others)	41	19.8
Influenced by marketing officer	3	1.4
Total(N)	207	100.0

Source: Survey data; Number of respondents (N)

These implied that members of households' progress can influence others who witness the progress. Considering the nature of households involved whom are described as economically active poor accessibility to capital for expanding their businesses influences their decisions on the financial institution of choice to partner. As much as friends contributed to the choice by members of households on the preferred financier, little can be done by marketing officers to influence their decisions. Thus the success of microfinance in north rift would depend on flexing terms and conditions in favor of clients need, airing out success stories of other membersbesides building customer friendship as opposed to full time marketing.

Household participation was examined and it was established that 59% (122) indicated that only one member of their household had participated in Microfinance institutions, whereas 21% (44) of the respondents acknowledged two members of their household having enrolled. On the other hand 20% (41) of the respondents reported having at least three members of household in a microfinance institution.

As indicated majority of members of households in north rift have at least one member of household in microfinance and may be attributed to women's central role in microfinance as explained from existing literature and Table 4.3 where women have been perceived to enjoy high participation in groups due to their already established women groups involved in table banking, merry go round and other group initiatives hence influences the trend of participation.

In addition women are considered marginalized as far as financial access was concerned. This may be due to the cultural attributes that only favors men in acquisition and inheritance and owning of property in their households thus indicated their willingness to welcome any avenue that would salvage them from their circumstance they had been forced by culture to be in. Besides, having one joint family venture may have been a factor pushing the percentage of participation by one member of household.

4.3.7 Comparative analysis of lowest and highest loan amount

The study examined the size of the loan in terms of the lowest amount and the highest amount ever funded by the institution, thiswas because the ability of the business as far as it growth is concern would in a way be determined by its capacity to repay debts,hence Table 4.7

Table4.7 Respondents'amount of loans taken

Loan amount(Kshs)	**Lowest amount**		**Highest amount**	
	Frequency	**%**	**Frequency**	**%**
1,000-25,000	126	60.9	2	1.0
25,001-50,00	80	38.6	20	9.7
50,001-75,000	1	0.5	71	34.3
75,001-100,000	0	0	61	29.5
>100,001	0	0	53	25.6
Total(N)	207	100.0	207	100.0

Source: Survey data; Number of respondents (N)

i. Lowest amount:

From the findings as illustrated in Table 4.7 above, 60.9% (126) respondents got a loan of the lowest amount that is (1,000 – 25,000) at the first loan; whereas 38.6%

(80) had borrowed a loan of between Ksh (25,001-50,000); 0.5 %(1) of the respondents had received a first loan of between Ksh (50,001-75,000).

However there was no respondent who received a first loan of over Kshs: 75,001, this indicates that most clients began with little amounts which were possibly attributed to the size or the capacity of their business activity and its ability to service the loan. It was found out that the bigger the size of the activity engaged by respective respondents the higher the chances of accessing higher amounts of money, furthermore strongly supported by the ability to repay the amounts offered.

ii. Highest amount

The study also sought to find out the highest amount ever been received by the respondent, for more than two years they had been in microfinance, it was established as shown in Table 4.7that only 1% (2) of the respondents had stagnated at the lowest amount of between (1,000 – 25,000); 9.7% (20) of the respondents had received betweenKsh (25,001-50,000); whereas 34.3% (71) had received funds of between Ksh (50,001-75,000); while 29.5% (61) of the respondents had received a highest loan of between Ksh (75,001-100,000); however 25.6%(53) of the respondents had received a highest loan of between Ksh (above 100,001).

Comparatively, the lowest amount of loans accessed by the members of households concentrated below fifty thousand Kenyan shillings whereas the highest loan amounts that had been accessed by the respondents concentrated above fifty thousand Kenyan shillings with a significant number of respondents having accessed even more than one hundred thousand Kenyan shillings. Thus considering the concepts of business size and the ability to repaybeing a prerequisite parameters used to determine the loan amount to be awarded, the findings acknowledges growth in the above factors indicating positive contribution of the first loan coupled with other value addition aspects administered while in microfinance.

4.4 General MFIs Services Effects on Household Businesses

4.4.1 MFIs Loans' generaleffect on businesses of members of households:

The study sought to ascertain in regard to the first objective of the study,on what general effect of the microfinance loan products and its proceeds had on the members of household businesses. It involve the impact on: nature of customer service, business profits, business expansion, business growth in terms of establishment of new line of business other than the that which existed, and other possible ways in which the businesses of the respondents was impacted. As a result the findings were as follows:

i. **Customer Service:**

On the nature of customer services provided it was found out as illustrated in Table 4.8 below that 89.9 %(186) of the respondents acknowledged increased customer service after taking loan; 10.1% (21) were neutral whereas there was no respondent who witnessed decrease in customer service. Customer retention is key in ensuring household business growth since the customers are the sustainers of any business venture, however the study encompassed even those members of households whom had diverted the loans to other commitments such as payment of school fees as well as those whom had not kept record due to their level of education hence having a significant number giving a neutral stand.

ii. **Business Profits:**

As per the findings as indicated in Table 4.8,it showed that 98.1% (203) of the respondents agreed that the loans accessed had enhanced effect on their business profits by enhancing increase whereas 1.9% (4) of the respondents was neutral; however there was no respondent who witnessed decrease in their business profits. Given the increased customer service as witnessed in Table 4.9 below and that customers are the profit generators in any business venture it is imperative to note increased profits, however the study encompassed even those members of households whom had diverted the loans to other commitments such as payment of school fees as well as those whom had not kept record that would have enabled them to establish the amounts in profit earned due to their level of education hence having a small number giving a neutral stand.

iii. Business Expansion:

On the level of business expansion, it was found out as illustrated in Table 4.8that 72.9% (151) of the respondents acknowledged that their businesses expanded due to loans received and its proceeds whereas 26.6% (55) of the respondents was neutral; while 0.5% (1) of the respondents did not agree that the loan and its proceeds had enabled his business expansion. Given the increased profits for the majority as witnessed in Table 4.9 below and that members of households holds exclusively the determination for the decision to expand any business venture it is imperative to note that majority did expanded their businesses.

However members of households are always faced with other household responsibilities to be met as a matter of priority hence diverted the loans besides its proceeds that would have been reinvested, to other commitments such as payment of school fees thus unable to establish the level of expansion witnessed hence giving a neutral stand. Considering the age bracket of the respondents it imply that as much as accessibility to financial services might have been bridged in north rift by MFIs, there still exist other crucial life demands that curtails the expected household business growth depicting that capital availability alone is not an absolute impetus for rapid business expansion or development. Furthermore challenges exist as indicated in Table 4.24 hence a contrary opinion by one members of household.

iv. New Line of Business:

From the findings as illustrated in Table 4.8,17.4% (36) of the respondents had established new line of businesses whereas 52.2% (108) of the respondents were neutral on establishment of new line of businesses; while 30.4% (63) of the respondents had not established a new line of business. This illustrates that a larger population of respondents were of the contrary view on establishment of new line of business asa result of loans and its proceeds. This justifies the view that as much as they may have had other new line of business, the source of funding might have been from different sources available to members of households other than loans such farm harvest. Beside, the respondents may have concentrated in perfecting the existing businesses they knew best as well as expanding it rather than beginning a new line of business.

v. Other impact indicators un-provided:

As per the findings as indicated in Table 4.8below it showed that 0.5% (1) of the respondents acknowledged that their business had been impacted in other ways apart from the options provided while 21.7% (45) were neutral whereas 77.8% (161) of the respondents had no other ways in which their business had been impacted by microfinance loans and its proceed. This illustrates that majority of respondents were of the contrary view that there was no other waysin which their businesses had been impacted asa result of loans and its proceeds other than the provided effects.

Table4.8Loan effects on businesses

Effects	Yes	%	Neutral	%	No	%	Total (N)
Customer Service	186	89.9	21	10.1	0	0	207
Increased Profits	203	98.1	4	1.9	0	0	207
Business Expansion	151	72.9	55	26.6	1	.5	207
New Line of Business	36	17.4	108	52.2	63	30.4	207
Other	1	.5	45	21.7	161	77.8	207

Source: Survey data; Number of respondents (N)

4.4.2MFIs' effect on households' businessesrelations:

The study sort to ascertain the general impact that the micro financial services had on the members of household loanee's, and their businesses; It involve the impact on their record keeping status, intra-household relations, business performance, their household expenditure status as well as whether they have participated in any microfinance training. As a result the findings were as follows:

Table 4.9 MFIsgeneral effects on household businesses relations:

MFI Effects	No		Yes				Total(N)
	Freq	%	Positive	%	Negative	%	
Record Keeping	26	12.6	166	80.2	15	7.2	207
Intra-Household Relations	26	12.6	150	72.5	31	15.0	207
Business Performance	13	6.3	183	88.4	11	5.3	207
Involvement In Training	3	1.5	204	98.5	0	0	207

Source: Survey data; Number of respondents (N)

i. **Record Keeping**

On record keeping status it was found out as indicated in Table 4.9 below that 80.2% (166) of the respondents acknowledged that their record keeping had been impacted positively whereas 7.2%(15) of the respondents indicated that their record keeping had been impacted negatively, while 12.6% (26) of the respondents believed that there was on impact by microfinance institution on their record keeping. This therefore implies that through microfinance majority of the members of household have benefited in terms of improvement in their record keeping skills as far as business records are concerned that is records of sales verses purchases as well as business income and expenditure records considering it crucial purpose that it enables business analysis for monitoring and evaluation, a key component to business success.

ii. Intra-Household Relations

Concerning intra-household relations, it was found out as illustrated in Table 4.9abovethat majority of the respondents 72.5% (150) acknowledged positive impact from microfinance institution, whereas 15% (31) of the responses had negative impact while 12.6% (26) of the responses acknowledged that there was no impact from microfinance institution on their intra household relations. Positive impact in terms of enhanced better cooperation, mutual agreement in spending as well as running the business hence forged a more solid and stable relationship between the members of households. Negative in the sense that their involvement in MFIs generated disagreements, conflict that worsened intra-family relationships which threatens the stability of the household.

iii. Business Performance

On household expenditure as a parameter it was found outas indicated in Table 4.9 abovethat micro-financial services impacted positively on 76.3% (158) of the responses implying that majority of households business performance was highly enhanced particularly in form of sales volumes, profitability and variety of products and services availed towards satisfying customers demand hence confirming that relationship exist between MFIs services and household business development.

However on the contrary, 15% (31) of the respondents had been impacted negatively, this may be attributed to challenges confirmed by the findings in Table 23; whereas 8.75 (18) of the respondents had not been impacted by micro-financial services on their household expenditure.

iv. Training impact

Furthermore the study sort to ascertain the effects of microfinance training on respondents lives; on client participation it was therefore found out that 98.5% (204) acknowledge having attended trainings done by MFIs, whereas 1.5% (3) of the respondents had no participated. This indicated majority acknowledging their involvement in training that touched on business management, debt management, group management, customer care, marketing, value addition technique as well as savings and investment.

This implied that majority of the respondents at least had an opportunity to gain valuably from the trainings done by microfinance institution; however acknowledging of whether one participated or not is not enough impetus for growth since any training done can only be meaningful if the trainees applies the knowledge gained and thus propel their quest for prosperity. As a result the study had to explore any possible outcome of the trainings in regard to specified indicators: level of customer service, profit margins,their level ofmanagerial capacity, and the status of record keeping after the training.

4.4.3MFIs'Training effects on members of Households' Businesses

The study sought to quantify the effects enhanced by training on customer service, business performance in terms of the profits, impact on managerial capacity, record keeping as well as other aspects not provided in the options. The distributions of the findings are indicated in the table 4.10

Table4.10Training effects on businesses

Effects	Yes	Percent	Total (N)
Increased Customer Service	136	65.7	136
Increased Profits	106	51.2	106
Enhanced Managerial Capacity	184	88.9	184
Improved Record Keeping	175	84.5	175

Source: Survey data; Number of respondents (N)

a. Customer Service

It was found out that customer service increased for the 65.7% (136) of the responses after they had undertaken training from microfinance institution, this is supported by the fact that 98.5%(204) involved in training that touched on customer care, marketing and value addition technique that possibly enabled them reach out more aggressively to a wider market with products appealing to their customers; secondly with injection of capital in form of working capital micro-loans, it enhanced better services due to availed products in variety hence meeting the needs .their customers hence better customer service. Customer service has a direct bearing on household business hence any increase depicts business growth thus confirming a relationship between the role of training as enhanced by microfinance institution in the growth of household businesses.

b. Business Profits:

Household business profits increased for 106respondents as indicated in Table4.10 amounting to 51.2% of the total respondents.The findings attribute to client's knowledge and skills acquisition through MFIs trainings thatensured increased sales in their businesses.Increased business profit required an added effortas far asemployment of better customer care techniques, product design reinvention as well as promotion as unraveled by the findings from the outcome of training impact in Table 4.10 (iv), besides this, was the increased capital that played a role in ensuring more stock thus more sale thereby trickling down to more business profit. With majority acknowledging increased profits significantly confirms a relationship that exist, however a sizeable number of respondents could not confirm this indicate that it is not automatic that by offering knowledge acquisition would obviously translate to profit since there are other factors at play that may delay or hinder the success of the venture such as the highlighted challenges in Table 4.20.

c. Managerial Capacity

It was found out as indicated in Table 4.10 above that MFIs training enhanced the managerial capacity of 88.9% (184) of the respondents;sustainability of businesses largely depends on the level of management by the owners. Managerial capacity as enhanced by MFIs training played a key role in growth reflection in regard to business profits, customer service besides revelations of progressive increase in loan sizes as indicated in Table 4.7 with majority acknowledging enhancement of their managerial capacity significantly confirms a relationship that exist.

