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Abstract

“Empowerment or Entrapment? A Critical Analysis of Microfinance Operations among Female Borrowers in Kitui County, Kenya” is a research project that aims to understand the dynamics of microfinance loan expectations and their implications for women. For this study, one cannot help but borrow or get insights from those who have written about the culture of Africa. To a greater extent, they all touch on the anthropological aspect of Africa. I use anthropological/ cultural theoretical perspectives, political economy, and Afro-feminism as my leading theories. I hypothesize that where women are typically engaged in heavy domestic chores and are undervalued and under-compensated compared to their male counterparts, who control access to material resources, their involvement in economic activities, such as microfinance, is likely to be subjected to the same type of cultural, gender and economic exploitation and constraints that prevent them from meeting their economic and financial expectations. Women in Kenya find themselves in this situation.

To test the hypothesis, I will use both primary and secondary sources and data that I utilized during my summer externship in Kenya in 2023. This study reveals that traditionally gendered norms continue to diminish Kenyan women’s roles and subject them to burdensome domestic workloads of caregiving and nurturing the young ones. Consequently, even if women have access to financial resources, they lack the appropriate time to be as effective as their male counterparts, who are frequently seen as the primary providers of income and have authority over material resources. In conducting this analysis, I argue that MFI primarily works against women’s socioeconomic empowerment and poverty alleviation. Although I am cognizant of the fact that MFI’s preference to work with women has been perceived as a bottom-up economic model that connects and provides a little additional money

into pockets of poor women to improve their socioeconomic standing, I argue that when compared to the enormous disadvantages associated with managing the micro-lending initiative, these benefits are minor and hardly felt. This thesis serves as an emancipatory approach and seeks to oppose the continued trends of financial exploitation and capitalism among Africans in general, and especially among poor women. Additionally, it also urges the adoption of reforms tailored specifically for the women of Africa and acts as a wake-up call to fully address any cultural underpinnings that uphold or propagate the stereotype that African women are inferior.

Empowerment or Entrapment? A Critical Analysis of Microfinance Operations among Female
Borrowers in Kitui County, Kenya

by

Eric Kioko Musembi

B.A., Catholic University of Eastern Africa, 2016

Thesis

Submitted in partial fulfillment of the requirements for the degree of
Master of Arts in Pan African Studies.

Syracuse University

June 2024

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List of Abbreviations

AMFI - K: Association of Microfinance Institution, Kenya

ASAL – Arid and Semi-Arid

BDO: Business Development Officer

CBK: Central Bank of Kenya

ENA: Echo Network Africa

FBOs: Faith-Based Organization

FGD: Focus Group Discussion

FIDA: Federation of Women Lawyers

GDP: Gross Domestic Product

ILO: International Labor Organization

KNBS: Kenya National Bureau of Statistics

KWFT: Kenya Women Microfinance Bank

KWH: Kenya Women Holding

MFB: Microfinance Banks

MFI: Microfinance Institution

NGO: Non-Governmental Organization

ROSCAS: Rotating Savings and Credit Associations

SACCO: Savings and Credit Cooperatives Societies

SRT: Social Reproductive Theory

UN: United Nations

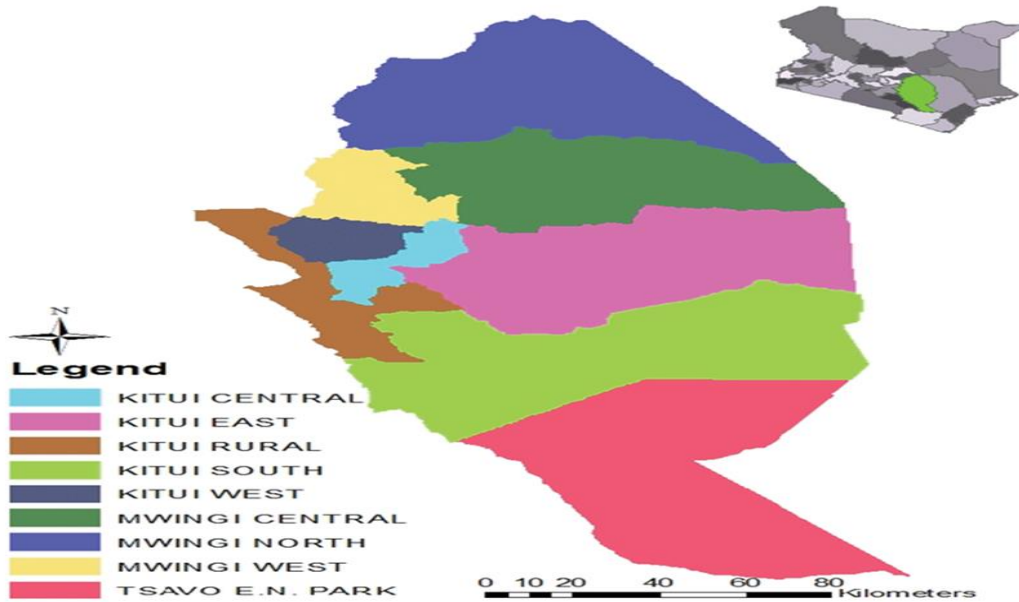


Figure 1. Map showing the location of Kitui County, Kenya¹

A brief overview of Kitui County

Kitui is one of Kenya’s 47 counties and the sixth largest in size.² The county has a total population of 1,136,187 people (Males - 48 percent, and Females - 52 percent making a national percentage of 2.6.³ It is located in the Eastern part of Kenya, about 99 miles from the country’s capital, Nairobi. The county is divided into 8 constituencies namely Kitui Central, Kitui East, Kitui Rural, Kitui South, Kitui West, Mwingi Central, Mwingi North, and Mwingi West. Besides that, it has 247 county villages and 40 wards.⁴ The Kamba community, who have a history of

¹ About us overview of Kitui county accessed at <https://kitui.go.ke/about> on 12/10/2023.

² Ibid, 2023

³ Kenya Population and Housing Census report retrieved from <https://www.knbs.or.ke/wp-content/uploads/2023/09/2019-Kenya-population-and-Housing-Census-Volume-1-Population