However a small number of respondents could not confirm this indicate that it is not automatic that by offering knowledge acquisition on business management best practices would obviously translate to its application since there are other factors at play that may hinder the successful application of the knowledge gained such as disparities in how it is applied as well as language used in the process of knowledge dissemination considering the findings in Table4.2 where a sizeable number of respondents had gone through basic education hence justifying their position as far as managerial capacity was concerned.

d. Record Keeping

Furthermore, on record keeping it was found out as indicated in Table4.10that 84.5% (175) of the respondents acknowledged improvement in their record keeping,these involved training on basic business records that enables the business person to properly monitor and evaluate business progress on daily basis such as daily record of sales, daily record of purchases, a record of business expenses. This enabled members of households to put appropriate measures whenever there is stagnation or retrogression so as to ensure progression.

4.4.4MFIs' Serviceseffectson Business Expenditures

The first objectiveof the study was to access relationship of micro financial services offered by microfinance institutions in north rift region on the household business expenditure variables whereby business expenditure variable was used as a proxy indicator of development.

The guiding question was **'Kindly tick if you: *stronglyagree, agree, neutral, disagree, and strongly disagree* as provided below on impact to business after taking loan**." The study was broken into various options that depict possible indicators of business growth.Among the household business expenditures variables explored included its contribution to business room size, new business venture, it also focused on expansion of business premise; inquiry into whether the members of householdshad been enabled to increase stock volumes using loan or proceeds due to loans injected into the business. On the other hand it sort to establish the extent of agreement as far as micro financial effect on enabling the members of household to increased expenditures on input through loan or its proceeds; furthermore assessment on number of employees was explored, it concerned whether there was increment in number of employees due to micro financial services; it also explored whether there was improvement in business management skills, besides whether there was an ease in decision making.

In addition an inquiry into whether there was any change with regard to the place of business as far as strategic location is concerned, the nature of business profits witnessed, debt repayment history, new line of business establishment, whether they had been able to access bank loans due to the nature of collaterals acquired was explored, thus findings were summarized as in the Table4.12a and Table 4.12b

Table 4.11aRespondents' response on MFIs services effects on business expenditure variables

Effectson Business Expenditure Variables		**S/A**	**A**	**N**	**D**	**S/D**
Increased my business room:	Freq %	74 35.7	88 42.5	6 2.9	21 10.1	18 8.7
Opened another business:	Freq %	40 19.3	98 47.3	7 3.4	29 13.9	33 15.9
Expanded my business:	Freq %	66 31.9	97 46.9	14 6.8	23 11.1	7 3.4
My stock volumes increased:	Freq %	61 29.5	107 51.7	18 8.7	13 6.3	8 3.9
My expenditure on inputs increased:	Freq %	47 22.7	107 51.7	16 7.7	25 12.1	12 5.8
Number of employees increased:	Freq %	15 7.2	75 36.2	3 1.6	82 39.4	32 15.5
Improved business management skills:	Freq %	93 44.9	96 46.4	4 1.9	8 3.9	6 2.9

Source: Survey data

Table 4.11bRespondents' response on MFIs services effects on business expenditure variables

Effectson Business Expenditure Variables		S/A	A	N	D	S/D
Ease in decision making:	Freq %	109 52.7	85 41.1	3 1.4	10 4.8	0 0.0
Changed location to a strategic place:	Freq %	37 17.9	73 35.3	6 2.8	50 24.0	31 15.0
Business profits increased:	Freq %	104 50.2	90 43.5	2 1.0	11 5.3	0 0.0
Repaid loans without problem:	Freq %	104 50.2	83 40.1	8 3.9	11 5.3	1 0.5
Established another line of business:	Freq %	41 19.8	92 44.4	4 2.0	39 18.7	31 15.0
Secured a bank loan:	Freq %	10 4.8	63 30.4	11 5.3	36 17.4	87 42.1

Source: Survey data

a.Business Room

On business room it was found out as indicated in Table 4.11a above that 35.7% (74) of the respondents strongly agreed that their business room had been increased; 42.5% (88) of the respondents agree that their businesses room increased, however 2.9 %(6) of the respondents were neutral while 10.1 %(21) disagreed, whereas 8.9 %(18) of the respondents strongly disagreed. Majority of the respondents did agree; that is 78.2% of the total respondents. This therefore reveals that majority of respondents in north rift confirms the existence of a relationship on business expenditure in that an increased business room would enhance adequate space for more spending on stock an indicator of growth.

b.New Business Establishment

Establishment of another business of the same kind as a parameter was also explored, this focused on the possibility of members of household opening businesses of the same kind in different strategic location so as to access markets for their products and services for the purposes of boosting their daily sales. It was found out as indicated in Table 4.11a that 19.3% (40) strongly agreed and 47.35%(98) of the respondents agreed that the MFI loan had enabled them open another business, an indication of 66.7% of the respondents agreeing showing that more than half had succeeded in opening new businesses due to MFIs funding implying a significant contribution towards enabling members of household to engage in new business ventures.

However owing to the level of education of some members of household that made them not to make a decision as to whether there was new business venture attributed to MFIs funds due to lack of clear financial records at the point of establishment, it was observed that 4.3%(7) of the respondents chose to be neutral while 13.9 %(29) disagreed whereas 15.9 %(33) strongly disagreed, an indication of 20.2% of the respondents had not opened new business venture as a result of MFIs funding, this depicts that as much as it shows that MFIs helped majority in north rift to set up new business establishment, aconfirmation of the existence of a relationship on business expenditure in that a new business enhances increased spending on stock an indicator of growth, there exist a sizeable number of people whom have not been able to do so perhaps due to other factors that may include other financial priorities, financial commitments, besides lack of entrepreneurial skills and others as indicated in Table 4.21

c. Business Expansion

As a parameter of business growth was examined, the findings showed as indicated in Table 4.11a that 31.9% (66) strongly agreed that their business had expanded; and 46.9% (97) agreed an indication of 77.8% of the respondents agreeing showing that more than half had succeeded in expanding their businesses due to MFIs funding implying a significant contribution towards enabling members of household to increase space for their business venture.

However owing to un-clarity of financial records that would differentiate the source, 6.8% (14) of the respondents were neutral; while 11.1 %(23) disagreed whereas 3.4% (7) of the respondents strongly disagreed that loans and micro financial services had enhanced their business expansion. This is an indication of 14.5% of the respondents implying that as much as majority acknowledges business expansion there also exist members of household whom have never expanded their business which is attributed to diversity in priorities, knowledge gap since business expansion is a matter of individual decision governed by ones priorities.

d. Business Stock Volumes

Stock volumes always determines the size of the business; according to the study as indicated in Table 4.12a 29.5% (61) of the respondents strongly agreed that their stock volumes increased due to loans and its proceeds; also 51.7%(107) of the respondents agreed. An indication of 81.2% of the respondents agreeing showing that more than half had succeeded in increasing their businesses stock volumes due to MFIs funding implying a significant contribution towards enabling members of household to increase various products to meet the demand of their customers. However owing to un-clarity of financial records that would differentiate the source of funds that enhanced increased stock, 8.7% (18) of the respondents were neutral; while 6.3 %(13) disagreed whereas 3.9 %(8) of the respondents strongly disagreed that loans and micro financial services had enhanced their business expansion. This is an indication of 10.2% of the respondents implying that as much as majority acknowledges increased business stock volumes there also exist members of household whom have never witnessed increased stock in their business which may be attributed to diversity in priorities, besides other commitments and challenges as revealed in Table 4.19.

e. Business Input

Input precedes output, increased input would imply increased output hence growth. This can be measured indirectly through the members of households' expenditure on inputs. From the study it was found out as indicated in Table 4.11a that 22.7%(44) of the respondents strongly agreed while 51.7%9(107) of the respondents agreed that the expenditure of their input increased after taking loans from microfinance apart from benefiting from other services.

This was an indication of 79.4% of the respondents agreeing showing that more than half had increased input due to MFIs funding implying a significant contribution towards enabling members of household to increase input in to their business ventures, hence it depictsexistence of a direct relationship to business expenditure in that an increase in input would enhances increased amounts invested into the business which translates to increased business output, an indicator of growth.

However, owing to un-clarity of financial records with regard to business in put by respondents largely from the rural part of north rift, 7.7% of the respondents were neutral, while 12.1% (25) of the respondents disagreed whereas 5.8% (12) of the respondents strongly disagreed due toother priorities and commitments besides challenges as revealed in Table 4.19.

f. Number of Business Employees

Another parameter that was considered crucial in establishing household business growth was the number of employees. Increase in number of employees would indicate that the business is growing. According to the study, it was found out as indicated in Table 4.11a that 7.2 %(15) of the respondents strongly agreed that the micro financial services led to increase in the number of employees; 36.2% of the respondents agreed. However 1.6 %(3) of the respondents were neutral, 39.4 %(82) disagreed while 15.5 %(32) of the respondents strongly disagreed.

As observed the study indicates that 43.4% of the respondents acknowledged increase in the number of employees, this was less than half of the total respondents considering the status of MFIs clients as confirmed by the literature, it is observed that majority of the businesses are owned and ran by economically active poor hence MFIs targets the population at lower part of the pyramid according to mass low hierarchy of needs.

Thus acknowledging increase in number of employees to such small businesses is a great milestone of growth. However, 54.9% had not increased the number of business employees a bigger percentage compared to those of the contrary view; indicating that despite some increase in business stock, and input besides profits it does not always confirm the need to increase employees. However a portion of respondents could not tell whether there was increase of employees owing to opinion as to whether to include casual employees or other members of household whom occasionally assist in their businesses.

g. Business Management Skill

Beside this was the business management skill. The study sought to ascertain whether there was improvement in their business managerial skills, it was found out as indicated in Table 4.11a that 44.9 %(93) of the respondents strongly agreed; 46.4 % (96) of the respondents agreed that their managerial capacity had been enhanced. This was an indication of 91.3% of the respondents agreeing showing that majority of the respondents acknowledged improved business skills in their course of involvement in MFIs which is attributed to training, exposure and experience gained, in relation to the valuable time they interacted with other membersof households hence sharing ideas as far as business management is concerned, implying a significant contribution towards enabling members of household enhance their capacity to run their business ventures, hence it depicts existence of a direct relationship to business performance, a key indicator of sustainable business growth.

However 1.9 % (4) of the respondents were neutral owing to the composition of the respondents with respect to their level of education as illustrated in table 4 where a sizeable number of respondents only completed primary education there is a possibility of having informed their inability to establish whether or not their business management skills was attributed to their involvement in MFI, whereas 3.9 %(8) of the respondents disagreed, 2.9 %(6) of the respondents strongly disagreed.

An indication of 6.8% of the respondents giving a contrary view showing that despite majority of the respondents having acknowledged improved business skills in their course of involvement in MFIs, there exist members of households in north rift whom they have had no effect as far as business management skills which may be attributed to education level as indicated in Table 4.2.

h. Business Decision Making

Ease in decision making due to training was also explored. It was found out as indicated in Table 4.11b that 52.7% (109) of the respondents strongly agreed that the training had enhanced ease in decision making; 41.1 %(85) of the respondents agreed; This was an indication of 93.8% of the respondents consented to the opinion that microfinance attribute of training enhanced their capacity to make business decisions with ease implying a significant contribution towards enabling members of household to be able to make informed decision concerning their business ventures, hence it depicts existence of a direct relationship to business progress.

However, 1.4 % (3) of the respondents could not be able to make a judgment on MFIs training contribution to their capacity to make decision partly perhaps due to illiteracy, beside this was other trainings they had participated in; while on the contrary 4.8% (10) of the respondents disagreed, as it viewed decision making as a factor of knowledge application such that training alone may not enhance ease in decision making but rather the application of the knowledge gained. This indicated the shortcomings of MFIs training that may have been overlooked such as language barrier particularly from the rural set up where using English or Kiswahili as a language of facilitation locks out members of households who are only conversant with vernacular language. Considering the majority view the study acknowledges a relationship of improvement

i. Business Location

These involves decisions by members of households to move their businesses to strategic location which requires more payment in terms of rent, thus managing to relocate would imply that the business expenditure variables has been positively enhanced.As a result it was found out as indicated in Table 4.11b that 3.4%(7) of the respondents strongly agreed that they had changed the location of their business to a more strategic place; 35.3% (75) of the respondents agree that they had changed their location to a more strategic place; 2.8% (6) of the respondents were neutral; 24.0%(50) of the respondents disagreed while 15%(31) of the respondents strongly disagreed.

This was an indication of 38.7%, majority of the respondents changed location of their business. On the contrary view, 39% of the respondents deny any change of locationsince they did not have businesses to relocate, these touched on farmers whom their farming businesses could not be relocated, whereas 2.8% could not confirm or deny owing to the opinion that as much as relocation had been done, they could not attribute relocation to be as a result of links with MFIs attributes alone.

j. Business Profits

The study also indicated as revealed in Table 4.11b that 50.2 %(104) of the respondents strongly agreed that their business profits increased due to micro financial services; 43.5 %(90) of the respondents also agreed; however 1 %(2) of the respondents were neutral whereas 5.3 %(11) of the respondents disagreed.

Thus majority of the respondents acknowledged that their business profits had increased hence with increased profits it depicts a positive performance in the businesses of members of households enrolled in MFIs in north rift indicating that despite MFIs having been recently introduced in the region it has provided financial solution to the previously un banked population by enabling them maximize their business skills and opportunities to make more profits. However challenges exist that deter the realization of profits such as indicated in Table 4.19

k. Loan Repayment

On loan repayment it was found out as shown in Table 4.11b that 50.2 %(104) of the respondents strongly agreed that they were able to repay their loan without any problem, 40.1 %(83) of the respondents also agreed to the above opinion; 3.9 %(8) were not sure whether they had repaid their loan without difficult due to attributes such as lack of documented evidence, challenges encountered; whereas those of contrary opinion 5.3%(11) disagreed while 0.5%(1) strongly disagreed this was attributed to problems emanating from diversion of loans, unexpected set back such as sickness as well as lack of knowledge. However majority 90.3% (187) were able to repay their loans as opposed to 6.8 %(12) of the respondents who held contrary opinion. In reference to objective the majority acknowledging good loan repayment confirms the fact that MFIs loans offered to economically active poor are well maximized in such a way that it enables loanees to repay without difficult.

l. New Line of Business

On establishment of a new line of business it was found out as indicated in Table 4.11b that 19.8 % (41) were strongly of the opinion that they were able to establish a new line of business, whereas 44.4 %(92) of the respondents agreed with the above view. This was an indication of 61.2% of the respondents agreeing showing that more than half had succeeded in opening new line of business due to MFIs funding implying a significant contribution towards enabling members of household to establish new line of business ventures, hence it depicts existence of a direct relationship to business expenditure in that an increased a new line of business would enhance capacity for increased business expenditure on stock an indicator of growth.

However owing to the level of education of some members of household that made them not to make a decision as to whether there was new line of business venture attributed to MFIs funds due to lack of clear financial records at the point of establishment, 2.0 % (4) were neutral. On the other hand, 18.7 %(39) were of the contrary view as well as 15 % (31) of the respondents that strongly disagreed,an indication of 33.7% of the respondents had not opened new line of business venture as a result of MFIs funding, this depicts that as much as it shows that MFIs helped majority in north rift to set up new line of business, there exist a sizeable number of people whom have not been able to do so perhaps due to other factors that may include other financial priorities, financial commitments, besides lack of entrepreneurial skills and others as indicated in Table 4.19.

m. Bank Loan Acquisition by Members of Household

The study also sorts to establish whether the MFIs clients had been able to acquire bank loan due to accumulated collaterals that can guarantee them bank loan. It was found out as indicated in Table4.11b that 4.8 %(10) of the respondents were strongly of the opinion that they were able to access bank loan due to microfinance contribution to the acquisition of assets, whereas 30.4 % (63) of the respondents agreed to the above opinion. This indicated a majority of the respondents 35.2% acknowledge a contribution by MFIs funding to their asset base hence enabled them access bank loans due to adequate collaterals they possessed, implying that in reference to the objectives of the study there was a positive relationship between MFIs attributes in relation to raising members of household economic capacity through an expanded alternative sources of funds which were valuable to the expansion of their businesses. Those who were neutral were 5.3 % (11), a sizeable number of respondents depicting that despite any acknowledgement of asset acquisition by members of household and had taken loans from other commercial institutions they could not tell whether or not their asset pledged had been as a result of MFIs considering that they had other sources of funding asset acquisition, however to some respondents their education background could not enable them make a decision hence neutral, implying that not all who have participated in MFIs would automatically lift their capacity to the extent that they can comfortably access bank loans.

Whereas 17.4% (36) disagreed, 42.7 %(87) of the respondents strongly disagreed. Despite a sizeable number of respondents having accessed bank loan, pointing out MFIs contribution in lifting up the asset base of members of household to be able to take advantage of emerging opportunities, this was not true to 60.1%(123) of the respondents mainly due to challenges of handling money such as diversion of loans, over commitment towards education and other responsibilities as well as other challenges as revealed by Table 4.19 hence taking loan was not a priority as per their needs thus giving a contrary view.

4.5 HouseholdExpenditure Variables

4.5.1MFIs'Serviceseffects on HouseholdsExpenditures

The secondobjectives of the study was to access the relationship of micro financial services offered by microfinance institutions in north rift region on the household expenditure variables whereby household expenditure variable was used as a proxy indicator of development. The guiding question was 'Kindly tick if you: *stronglyagree, agree, neutral, disagree, and strongly disagree* as provided below on effect to business after taking loan."

The household expenditures explored included its contribution to education for their own children, siblings, self and spouse of the member of household; household durable consumptive goods that is whether there was acquisition of assets such as electronics goods(television, radio, DVD player,fridge),sofa sets, wardrobe, wall unit, and others; it also focused on relocation to a better estate in regard to improved livelihood; inquiry into whether the members of householdshad been enabled to purchase a plot as well as building a residential home using loan or proceeds due to loans injected into the business. On the other hand it sought to establish the extent of agreement as far as micro financial effect on enabling the members of household to access health care services (inpatient and outpatient) directly through an insurance health cover or indirectly through loan or its proceeds.

Furthermore assessment on enhanced food and nutrition was explored,it concerned whether there was increment in expenditure on food and nutrition for households due to micro financial services; it also explored whether household expenditure on clothing increased, besides whether there was an improvement on asset acquisition skills; in addition an inquiry into whether microfinance loans had increased the degree of dependence on microloans as well as if it had enabled households access piped water and electricity to their households was explored. Thus findings were summarized as in the Table4.12a and Table 4.12b below:

Table4.12aMFIs services impact on household expenditure variables

Impact on Household Expenditure Variables		**S/A**	**A**	**N**	**D**	**S/D**
A.Education	Children(own)Freq %	90 43	94 46	5 2.1	6 2.9	12 6
	Spouse: Freq %	21 10.1	20 9.7	17 8.2	89 43.0	60 29.0
	Self: Freq %	48 23.2	59 28.5	9 4.3	43 20.8	48 23.2
	Siblings: Freq %	9 4.3	30 14.5	8 3.9	78 37.7	82 39.6
B. Household Goods	Increased Household Assets: Freq %	70 33.8	71 34.3	6 2.9	32 15.5	28 13.5
C. Housing and Residence	Moved To Better Estate: Freq %	64 30.9	43 20.8	2 1	64 30.9	34 16.4
	Purchased A Residential Plot: Freq %	42 20.3	52 25.1	3 8.2	64 30.9	22 10.6
	Built A Residential House: Freq %	36 17.4	58 28.0	7 3.4	83 40.0	23 11.1

Source: Survey data

A. Education

From the findings in Table 4.12a indicates 43% (90) of the respondents strongly agreed and 46%(94) that they had been able to educate their own children from loans and its proceeds; however 2.1%(5) of the respondents were neutral while 2.9(6) disagreed whereas 6%(12) of the respondents strongly disagreed. On the other hand 10.1 %(21) who strongly agreed and 9.7 %(20) who agreed acknowledged having educated their spouse using loans or its proceeds. However, 8.2 %(17) were neutral, whereas 43 %(89) of the respondents disagreed while 29.0 %(60) strongly disagreed.

Table 4.12b Respondents' response on MFIs services impact on household expenditure variables

Impact On Household Expenditure Variables	S/A	A	N	D	S/D
D. Health Freq	59	78	10	32	28
%	28.5	37.7	4.8	15.5	13.5
E. Food And NutritionFreq	77	98	7	17	8
%	37.4	47.3	3.2	8.2	3.9
F. Clothing: Freq	66	117	11	3	10
%	31.9	56.5	5.3	1.4	4.8
G. Asset Acquisition Skills: Freq	76	120	4	5	2
%	36.7	58.0	1.9	2.4	1
H. Debt Management: Freq	45	36	8	69	49
%	21.7	17.4	3.9	33.3	23.7
I. Clean Piped Water: Freq	40	64	1	48	54
%	19.4	30.9	0.8	23.2	26.1
J. Energy- ElectricityFreq	24	52	16	71	44
%	11.6	25.1	7.7	34.3	21.3

Source: Survey data

In addition it had enabled 23.2%(48) who strongly agreed and 28.5%(59) ofthe respondents themselves although 4.3%(9) of the respondents were neutral, whereas 20.8%(43) disagreed while 23.2%(48) strongly disagreed.

Beside this microfinance had enabled members of household to educate their siblings for 4.3% (9) of the respondents who strongly agreed as well as 14.5 %(30) of the respondents who agreed; 3.9 %(8) of the respondents were neutral; whereas 37.7 %(78) disagreed while 39.6% (82) strongly disagreed. Majority of the respondents acknowledged education of children than for the siblings, self and spouse.Owing to the composition of the respondents with respect to their level of education as illustrated in Table 4.3 where a sizeable number of respondents only completed primary education there is a possibility of having informedtheir inability to establish whether or not their funds submissions done towards educationof their own children, spouse, self and siblings emanated from business proceeds as a result of loan or having directly borrowed towards the same hence the study witnessing respondents acknowledging being neutral on the above indicators.

In respect to household expenditure on education, majority of members of households is thereby depicting a crucial contribution that microloans have had in uplifting education pillar of development by enhancing knowledge acquisition for majorly own children of the lonees, a sizeable percentage on self considering the age bracket of majority of the respondents. The smaller number had educated their spouses which was basically attributed to respondents composition as indicated in Table4.3 where majority are women which culturally educating of women is considered the responsibility of men and not vise versa. Begging on this fact those majorities were women, then it locks out men from back to school arrangement hence small percentage emanated from the men, a minority group in the study as indicated. However sustainability in households is shown by majority investing in their children thus combating the high level of illiteracy facing members of households. This is because for any development to be sustainable it ought to be supported by knowledge and skill base.

B. Household goods

It was found out that microfinance institution had enabled 19.3% (40) of the respondents who strongly agreed and 34.3 % (71) of the respondents who agreed that the MFI loan had enabled them to acquire durable household consumptive assets and electronics such as television, DVD Player, Radio, sofa set fridge and wardrobe hence had contributed to improvement of their life status since the nature of members of households in focus were at bottom of the pyramid where acquisition of such assets becomes a key indicator of development.

However 17.4 % (36) of the respondents were neutral this may be attributed to the revelation from table 4 where that majority of the members of household attained basic education thus recalling the source of funds regarding their spending towards a particular assets was a challenge to them; while 15.5 % (32) disagreed whereas 13.5 % (28) strongly disagreed.Considering that MFIs fund economically active poor, there is a possibility of having acquired the assets using other sources other than loaning following the revelation from the study that all respondents acknowledged having had other sources of funds hence giving contrary opinion.

C. Residence and housing

The study sort to find out the extent of agreement or disagreement from the respondents that microfinance institution had enabled them to relocate to a better estate from the time of engagement.The findings showed that 8.7% (18) strongly agreed; 20.8% (43) agreed; 23.2% (48) of the respondents were neutral; on the contrary 30.9 % (64) disagreed whereas16.4% (34) of the respondents strongly disagreed.

It was observed that relocation to a better estate is an indicator of improved income, the findings acknowledges a portion ofrespondents 29.5% (61)experienced growth in income implying that their income levels enabled them to change to a better housing ; however majority were neutral owing to the revelation that as much as there was a relocation to a better housing, it was not on solely loans or the proceeds but also begged on other factors such as other incomes not linked to loan hence could not agree or disagree. A sizeable number disagreed implying that most rural respondent had their own houses build in their farms hence was no need of relocating even if there was income improvement.

On purchase of a residential plot, it was found out as indicated in Table 4.12b that 20.3 %(42) of the respondents who strongly agreed and25.1 % (52) of the respondents who agreed that they had been able to purchase a plot and indication of development. However 19.8 % (41) of the respondents were neutral owing to those in rural where they have permanent residence while on the contrary 24.2 % (50) disagreed whereas 10.6 % (22) of the respondents strongly disagreed. As much as majority acknowledged plot acquisition possibly it was due to their personal plan of priority, it is also a fact to those of the contrary view that they had other priorities other than just a plot which this study reveals.

Furthermore, 17.4 % (27) of the respondents who strongly agreed and 28.0 % (58) who agreed had been able to built a residential home for their household using loan or business proceeds; 13.0 % (27) were neutral owing to those in rural where they have permanent residence while on the contrary 30.4% disagreed whereas 11.1 % (23) of the respondents strongly disagreed. Thus the study acknowledges contribution in ensuring availing of basic needs (shelter) to members of household an indicator of sustainable household development. However, priorities as per individual member of household in relation to others are different hence the findings revealing that as much as shelter is key in sustained household development, priorities do vary thus justifying contrary opinion.

D. Accessibility to health services

This involved accessibility to treatment in terms of in-patient and out-patient to members of households and their dependants. It was found out as indicated in Table 4.12b that through microfinance institutions, 14.0 % (29) of the respondents strongly agreed that they had accessed health care service due to credit and the business proceeds. This view was also supported by 37.7%(78) of the respondents who agreed;19.3%(40) were neutral owing to the rural resident who explicated inadequate information besides cultural impediment; on the contrary 15.5%(32) of the respondents disagreed while 13.5%(28) strongly disagreed owing to the fact that as much as some microfinance institution had an arrangement on micro-health insurance products, some microfinance institutions had no such arrangement.

The findings strongly reveals majority in MFIs have benefitted in accessing health services directly through loans or its proceeds besides making a contribution to an insurance health cover. Other than inhibiting factors in which members of households are grappling with such as illiteracy and culture, considering the fact that a healthpopulationis a productive population and the significant contribution enhanced by MFIs, it confirms an existence of itsstrong relationshipto sustainable household development.

E. **Food and nutrition**:

The studies sort the extent of impact on the level of expenditure on food and nutrition, precipitated by involvement in MFI. Being one of the millennium development goals under food security it is depicted as core in enhancing development. Thus as indicated in Table 4.12b, 17.4%(36) of the respondents that strongly agreed and 47.3%(98) of the respondents who agreed acknowledged increased expenditure on food and nutrition since they accessed microfinance services; 23.2%(48) could not be able to establish whether their expenditure changed due to lack of record; on the contrary, 8.2%(17) of the respondents disagreed whereas 3.9%(8) of the respondents strongly disagreed owing to over commitment towards education and investment as well as the rural respondents who consumes foods direct from the farms .

F. Clothing expenditure

The extent of effecttowards household expenditure on clothing was explored so as to establish whether microfinance attributes had increased members of households' expenditure on clothing considering clothing as one of the basic need according to hierarchy of needs. It was found out as indicated in Table 4.12b that 31.9%(66) strongly agreed to the above opinion as well as56.5%(117) who agreed; 5.3%(11) were not sure due to lack of record; whereas on the contrary opinion 1.4%(3) disagreed while 4.8%(10) of the respondents strongly disagreed owing to over commitment towards education and investment besides using other sources of income not linked to loans. In light of the findings above it depicts the economic nature of members of households involved in MFIs where majority were at the bottom of the pyramid where members of households are striving to meet basic needs such like clothing among others hence influencing their priorities. Thus MFIs had enhanced their spending on basic needs a key component in growth path in reference to Maslow's hierarchy of needs.

G. Asset acquisition skills

Beside this was the asset acquisition skill. The study sort to ascertain whether there was improvement in their asset acquisition skill; this is because it contributes to one's ability to make right decisions at the time of purchasing an asset considering that there exist durable consumptive and income generating assets. Income generating assets assures sustainability as far as income is concerned due to multiplying effect whereas consumptive assets may only bring comfort and not any tangible income. It was found out indicated in Table 4.12b that 36.7 % (76) of the respondents strongly acknowledged improvement; supported by 58.0 % (120) of the respondents who agreed that their asset acquisition capacity had been enhanced.

However as illustrated 1.9 % (4) of the respondents were neutral in that they could not tell whether or not their asset acquisition skills had been enhanced in regard to their education background as well as the some respondents who believe that MFI alone did not contribute to their asset acquisition but rather a combination of various experiences, whereas 2.4 % (5) of the respondents disagreed, 1 % (2) of the respondents strongly disagreed owing to the consideration that there was other sources not tied to microfinance that informed their asset acquisition venture. The findings therefore depicts majority 94.7% acknowledging enhancement which can be attributed to both due to training, exposure and experience gained, considering that majority had acknowledge having acquired assets at the time in microfinance institution in relation to the valuable time they interacted with other membersof households hencesharing ideas as far as asset acquisition is concerned.

Despite majority of respondents having acquired assets, pointing out MFIs contribution in lifting up the purchasing power of members of household not only on basic needs but also to be able to take advantage of emerging opportunities, this was not true to some loanees mainly due to challenges of handling money such as diversion of loans, over commitment towards education and other responsibilities as well as other challenges as revealed by Table 4.19.

H. Debt management:

Poor management of debt enslaves one to the point ensuring high level of dependency on loans, whereby one cannot be able to move on without loans. This is a condition that can deny humanity freedom since it creates debt trap on household (Albee, 1996). The findings as indicated in Table 4.12b shows that 12.1% (25) of the respondents strongly agreed that loans had rendered them fully dependant,supported by 17.4%(36)

of the respondents who also acknowledged increased dependency on loans; 13.5%(28) were neutral owing to lack of personal records as well as educational background hence could not agree or disagree; while majority held a contrary view that is 33.3% (69) of the respondents who disagreed as well as 23.7%(49) of the respondents who strongly disagreed.

These reveals that a sizeable percentage of respondents 29.5% acknowledge a plunge into total dependency on loan rather than financial freedom, indicating that even though it is believed that accessibility to credit is a human right as observed by Prof Yunnus, the founder of Grahameen bank it is now clear as per the findings that the same right can enslave and thus plunge members of household from financial inaccessibility to financial dependency as opposed to financial freedom that ensures economic liberation. These may be as a result of loan use challenges such as loan diversion, delays, wrong timing in terms of business seasons and financial commitments such that the chances of economic liberation is only possible for respondents as long as the above challenges are held constant.

However the neutral view by some of the respondents might be attributed to illiteracy witnessed by education level as indicated in Table 4.3 where a sizeable number had attained only a basic education beside this might be lack of entrepreneurial skills. Despite the above challenges the findings indicated majority disagreeing hence showing that the loan had not enslaved them indicating a positive relationships.

I. Accessibility to clean piped water

The study sort to establish impact of microfinance on members of households' livelihood as far as accessibility to piped water was concerned considering that it was a key necessity in life. It was found out that in north rift, 9.7% (20) of the respondents strongly agreed that they had been enabled to access piped water in to their households, another, 30.9 % (64) of the respondents agreed to the above opinion. However, 19.4 %(41) of the respondents were neutral, while 23.2% (48) of the respondents disagreed whereas 16.4% (34) of the respondents strongly disagreed having been assisted by microfinance institution to access piped water. It was noted that most of those with contrary views had already alternative source that is dug wells while others had already accessed piped water prior to joining microfinance institution.

From the findings, it reveals that 40.6% had been enhanced either by the direct loans from MFIs or by the proceeds from the business funded by MFIs, this is slightly higher as compared to 39.6% who held a contrary view. In sustainable household development considering access to clean piped water being one of the key parameters of growth as stipulated in the millennium development goals is paramount, the findings therefore underscore a contribution by MFIs in north rift towards ensuring access which contradicts the previously held view of no contribution at all as put forward in the hypothesis.

On the other hand, respondents at their household have varied priorities, while others might have already accessed piped water besides contentment on relying on boreholes as a source even prior to involvement in MFIs hence justifying the respondent's indication of disagreement. However a significant number could not take a position of agreeing or disagreeing implying the possibility that they may have had in mind acknowledgement of accessing piped water although the source of the fund could not be clearly established due tothe their literacy level hence no records had been kept to confirm.

J. Accessibility to electricity

A developed economy demands a reliable source of domestic energy, thus pointing accessibility to electricity by members of household was treated as an indicator of development. The study sort to extent in which micro financial services impacted on the members of householdthrough accessibility of electricity as their source of energy; according to the study, it was found out that 11.6 % (24) of the respondents strongly agreed that the micro financial services either directly or indirectly through proceeds from their businesses funded by MFIs had assisted them access electricity.

Those who held the same view constituted 25.1 % (52) of the respondentswhom they agreed;while 7.7 % (16) of the respondents were neutral due to inability to differentiate the source of funds that ensure accessibility, on the contrary opinion 34.3 % (71) disagreed while 21.3 % (44) of the respondents strongly disagreed. However, most of those who disagreed cited use of solar lamps and lanterns as alternative Source of energy in the rural settings whereas for most of urban dwellers they rented houses hence landlords were responsible.

4.6 Members of Household Funding Options

4.6.1Sources of funds

The study also sorts to establish whether members of households had other sources of funds for their businesses as well as household consumption. The guiding question was '*Do you have any other sources of funds apart from loan?"*

Table4.13Responses on whether they had other sources of funds

Other sources of funds	Frequency	Percent
Yes	207	100.0
No	0	0.0
Total(N)	207	100.0

Source: Survey data; Number of respondents (N)

It was found outasindicated in Table 4.13 thatthe entire respondents do agreed that they had other sources of income apart from the microfinance loans that they could access from the group. It included own saving, relative, friend, asset disposal as well other sources mention such as merry go round, table banking. These imply that the progress made may not be necessarily fully attributed to loan or businesses proceeds as a result of funding alone but rather acknowledge MFIs attributes as having made a contribution to the progress by enhancing improvement from the existent past. Hence for sustainable household development variables to be realized, one has to consider a diversified sources of funds in which it is supported by the revelation in table 15 that expounded on the other possible sources of funds at the disposal of members of households contacted in north rift.

However options were provided for the respondents to choose their other sources of funds apart from the loans they could access. The guiding question was: '*If the answer to question above is yes kindly specify".* As a result, the proportion of the respondents as per their sources of fundswas indicated in the Table 4.14below:

Table4.14Other sources of funds

Sources of Funds	Frequency	Percent
Own savings	130	62.8
From relatives	8	3.9
Friends	23	11.1
Asset disposal	41	19.8
OTHER	5	2.4
Total (N)	207	100%

Source: Survey data; Number of respondents (N)

It was found out as indicated in Table 4.14that 62.85(130) of the respondents indicated that they can access some funds through personal savings from their businesses; 3.9% (8) cited relatives as a possible source of funds particularly for emergency cases,; 11.1 %(23) of the respondents cited friends as part of sources of funds; 19.8%(41) of the respondents indicated asset disposal as part of source of funds whereas 2.4%(5) of the respondents acknowledged other sources of funds un-provided in the options such as merry-go round, salary and wages for those under employment. Majority of members of households fund their household and business expenses from savings from their businesses this can be further enhanced through availing secure savings option, an infrastructural setup that foster short term and long term savings plans as per their goals.

This justify the findings on MFIs role in transforming household expenditures in that it was not loan or credit , one of the MFIs attribute that was solely praised for enhancing increased household expenses while meeting household needs as observed in Table 4.12 but rather as complimented by other available sources of funds. Thus sustainable household development can easily be realized whenever a savings culture in cultivated among members of household while dealing their household businesses. As much as friends a, relatives, disposal of assets as well as other sources can be a relevant source of funds the study acknowledges that reliability by many on these sources of funds as per the findings was minimal.

4.6.2 Respondents' Savings Status:

Table4.15Response on those with savings accounts in microfinance institution

Do have savings accounts with MFI	Frequency	Percent
YES	206	99.5
NO	1	0.5
Total(N)	207	100.0

Source: Survey data; Number of respondents (N)

1. **Members of Households' with Savings Accounts**

The savings accounts explored referred to individual savings account other than the normal loan security funds that would enable members of household keep their funds for the purposes of future spending. It is with this savings that members of household can use to meet future basic household needs. It was found out as indicated in Table 4.15 above that 99.5 %(206) of the clients acknowledged having savings accounts with the microfinance institution where they save towards future spending such as facilitating projects. On the contrary 0.5 %(1) of the respondents had not opened a savings account with microfinance Institution but rather in a commercial bank.

2. Range of Savings Amounts

Inquiry into the range of savings the respondents deposit into their savings account was explored. The findings were summarized in the Table4.16

Table4.16Savings amount categories banked periodically

Savings amounts	Frequency	PERCENT
No savings	1	0.5%
500-5000	135	65.2%
5001-10000	47	22.7%
10001-15000	19	9.2
15001-20,000	1	0.5
Above 20,000	4	1.9
Total(N)	207	100

Source: Survey data; Number of respondents (N)

It was found out as revealed in Table 4.16 above that 0.5% was not saving owing to other preferred saving institution other than MFI, 65.2 %(135) of the respondents banked amounts ranging from Ksh: (5,00-5,000) they represented a majority of the respondents an indication of the level of household income category targeted by microfinance institution who are largely medium and small income earners; 22.7%(47) of the respondents ranged from Kshs (5,001-10,000); whereas 9.2% (19) of the respondents contributed amounts ranging from Ksh: (10,001-15,000); 0.5% (1) of the respondents banks amounts ranging from Ksh: (15,001-20,000); 1.9% (4) of the respondents contributes above Ksh: 20,000.

The study reveals that majority could afford to save amounts ranging from Ksh: 500 to Ksh: 5000 per month hence indicating the nature of members of households served by MFIs. The percentages continue to diminish as the figures to be saved increases. The ability to save does not only depend on accessibility to a savings institution but is also dependent on business capacity, level of knowledge on savings, and the inculcated savings culture within a society.

3. Savings Submissions Frequencies

The periodic submission of savings by the respondents was varied; that is daily, weekly, monthly and on occasional basis. The findings were summarized in the table below:

Table4.17Frequencies on periodic banking of savings

Period	**Frequency**	**Percent**	**CumulativePercent**
Daily	20	9.7	9.7
Weekly	104	50.2	59.9
Monthly	59	28.5	88.4
Occasionally	24	11.6	100.0
Total (N)	207	100	

Source: Survey data; Number of respondents (N)

Table 4.17 indicates that, 9.7 %(20) of the respondents banked daily, possibly comprised mostly of the urban business owners whose income is on daily basisbesides closeness to the banking offices as observed in occupational category of respondents in table 5; 50.2 %(104) of the respondents banked on weekly basis depicting majority of the respondents of the study.

This was informed by group lending methodologies as spelt out by the existing literature, whereby the nature of operation of most microfinance institutions was in the form of collaboration with existing organized groups in such a way that they always bank on weekly basis thus providing convenience for groups that resides slightly further from the towns as well as business community who may not have time that could enable them bank on daily basis since they spent most of the time in their business premises serving their client.

It also reveals that28.5 % (59) of the respondents banked on monthly basis particularly for the members of households who have monthly regular source of income. As indicated in Table 4.4 the respondent included farmers who supply their products such as milk to processing industries as well as business owners whose payment for the service offered were done on monthly basis for instance those in outside catering services to established institutions; it also included the salaried lot of respondents.Furthermore 11.6 % (24) of the respondents banked occasionally due to irregularity of payment they often receive for the services delivered. As observed in table 5 they included business owners involved in businesses whose payments were done occasionally such as construction firms, maize and wheat farmers, whom they occasionally bank their proceeds once they make sales.

4. Assessment of Savings Impact

As summarized in Table 4.18 below an assessment of the extent in which the respondents rated microfinance savings products was evaluated. It involved an evaluation whether: microfinance institution provided a savings option they did not had; whether through savings it had enabled them respond to opportunities as well as enhancingincreased householdsavings, household investment expenditure, the number of assets as well as amounts purposely saved.

Beside these was establishing whether loans had enslaved them making them worse off due to debt burden, hence being forced to de-save to relieve themselves from the debt burdens.Table 4.18clearly illustrates the numerical outcome of the respondents' views as far as savings was concerned

Table4.18Response on savings impact on members of households

DESCRIPTION	S/A	A	N	D	S/D
MFI provided a savings option I did not have:Freq %	68 32.8	124 59.9	7 3.4	1 .5	7 3.4
Ably responded to opportunities :Freq %	43 20.8	131 63.3	3 1.6	0 0	30 14.5
Household savings increased Freq %	29 14.0	147 71.0	19 9.2	6 2.9	6 2.9
Asset investment expenditure increased: Freq %	86 41.4	98 47.3	4 3.1	13 6.3	6 2.9
Number of assets have increased:Freq %	90 43.5	81 39.1	0 0	30 14.5	6 2.9
Training enhanced increase in amounts saved : Freq %	34 16.4	101 48.8	0 0	53 25.6	19 9.2
Debt burden left me worse off than before: Freq %	48 23.2	19 9.2	9 4.4	80 38.4	51 24.6

Source: Survey data

a. Savings option

As observed from Table 4.18above, 23.2%(48) of the respondents strongly agreed and 59.9%(124) of the respondents agreed to the view that microfinance institution had provided a savings option that they did not had. Considering that majority 83.1% of the respondents agreed, it implied that MFIs role in ensuring the provision of savings options to the members of households in north rift cannot be ignored in that its availability encourages savings culture which foster sustainable household development.; However a sizeable number 13.0% (27) of the respondents could not make a verdict hence not sure (neutral) due to impediment by their educational background, whereas on the contrary 0.5%(1) disagreed while 3.4%(7) strongly disagreed for the view that they already had other savings options other than MFIs.

b. Capacity to respond to opportunities

Secondly, as illustrated from Table 4.18 above, 20.8%(43) of the respondents strongly agreed while 63.3%(131) agreed that savings products from microfinance institution had enabled them respond to opportunities, an indication that majority 84.1% of the respondents agreed, it implied that MFIs role in enhancing the capacity of the members of households in north rift to respond to opportunities was paramount in that its availability ensures enhanced purchasing power thus fostering the ability for realization household investment goals; However owing to insufficient records detailing opportunities the members of households had responded to as enhanced by MFIs attributes, 15.9%(33) of the respondents were not sure (neutral), On the contrary, 8.2%(17) of the respondents disagreed while non strongly disagreed for the view that they attributed their capacity to otherfinancial institutionsrather than MFI. The study therefore acknowledges majority confirming a greater extent that MFIs savings attribute had effectedpositively on their ability to respond to unexpected opportunities.

c. Status of household savings

On the other hand as observed in Table 4.18,household savings had increased for 14.0%(29) respondents who strongly agreed and 71.0 % (147) who agreed, an indication of 85.0% of the respondents agreeing showing that more than half had succeeded in increasing their household savings due to MFIs savings attribute implying a significant contribution towards enabling members of household to establish save towards planned future household and business ventures, hence it depicts existence of a direct relationship to future household and business expenditure in that an increased household savings would enhance capacity for members of households to meet their goals an indicator of growth, whereasowing to the level of education and insufficient records by some members of household, 9.2%(19) were not sure; on the contrary 2.9%(6) disagreed while 2.9%(6) strongly disagreed

d. Status of household investment assets

Table 4.18indicatedthat expenditure on investment assets had increased for 22.2% (46) of the respondents who strongly agreed as well as 47.3%(98) of the respondents who agreed hence confirming the view by the majority 69.5% of the respondents that microfinance savings product had led to increased expenditure on investment assets, an indication of sustainable growth. However, 21.3 %(44) were neutral since there was investment assets not attributed fully to MFIs funds due to lack of clear financial records at the point of establishment, while those of the contrary view constituted 6.3 %(13) of the respondents who disagreed while 2.9 %(6) of the respondents strongly disagreed showing that despite access to savings accounts as availed by MFIs 9.2% of the respondents in north rift were not able to witness increased expenditure on investment assets due to financial priorities hence more expenses on other household needs other than investment assets such as, food, clothing besides education of dependants.

e. Number of household assets

Furthermore Table 4.18 depicts that 29.0%(60) of the respondents strongly agreed that the number of their household assets had increased due to microfinance savings products, this view was also supported by 39.1%(81) of the respondents who agreed thusconfirming the view by the majority 68.1% of the respondents that microfinance savings product had led to increased expenditure on household assets, an indication of significant contribution to the improved transformation of the lives of members of household. Whereas 14.5% (30) of the respondents were neutral owing to diversified sources of funds the enable members of households to acquire household assets and unavailability of records to differentiate; however 14.5%(30) of the respondent disagreed while 2.9%(6) of the respondents strongly disagreed implying that despite access to savings accounts as availed by MFIs 17.4% of the respondents in north rift were not able to witness increased expenditure on household assets due to financial priorities hence more expenses on other household needs other than household assets such as, food, clothing besides education of dependants.

f. Training impact on amounts purposely saved

Concerning amounts purposely saved, increase possibly imply that their income had increased indicating positive effects on the growth of the household business, beside this was the effect of training on household members that emphasizes saving culture as a way to develop.It was found out as illustrated in table 4.19 that there was increase amounts purposely saved for 16.4%(34) of the respondents who strongly agreed as well as for 48.8%(101) who agreed indicating that majority 65.2% acknowledge contribution of training to their increased amounts purposely saved implying that microfinance training on savings played a key role in inculcating and nurturing savings culture among members of household in north rift hence a bearing in sustainable household development.

However owing to challenges with regard educational background during knowledge dissemination to the members of household,22.7%(47) of the respondents were neutral possibly due to the language barrier, lack of records, decline in business profits besides other financial commitments that deters members of households from increasing their amounts purposely saved. While on the contrary,2.9%(6) disagreed while 9.2% (19) strongly disagreedimplying that despite access to training on savings as availed by MFIs 12.1% of the respondents in north rift were not able to increase amounts purposely saved due to financial priorities hence more expenditures on other household needs other than increasing savings such as, re-investing into the business, food, clothing besides education of dependants.

g. Debt burden

The debt burden from loans had left worse-off 23.2% (48) of the respondents who strongly agreed and 9.2%(19) of the respondents who agreed; 9.2 % (19) were neutral while on the contrary view 33.8 % (70) of the respondents disagreed whereas 24.6 % (51) of the respondents strongly disagreed. This indicates that as much as there existed household that microfinance has made them worse-off, they acknowledged the genesis as being due to their personal imperfection or limitation on financial literacy; furthermore the rural households noted that although training was extensive, language barrier due to their level of education impeded their ability to learn;however majority of the respondentswere of the contrary view indicating that their livelihood had improved.

4.7 Challenges

4.7.1 Respondents' Challenges Encountered while in MFI

The third objective of the study was'To identify possible challenges encountered by members of household while engaging in MFI."Hence itsorts to establish whether there existed challenges facing members of household that had enrolled into microfinance institution. Howeverthe study established that 0.5%(1) of the respondents had not experienced any challenge as opposed to 99.5%(206) of the respondents who acknowledged having experienced challenges ranging from: repayment difficulty, business stagnation, temptation of diverting loans, delays with regard to loan access as well as other unspecified unique challenges as illustrated in Table 4.20. The findings reveals 2.9%(6) of the respondents attributing their challenges to repayment difficult due to poor business performance, repayment time inconvenience, inadequate entrepreneurial knowledge, mismanagement of funds, natural disasters as well as effect of post election violence that made respondents lose their businesses through arson; 23.2%(48) of the respondents cited business stagnation particularly after post election violence that hit north rift as well as poor harvest by maize and wheat farmers in 2008 hence hindered their growth, derailing the benefit they could have had from accessing micro financial services; on the other hand 14.0% (29) of the respondents cited loan diversion while 22.7%(47) of the respondents attributed their challenges to delayed access to credit from microfinance institution hence receiving funding late as compared to their timing.

Furthermore majority of the respondents 37.2%(77) cited other challenges such as inadequate financial literacy, lack of entrepreneurial skills, poor group management that provided a conducive environment for default to thrive thus forcing them to repay for their colleagues who defaulted in honor of the group guarantee agreement.

Table 4.19Type of challenges faced

Description	**Agree**	
	Freq	**percentage**
Repayment difficult:	6	2.9
Business stagnation:	48	23.2
Loan diversion:	29	14.0
Delays with regard to loan access:	47	22.7
Other(specify)**:**	77	37.2
Total(N):	207	100

Source: Survey data; Number of respondents (N)

4.7.2Respondents Rating of Micro Financial Attributes

In establishing the feeling of members of household as far as the way they were viewing micro financial institution and their attributes, the study sort their rating on trainings, credit, savings product, group performance, microfinance against other financial institutions. The findings was analyzed and presented as illustrated in the Table 4.20below:

Table 4.20Generalratings of microfinance institutions' attributes

Description of Ratings	Excellent	Good	Average	Poor	Very poor
The Training: Freq . %	65 31.4	118 57.0	18 8.7	6 2.9	0 0
MFI loans: Freq %	24 11.6	143 69.1	40 19.3	0 0	0 0
MFI savings productsFreq %	42 20.3	83 40.1	82 39.6	0 0	0 0
Own group against others Freq %	66 31.9	88 42.5	47 22.7	6 2.9	0 0
MFI against other Banks:Freq %	53 25.6	90 43.5	64 30.9	0 0	0 0

Source: survey data

a. Micro financial training

It was found out as indicated in Table4.20abovethat micro financial training was rated as excellent by 31.4 % (65) of the respondents whilemajority 57%(118) of the respondents rated as good indicating that majority 88.4% rated MFI trainings as both good and excellent implying that microfinance training had played a key role in ensuring useful knowledge dissemination to members of household in north rift hence a bearing in sustainable household development. Whereas8.7 % (18) of the respondents rated MFI training as average implying that training addressed ordinary knowledge perhaps they were conversant with. However 2.9% (6) rated it as poor based on the language barrier particularly to the rural residents implying that even though knowledge dissemination through training iscrucial to members of household as employed by MFIs, underlying challenges that impedes effective learning ought not to be overlooked such as the language of dissemination as well as prerequisite knowledge of trainees.

b. Micro financial loans

On micro financial loans, Table 4.20 indicates 11.6 % (24) of the respondents rated MFIs loans as excellent, 69.1 % (143) of the respondents rated as good indicating that majority 80.7% rated MFI loans as both good and excellent implying that microfinance loan had played a key role in ensuring that members of household in north rift had accessed loan facility despite their circumstance of inadequate collaterals at their possession hence a had been able to boost their business activities.; on the other hand, 19.3 % (40) of the respondents acknowledged it as average implying that as much a there was gains due to MFI loans there was no much difference possibly due to financial demands in which the amounts advanced could not generate returns as expected beside this was challenges encountered as illustrated in Table 4.21.

c. Savings products

The savings products as observed from Table 4.20 above was rated excellent by 20.3 % (42) of the respondents; 40.1 % (83) of the respondents rated MFIs savings products as good indicating that majority 60.4% rated MFI savings products as both good and excellent implying that microfinance savings products satisfactorily played a key role in ensuring access to savings products convenient to members of household in north rift hence a enabling them not only to save but meet their life goals through savings. However a sizeable number 39.6 % (82) of the respondents were of the opinion that MFIs savings products were average showing that the savings products availed by microfinance institution had had not made a difference which was supposedly dependent on the level of exposure of the respondents to other savings products offered by other financial institutions.

d. Group performance

On the group performance, Table 4.20indicates31.9 % (66) believed in their groups as excellent while 42.5 % (88) acknowledged that the group was good showing that majority 74.4% rated their MFI group as both good and excellent implying that their group had displayed a significant role in ensuring that all group matters was handled appropriately hence gained a lot from the group beyond what they expected. Whereas22.7 % (47) rated their group as average owing to the unpronounced gains as expected. On the contrary opinion 2.9 % (6) rated their group as poor possibly due to conflict, default experienced besides leadership wrangles that places group methodology to undesirable position among members of households.

e. Microfinance Institution

Furthermore on rating microfinance institution against commercial banks, Table 4.20indicates that 25.6%(53) of the respondents rated it as excellent this may be based on its attributes such as training, accessibility to loans as opposed to commercial banks where apart from being too formal, huge collaterals were demanded; 43.5%(90) rated microfinance institution as good revealing the majority 69.1% of the respondents rating in favour of MFI as both good and excellent implying undisputable acknowledgement of microfinance institutions having played a key role in ensuring financial access to members of household in north rift hence a bearing in sustainable household development. On the other hand, 30.9%(64) of the respondents were of the opinion that microfinance institutions were average due to unresolved challenges facing members of household such as delays, as well as challenges emanating from group management.

4.7.3Ascertaining the future of microfinance institution

The study also sort to inquire whether the microfinance institutions clients still had interest in taking more loans in the future from microfinance institution. From thefindings itwas established that as much as there was eminent challenges members of household were grappling with in microfinanceinstitutions as illustrated in Table 4.19 above, 100 % (207) of the respondents absolutely agree to the opinion that they would stilltake more loans in the futurefrom microfinance institution beside other sources of funds. This was attributed to the varied reasons as highlighted in the table4.21.

It was found out as indicated in Table 4.21 below that40.6 % (84) of the respondents acknowledged ease accessibility to credit as a reason to prefer microfinance institution in the future. On the other hand,5.8 % (12) of the respondents cited attractive interest rates while 36.7 % (76) of the respondents was due to their business demands. Furthermore 2.9 %(6) cited maintenance of loyalty to microfinance institution for the far they had succeeded whereas 14.0 %(29) of the respondents preferred microfinance institution due to its manageable collaterals required by microfinance institution while borrowing loan.

Table 4.21Reasons for taking loan and preferring a microfinance institution

Reasons	Frequency	Percent
Ease in loan accessibility	84	40.6
Attractive interest rates	12	5.8
Business demand	76	36.7
Maintaining loyalty	6	2.9
Manageable collateral	29	14.0
Total(N)	207	100.0

Source: Survey data; Number of respondents (N)

Therefore as much as all of the respondents agreed for the need for credit and preferring microfinance institution besides challenges as indicated in Table 4.21 above, all of them had varied reasons that were to keep them in microfinance more than expected, implying that microfinance industry has a stake in sustainable household developmentsince its attributes avails more than just financial solution inclusion.

4.8 Interview Schedule Results

4.8.1Results from Interview for MFIs Staff:

The interview questions for MFIs staff were tailored to capture information on their perception on MFIs developmental role to the members of households. The number of staff interviewed was ten out of which five of them were female and the rest male amounting to fifty percent gender balance. Educational background of the staff showed that all 100% (10) of the staff had gone through university degree of which 30%(3) of the staff had been employed in MFI for more than two years, 5%(5) of the staff had been employed in MFI for more than three years whereas 2%(2) of the staff had been employed in MFI for more than four years.The research findings from the interviews revealed the acknowledgement by all 100% (10) of MFI staff that households had greatly benefitted from the MFIs services, which was noted to have been enhanced through micro-credit offered to customers (members of household) hence this witnessed transformation of customers' businesses to a level of higher capacity to service bigger loans as compared to their first loan.

Other ways that was cited has having benefited members of household included: educational progress in the members of households through direct educational credit advancementor indirectly through business proceeds; expansion of farming activities by farmers, accessibility to micro-health cover; enhancement of household savings and increased investment. However challenges highlighted included default from some groups particularly with the farming communities due to crop failure in 2009 and post election violence in2008 that made follow up on loans difficult; language barrier was an aspect that featured in the rural areas. Furthermore, tremendous growth from some MFIs generated challenges relating to system transformation to accommodate the growth whereby it was noted that at some point there wasdelays in service delivery.

Multi-funding was also noted as a challenge in MFIs since it was attributed to lack of a source of common knowledge to MFIs on a particular client hence members of households utilizes this loophole to overburden themselves with loans as a result they find difficult in repayment.

However it was noted that training is crucial towards group stability; this was to encourage adoption of better business techniques and diversification by farmers to cushion them against high risk. Besides, micro insurance on agricultural activities was also viewed as a useful avenue to seldom risks.

4.8.2 Results from Interview for Group Representatives:

Interviews was conducted on group representative for the old groups(had been in existence for more than four years) so as to gather their views on what influenceMFIs had on its group members (members of households) as well as unraveling the challenges that had been encountered and possible solutions. The number of group representative interviewed was twenty out of which twelve of them were female and the rest male. Educational background of the group representative showed that all 75% (15) had gone through secondary education of which 25% (5) had completed primary education. All the group representative had been in MFI for more than four years, 50% (10) of the group representativewere picked from urban area whereas 30% (6) of the group representative were from arable lands and 20%(4)of the group representative were from ASAL areas.

The research findings from the interviews revealed the acknowledgement by all 100% (20) of group representative that in one way or other households had greatly benefitted from the MFIs services. However, the research indicated a mixed feelings over the MFIs impact in that urban group representatives hinted that it had positively impacted their lives through enhanced expansion of their business, education of their members of household, access to health care, knowledge development through training, increased savings and investment . Whereas on the contrary there was of those of the view that micro-loans had burdened them and cited post election violence of 2008 that crippled their business performance though they acknowledged that so far they had recovered. In addition, a struggle in first loan repayment was noted and attributed to not taking training seriously hence group instability, multi-funding and loan diversion, however it was noted that the situation had changed to the better since the members were currently more responsible and mature.

In the rural set up occupied by largely natives noted that MFIs had filled the gap that African Finance Corporation (AFC) left when it collapsed thus had provided ease access to credit which led to agricultural expansion, improved education to the members of household as well direct benefit from farmer training workshops organized for farmers by microfinance in partnership with agricultural extension officers. On the other hand it was noted that some groups were grabbling with group management techniques which had made some of their former groups disintegrated thus could not access credit from MFIs to the extent that they had been forced to regroup in other new group to access the services. Besides, was crop failure that rendered them burdened by debts since their capacity to repay as scheduled had been affected.

Other challenges noted fraud cases from group officials, inadequate entrepreneurial skills impaired by cultural lifestyle emanating from the region having one season of farming particularly wheat and maize farmers, there was also delayed funding due to group instability and default in some groups leading to late planting by farmers.

In ASAL areas the research noted from the group representatives that members of households had benefitted from MFIs through training that enabled them pursue water harvesting techniques as well as facilitation on purchase of water harvesting equipments thus improved horticulture and fruit farming. It included enhanced piping of water from the Elgeiyo escarpment through gravity to supply households with piped water, construction of brick water tanks by household with partnership with NGOs in the area as well as purchase of KEN-TANKS by household members using MFIs loans. The impact was cited on increased or expanded fruit farming in Chepsigot, Kibargoi and Soy location in Soy division.

Furthermore, it was noted that women's role in entrepreneurial activities particularly along the main roads had been on the rise. As cited, it was evidenced by representatives acknowledgement of increased stalls established on the roadsides selling farm produce hence were able to take more loans and repay without difficulty, a source of income increased their household savings and investment. Besides, it was revealed that education, health and food security had been improved.

4.9.0Hypothesis Testing

The first hypothesis stated that there was no significant effect between microfinance services and household expenditure variables that touched on education,'' The guiding question was:

Kindly tick if microfinance services effected on your expenditure on education of your children

Table 4.22Gender verses household expenditure on education Cross tabulation

VARIABLES		HOUSEHOLD EXPENDITURE INCREASED IN EDUCATION.				Total (N)
		Strongly agree	Agree	Neutral	Strongly disagree	
GENDER	MALE	38	45	6	5	94
	FEMALE	52	49	5	7	113
Total(N)		90	94	11	12	207

Table 4.23Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.652(a)	3	.302
N of Valid Cases	207		

2 cells (25.0%) have expected count less than 5. The minimum expected count is .91.

$X^2(3) = 3.652$, $P > 0.001$

4.9.1 Rejection Criteria 1

The findingsaccording to Pearson Chi-Square as indicated in Table 4.24 above, disapproves the researchers school of thought, hence acknowledging that there was a significant positive effect propagated by MFIs attributes with regard to sustainable household development whereby household development was measured using household expenditure variables.Positive effect was acknowledged on education of children 94 %(194) of the respondents both those who strongly agreed and agreed;

The second hypothesis indicated that there was no significant impact relationship of MFIs attributes on household business development. The guiding question was: **Kindly tick if microfinance services effected on your business size by enhancing expansion**. The chi-square test indicated as follows:

Table 4.24Age verses business expansion impact cross tabulation

		Has MFIs services enhanced your business expansion?					Total
		strongly agree	agree	neutral	disagree	strongly disagree	
AGE	18 - 25 yrs	3	8	2	1	1	15
	26-35yrs	30	40	1	8	3	82
	36-45yrs	25	33	10	11	2	81
	46-55yrs	7	14	1	2	1	25
	above 56yrs	1	2	0	1	0	4
Total		66	97	14	23	7	207

Table 4.25Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.325(a)	16	.575
N of Valid Cases	207		

14 cells (56.0%) have expected count less than 5. The minimum expected count is .14.

$X^2(16) = 14.325$, $P>0.001$

4.9.2 Rejection Criteria 2

The findings as shown in Table 4.26 above according to Pearson Chi-Square indicated that there was significant effect with regard to household business expansion thus disapproving the null hypothesis.It was supported by the findings from Table 4.13 a and Table 4.13b where 53.6% (111) of the respondents agreed that the MFI loan had enabled them to acquire household consumptive assets; 51.7%(107) of the respondents agreed that they had accessed health care service due to credit and the business proceeds; 64.7%(134) of the respondents acknowledged increased expenditure on food and nutrition;88.4%(183) of the respondents agreed that there existed increased members of households expenditure on clothing considering clothing as one of the basic;on debt burden 57.0%(118) of the respondents disagreed that loans had rendered them fully dependant 94.7 %(196) of the respondents acknowledged improvement in asset acquisition skills. Thus indicating a positive impact by MFI services on members of household, it captured mainly on the basic needs owing to the economic level of the MFI clients where their outreach was mainly on the economically active poor.

Secondly the study revealed that there was a significant effect attributed to MFIs services on households business expenditure variables this was evidenced by respondents responses whereby 78.2%(162) of the respondents agreed that their business room had been increased; 66.6% (138) of the respondents agreed that the MFI loan had enabled them open another business; on business growth, the findings showed that 78.8% (163)of the respondents agreed that their business had expanded; 81.2% (168) of the respondents agreed that their stock volumes increased due to loans and its proceeds;On loan repayment it was found out that 90.3 %(187) of the respondents agreed that they were able to repay their loan without any problem;on business profits93.7 %(194) of the respondents agreed that their business profits increased due to micro financial services

Beside this is the acknowledgement of challenges by99.5 %(206)of the respondents that the group clients (members of households) had encountered while in MFI as opposed to0.5 %(1) of the respondents who had not experienced any challenge. The challengesexperienced ranged from: repayment difficulty, business stagnation, temptation of diverting loans, delays with regard to loan access as well as other unspecified unique challenges

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATION

5.1 Discussion

This study set out to assess and quantify the effect of MFIs attributes on sustainable household development in north rift region with the view of establishing the effectiveness of MFIs and how its' services has impacted on household expenditure variable; household business variables besides unraveling the challenges faced by members of households while in MFIs.MFI services include: microloans, training and savings products, thus the study sort to ascertain the impact of microfinance on sustainable household development in the north rift region.

The purpose of the study was to evaluate the impact of micro financial attributes on sustainable household development variables as a cross-sectional study. The specific objectives of the study were to evaluate the impact of MFIs services (independent variable) on: household expenditure variables, household business variables, growth of household savings and investment; and its challenges (dependent variables).

Theresearch was conducted on members of household whom had taken loan more than four times; whereby through a stratified random sampling technique a sample of three hundred households within the region was conducted as respondent. Descriptive survey research was employed and the instrument of data collection included questionnaires, structured interviews.

The findings indicated that MFIs in North Rift emulates the Grahameen bank in Bangladesh that has served as a model to most microfinance institution in Sub-Saharan whereby group mechanism is used as a guarantee for accessing credit.

5.1.1 Microfinance attributes

The key main attributes (micro financial services) offered in north rift region as per the findings were microloans, savings and financial training.

i. Loan products:

Households in north rift region have ventured into varied economic activities for their livelihood which includes farming, small and medium enterprises as well as service industry. The need for expansion in order to sustain themselves bearing in mind on their basic demands is critical and thus there was need for a financial provider that would suit their financial need. Essentially for farmers, the collapse of AFC was detrimental to their ability to sustain their agricultural ventures previously supported through farming loans. On the other hand, inaccessibility to main stream banking was an hindrance to small business owners and other ventures basically by youths and women since the stringent terms and conditions of the commercial banks with regard to access was unfavorable for their thrive.

As a result this motivated the decision to join microfinance ints5titution for the sole purpose of accessing loans. Institutional alignment in terms of loan products offered by mfi ensured growth of mfis in north rift region, hance was considered a major driving force for members of household's decision to join mfi. In the interest of its effects the findings clearly ascertain its imminent contribution to household progress both at business level and household expenditure levels. Through micro loans the households concurs that household incomes increased, increased profits, thus expenditure on reinvestment and improvement in heir housing status. There was acknowledgement of increased employment of capital in terms of activity size and stock volumes, expansion that made household businesses to thrive.

ii. Savings Product

Savings product was one of the attributes/ services' offered by MFI in north rift region. Majority of the economically poor live hand to mouth hence savings was a strange idea to many. Other than keeping the surplus by the farmers after harvest in wait for the planting season, MFIs crafted a savings strategy where a percentage of loan was secured by mandatory savings amounts before the processing on a loan which stood as collateral in form of cash cover for the loan applied besides a mandatory weekly savings contribution for the entire loan period with the ultimate goal of inculcating and nurturing savings culture among the members of households. Further more members of households had access to other tailor-made savings product in the Microfinance Institutions in North Riftas per client needs thus availed opportunity to members of households who had regular income to save towards a particular goal such as education health, insurance, business expansion as well as asset acquisition.

iii. Training

Training was one of the key attribute offered by microfinance in north rift region, as per the findings it touched on basic financial skills such as budgeting in that all the members of households contacted had been taken through compulsory training on financial management skills, business management skills as it was considered a key foundational pillar that anchors transformation of households to be better financial and business managers during the transitional growth of their business ventures. Its implementation was to ensure sustainability of the household ventures irrespective of is spontaneous growth; failure to access this knowledge would be detrimental to their growth hence prerequisite for financial deterioration.

5.1.2 Relationship of the attributes to sustainable household development

The study's central investigation was to ascertain as to whether MFI services referred to as attributes in north rift have had a contribution to a sustainable household positive progress. Household development encompasses its economic wing (business expenditures) and the social wing (household consumptive expenses). In ascertaining the level of development, expenditure variables was critical to the determination of household financial behaviors basing on their enhanced purchasing power, thus expenditure considered a proxy indicator of development.

The study therefore points out a positive change in both household businesses and consumptive expenditure after joining and accessing micro financial services. on the contrary view access could enhance dept trap, continued state of dependency on loans as well as liquidation of their assets through selling out or de-saving to meet loan demands, a state of unsustainability basing on its utility however in regard to Sens' functionality and capabilities theories on human welfare which points out on absolute utility of commodities or servicers offered for actual advantage, in north rift the findings confirms the positive effect by microfinance services to members of households with regard to their businessgrowth expansion, expenditures on stock levels, business profits, besides increased expenditure on household consumptive expenses touching on housing, education, food and nutrition and other household consumptive assets, social amenities such as access to clean water ,electricity, thus clearly points out the centrality of MFIs services in attainment of both the social and economic pillar as stated in vision 2030.

Business growth adds up to adverse positive effects in households since it ensures job creation at household levelthus very critical in tackling poverty. It enhanced regular income to members of households thus possessing multiplying effect on social and economic inclination within the location of the business. Besides it contributes to food security, reduction of crime rate thus ensuring sustainability thus with the involvement by members of household in accessing micro financial services the study affirms sustainability in household development.

The findings of the study provided information to policy makers in organizations that offer micro financing to households, with the possibility of adopting suggestions given as recommendation while developing models that foster sustainable household development.

The research findings indicated that members of households enrolled in the microfinance institutions were able to easily access funds in form of credit as guided by restrictions of the study where it sorts responses from those members of household who had taken loans more than four times within the group thus this study affirms the availability of these services.

Besides, was the savings products that respondents acknowledged 100% of having opened accounts with MFIs and were building their household savings; apart from other tailored-made savings products they were utilizing. Furthermore, the study reveals that MFIs in north rift region had at one time trained members of households hence imparting knowledge on credit management, group management, business management, activity diversification as well as life-skills which contributed positively to the success of households in their ventures.

5.2 Conclusion

The research findings indicate that microfinance institutions in north rift region have had a significant effect on members of households' expenditure. Hence, it had positively contributed to sustainable household development.

The institutions were expected that through its expanded network both in urban and rural part of north rift, to be able to reach out to the unbanked population so as to offer alternative source of capital to SMEs to the extent of those members of households in urban slums as well as illiterate lot in the interior rural areas of the region.

Beside this were the middle and low income self-employed earners who are cut off from accessing credit from commercial institutions through boosting their capital base to the economic active poor. As a result was to ensure transformation of households through microloans, savings products, knowledge and skill impartation as well as demystifying micro insurance at household level.

Microfinance institutions have played a key role bringing about competitiveness in the financial market to the level that it has challenged commercial banks to flex its conservative and restrictive conditions in favor of its clients to encourage being relevant to the customers' needs as well as ensuring retention. Besides developing new attractive products others have incorporated microfinance in their mandate.

Furthermore the findings indicated its significant role to the achievement of vision 2030 and Millennium development goals at household level since its effects depicted an improvement in education, healthcare, food and nutrition, shelter as well as raising employment rate which can assist in breaking the vicious cycle of poverty through injection of capital to the economic active poor; utilization of the accessibility to established financial infrastructure as well as knowledge and skill utilization.

The research evidenced that MFIs attributes has had a positive effect in nurturing and fostering entrepreneurial talents, skills and knowledge among others such as household productive skills, business management skills, asset acquisition skills, group management skills as well as improved performance in as far as household savings and investment status was concerned.Beside this is facilitating adoption and use of technological advancement by households such as mobile banking thus demystifyinginconvenience due to long queues and overhead costs in transport while transacting.

However, it was found out that challenges existed that had interfered with their performance. It included challenges to do with growth rate that affected its efficiency thus witnessed delays at some point of transformation to better a system, inadequacy at the point of clients had been observed hence diversion of loan use by members of household was established, and misuse of funds leading to difficulty in repayment.Despite challenges it was unraveled from the respondents that they were convinced and had confidence in the MFIs future prospects to serve them more indicating that MFIs has a future due to its significant impact. This agrees with the secondary data that MFIs in sub-Saharan Africa were the replica of successful Grahameen bank of Bangladesh that has served as global model microfinance to the poor.

To seal out security threat to the industry the GOK has been instrumental in that the legislation and passing of a microfinance bill of 2007 on regulation of microfinance by central bank of Kenya into law will go a long way in encouraging members of households to work well with microfinance without any security fears, hence the license to take deposits would ensure increased number of the banked population.

5.3 Recommendations

The microfinance institutions in north rift has been effective in fulfilling its mandate since it has had a positive effects to the members of households , however the gains ought to be maintained and consolidated through the following measures: public awareness, additional efficiency, additional tax incentives as well as emphasis on securing proper funding levels to the industry.

Secondly, inadequacy in entrepreneurial knowledge and skills by members of households is dire critical in the success of household. Bridging this gap deserve prioritization at all levels of members of households' financial growth path. This can be done through intensive roll out of financial training curriculum that boosts financial literacy among members of household. Knowledge gained would deliver households from loopholes that lead to financial misuse hence progression rather than retrogression.

Language of instruction becomes a sensitive means to the achievement of the objectives and purpose of training. The assumption that all members of households can hear or read or understand national language that is English and Kiswahili may not be true particularly for the poor. Thus there is need for microfinance to be flexible enough to allow the involvement of the natives in knowledge dissemination so as to foster financial understanding by the poor.

Furthermore, the challenges unraveled in the research should not be shelved but utilized as an eye opener to microfinance institutions so as to enlighten their focus towards overcoming these challenges. System challenges as well as security concerns of mobile banking needsfurther investment on it and solution recommended.

Suggestion on areas of further research included view that this research was done in north rift region, thus the same can be replicated elsewhere. Beside this is on analyzing trends of competition in microfinance institutions and its effect to households. On the other hand an investigation into effects of multi-funding to household development.

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APPENDICES

Appendix A: Approval to Collect Data by the School

MOI UNIVERSITY
SCHOOL OF HUMAN RESOURCE DEVELOPMENT

DEANS OFFICE

P.O. Box 3900
ELDORET
KENYA.

Fax 254-053-43153/43620 Ext.434

REF: MU/SHRD/PG/77

7th April, 2010

TO WHOM IT MAY CONCERN

RE: KIPTOO RAYMOND KIBET - ***SHRD/PGD/01/07***

The above named is an M.Phil student at Moi University, School of Human Resource Development, Department of Development Studies.

It is a requirement of his M.Phil Studies that he conducts a research and produces a Thesis. The topic of his Thesis is ***"Microfinance Impact on Sustainable Household Development in the North Rift Region, Kenya".***

Any assistance accorded to him will be highly appreciated.

DR. J. KWONYIKE
DEAN: SCHOOL OF HUMAN RESOURCE DEVELOPMENT

Appendix B: Research Authorization

REPUBLIC OF KENYA

HARAMBEE

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349
254-020-310571, 2213123, 2219420
Fax: 254-020-318245, 318249
When replying please quote
secretary@ncst.go.ke

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RCD/14/012/1008**

Date: **20th July 2012**

Raymond Kibet Kiptoo
Moi University
P.O.Box 3900-30100
Eldoret.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "***Microfinance impact on sustainable household development in the North Rift Region, Kenya,***" I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu and Elgeyo Marakwet Districts** for a period ending **31st December,** ***2012.***

You are advised to report to **the District Commissioners and the District Education Officers, Uasin Gishu and Elgeyo Marakwet Districts** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR. M. K. RUGUTT, PhD, HSC.
DEPUTY COUNCIL SECRETARY

Copy to:

The District Commissioners
The District Education Officers
Uasin Gishu District
Elgeyo Marakwet District.

"The National Council for Science and Technology is Committed to the Promotion of Science and Technology for National Development."

Appendix C: Research Permit

PAGE 2

THIS IS TO CERTIFY THAT:
Prof./Dr./Mr./Mrs./Miss/Institution
Raymond Kibet Kiptoo
of (Address) Moi University
P.O.Box 3900-30100, Eldoret .
has been permitted to conduct research in

	Location
Uasin Gishu & Egeyo Marakwet	District
Rift Valley	Province

on the topic: Micro finance impact on sustainable household development in the north rift region, Kenya.

for a period ending: 31st December, 2012.

PAGE 3

Research Permit No. *NCST/RCD/14/012/1008*
Date of issue *20th July, 2012*
Fee received *KSH. 1,000*

Applicant's Signature

Secretary
National Council for
Science &Technology

Appendix D:Semi-Structured Questionnaire for the members of Households in MFI

Dear respondent,

I am a postgraduate student of Moi University, pursuing a master of science degree in development studies. I am conducting a studyon: ***microfinance impact on sustainable household development in north rift region, Kenya.***I hereby kindly request you to give your opinions about the aforementioned area.

This study is purely academic and your views will be treated with utmost confidentiality. Complete the questionnaire honestly by ticking or writing the most appropriate answer in the spaces provided.

Kindly do not write your name anywhere on this questionnaire.

Thanks in advance.

Yours sincerely,

Raymond Kiptoo

A. Socio- Demographic information

1. Age:

a. 18-25 [ ]

b. 26-35[ ]

c. 36-45 [ ]

d. 46-55 [ ]

e. Above 55 [ ]

2. Sex :

Male [ ] Female [ ]

3. Educational background

a. Primary [ ]

b. Secondary [ ]

c. Tertiary [ ]

d. University [ ]

B. Customer Information

4. What is your occupation:

a. Farmer [ ]

b. Managing own Business [ ]

c. Salaried[ ]

d. Other (specify)…………………………………………………

5. Which mode of business activity are you involved in

a. Service [ ]

b. Retail [ ]

c. Wholesale [ ]

d. Manufacturing [ ]

e. Jua Kali Sector [ ]

f. Other (specify)…………………………………………………

C. *Impact Of Microfinance*

6. Kindly indicate the microfinance that you have been receiving funds

a. Faulu [ ]

b. SMEP [ ]

c. KWFT [ ]

d. ECLOF [ ]

e. K-REP [ ]

7. When did you enroll yourself into microfinance?

a. One year ago [ ]

b. Two years ago [ ]

c. Three years ago [ ]

d. four years ago [ ]

e. More than five years ago [ ]

8. What motivated your enrolment to microfinance?

a. I saw others succeed in business through loans [ ]

b. Ineeded loan to finance my activity [ ]

c. I was influenced by friends to join [ ]

d. I wasinfluenced by marketing staff to join [ ]

9. How many members of your household have enrolled into microfinance?

a. One [ ]

b. Two [ ]

c. Three [ ]

d. Four [ ]

e. Five and above [ ]

10. Kindly tick theminimum loan you began with in microfinance, repayment schedule and status as provided below?

Amount in Kshs	**Minimum amount borrowed**	**Loan cycle**	**Repayment time in months**					**Repayment status**	
			3	**6**	**9**	**12**	**> 12**	**consistent**	**inconsistent**
1,000-25,000									
20,001-50,000									
50,001-75,000									
75,001-100,000									
above 100,001									

11. Kindly tick the maximum loan you have taken in microfinance, repayment schedule and status as provided below?

Amount in Kshs	**Maximum amount borrowed**	**Loan cycle**	**Repayment time in months**					**Repayment status**	
			3	**6**	**9**	**12**	**> 12**	**consistent**	**inconsistent**
1,000-25,000									
20,001-50,000									
50,001-75,000									
75,001-100,000									
above 100,001									

12. How has loans impacted on your business?

a. Increased customers serviceoffered [ ]

b. Increased profits [ ]

c. Enhanced business expansion[ ]

d. New line of business established [ ]

e. Other (specify)……………………………………………….

13. Kindly read and tick the table below appropriately

Description	No	Yes	If yes how?	
			positive	**negative**
a) Has Microfinance institution impacted on the way you keep your business records?				
b) Has Microfinance institution impacted on your intra-household relation?				
c) Has Microfinance institution impacted on your business performance?				
d) Has Microfinance institution impacted on your household expenditure?				
e) Have you attended any training organized by MFI?				

14. If the answer to question 13e above is yes, kindly fill the checklist below on the topics you have been trained on and rate them appropriately

Topics trained	**No**	**Yes**	**Rate performance if yes**			
			Below average	Good	Very good	Excellent
Business management						
Loan /debt management						
Group management						
Customer care						
Marketing						
Value addition techniques						
Savings and investment						

15. How has training impacted on your business?

a. Increased customers[ ]

b. Increased profits[ ]

c. Enhanced managerial capacity [ ]

d. Improved record keeping [ ]

e. Other (specify)………………………………

E. Household expenditure variables;

16. Kindly tick if you: ***strongly agree, agree, neutral, disagree, and strongly disagree*** as provided below using loan or its proceeds

DESCRIPTION		Strongly agree	agree	neutral	disa gree	Strongly disagree
I have been able to educate my children						
I have been able to educate my spouse						
I have been able to educate myself						
I have been able to educate my siblings						
I have been able to acquired household assets which are:	*-T.V*					
	-Sofa Sets					
	-fridge					
	-wardrobe					
	-wall unit					
	-radio					
	-DVD player					
I have been able to relocate to a better estate						
I have been able to purchase a plot	Less than1/8					
	1/4 – 1/2					
	3/4 -1acre					
	More than 1acre					
I have been able to build a house	Permanent					
	Semi-permanent					
	Temporary					
I have been able to meet *health expenses* of all the members of my household	-inpatient					
	-outpatient					
The loan has led to increase in my household expenditure on *food and nutrition*						
The loan has led to increase in my household expenditure on *clothing*						
Training has enhanced ease in making decision on asset acquisition						
MFI has increased the degree of dependency on loans						
My household currently uses piped water due to support from MFI						
I have been able to access electricity in my household						

17. Apart from the options provided above how else has your household benefited from MFI

i. ……………………………………………………….

ii. ……………………………………………………….

iii. …………………………………………………………

iv. ………………………………………………………..

v. …………………………………………………......

18. What would you not have done without the loans from MFI

i. ……………………………………………………….

ii. ……………………………………………………….

iii. …………………………………………………………

iv. …………………………………………………………

v. …………………………………………………………

D. Business Expenditure Variables

19. Do you have any other sources of funds apart from loan?

a) Yes [ ] b) No [ ]

20. If yes specify

a) Own savings [ ]

b) Relatives [ ]

c) Friends [ ]

d) Asset disposal [ ]

e) Other (specify)…………………………………..

21. Kindly tick if you: ***stronglyagree, agree, neutral, disagree, and strongly disagree*** as provided below on impact to business after taking loan

DESCRIPTION	**Strongly agree**	**agree**	**neutral**	**disagree**	**Strongly disagree**
I have been able to *increase my business room*					
I have been able to *open another business*					
I have been able to *expand my business*					
My stock in volumes has increased					
My expenditure on inputs has increased					
Numbers of employees in my activity have increased					
I have been able to improve my business management skills.					
I have had ease in making my business decisions as a result of training					
I have changed location to a more strategic place					
My business profits has increased					
I have been able to repay loans without any problem					
I have been able to establish another line of business					
I have been able to secure a bank loan due to acquired collaterals					

22. Apart from the options provided above how else have your business benefited from MFI

i. ……………………………………………………….

ii. ……………………………………………………….

iii. …………………………………………………………

iv. …………………………………………………………

v. ………………………………………………………….

F.Savings and investment

23. Have you opened a savings account with microfinance institution?

a) Yes [ ] b) No [ ]

24. How much do you deposit on your savings account on monthly basis in the form of profits earned or any income?

a) 500 -5,000 [ ] b) 5,001-10,000 [ ]

c) 10,001-15,000 [ ] d) 15,001-20,000 [ ]

e) Above 20,001 [ ]

25. How frequent do you currently deposit profits or any proceeds into your savings account a/c?a) Daily [ ] b) Weekly [ ] c) Monthly [ ] d) Occasionally [ ]

26. Kindly tick if you ***strongly agree, agree, neutral, disagree, and strongly disagree*** as provided below after joining MFI

DESCRIPTION	**Strongly agree**	**agree**	**neutral**	**disagree**	**Strongly disagree**
MFI has provided a savings option that I did not have					
I have been able to respond to investment opportunities due to availed MFI services					
The total amount of my household savings has increased after taking loan					
My expenditure on investment assets has increased after taking loans					
Number of assets in my household has increased due to loan?					
Training has led to increased amounts purposely saved for future use					
Debt burden on my household has left me worse off than before taking loans					

27. Have you encountered any challenge while in MFI?

a) Yes [ ] b) No [ ]

28. If yes kindly specify below?

a. Repayment difficult [ ]

b. Business stagnation[ ]

c. Loan diversion [ ]

d. Delays with regard to loan access [ ]

e. Other (specify)……………………………

29. What do you suggest as a way of addressing such challenges?

I. ……………………………………………………………

II. ……………………………………………………………

III. …………………………………………………………….

IV. ……………………………………………………………

30. Kindly tick on how you would rate the following:

DESCRIPTION	Excellent	Good	average	poor	Very poor
How do you rate the training					
How do you rate MFI loans					
How do you rate MFI savings products					
How do you rate you group against other group					
How do you rate MFI against other Banks					

31. Do you still need further loan from MFI?

a) Yes [ ] b) No [ ]

32. If yes, why?

a. Ease in loan accessibility [ ]

b. Attractive interest rates [ ]

c. Business demand [ ]

d. Maintaining loyalty [ ]

e. Manageable collateral [ ]

f. Other (specify)……………………………….

33. What do you suggest to be done by the institution to enhance meeting your household needs?

i. ……………………………………………………….

ii. ……………………………………………………….

iii. …………………………………………………………

iv. …………………………………………………………..

v. ……………………………………………………………

Appendix E:Interview schedule for MFI employees

Personal details:

Please tick (/) the appropriate options

1**. Gender**

Option	Tick
male	
female	

2. Highest educational level attained so far

Option	Tick
1. Nursery	
2. Primary	
3. Secondary	
4. College	
5. University	
6. Not gone to school	

3. **For how long have you worked with MFI (Tick where appropriate**)

Option	Tick
1. 0-1 year	
2. 2-3 years	
3.4-5 years and above	

4. The MFI you work in?

…………………………………………………………………………………………

……..

.....

5. Position?

…………………………………………………………………………………………

……..

....

6. In your view do you think that households have experienced impact from microfinance institutions?

1. Yes [ ]

2. No [ ]

7.If yes, in which way(s), please explain

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………

8. In your opinion , do you think there are challenges facing MFIs in North Rift?

1. Yes [ ]

2. No [ ]

9. If yes, kindly highlight:

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………

10. In your view, how can these challenges be addressed

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………

Appendix F:Interview schedule for group representatives

Personal details:

Please tick (/) the appropriate options

1**. Gender**

Option	Tick
male	
female	

2. Highest educational level attained so far

Option	Tick
1. Nursery	
2. Primary	
3. Secondary	
4. College	
5. University	
6. Not gone to school	

3. For how long have you been in your group(Tick where appropriate)

Option Tick

1. 0-1 year
2. 2-3 years
3. **4**-5 years
4. 6-7 years
5. 8-9 years
6. above 10 years

4.The group you represent inMFI?...

5. Leadership position you hold in the group? …………………………………………

6. In your view, do you think thatfinancial accessibility through group guaranteeing in MFI has made a difference in the lives of your members?

1. Yes [ ]

2. No [ ]

7. If yes, in which way(s), please explain

……………………………………………………………………………………………

……

8. In your opinion , do you think there are challenges facing members of yourgroup as far as MFIs service provision is concern?

1. Yes [ ]

2. No [ ]

9. If yes, kindly highlight:

……………………………………………………………………………………………

……………………………………………………………………………………………

…………

10. In your view, how can these challenges be addressed?

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………

AppendixG: Activity Schedule

SCHEDULE	ACTIVITY
JULY- AUGUST,2009	Proposal development
SEPTEMBER,2009-OCTOBER,2010	Approval of the proposal
OCTOBER,2010 - NOVEMBER,2011	Actual research: collection of data
NOVEMBER,2011- MAY,2012	Processing of data and writing of thesis
JULY, 2012	Presentation of the findings and thesis submission

Appendix H: Research Activity Budget

MAIN ACTIVITIES	ITEMS	COST
Collection of literature	Field visits: travel and accommodation expenses Photocopies Cyber visits	10,000
Proposal development	Typing, printing and binding	5,000
Consultation of specialists	Travel expenses for researcher within North Rift Region	10,000
Pilot study	Travel expenses Typing and printing of instruments	5,000
Main data collection	Travel and upkeep expenses	20,000
Purchases	Stationery	5,000
Data processing, analysis and report writing and presentation	Computer services Typing and printing Binding Travel expenses	40,000
Contingencies		20,000
TOTAL		115,000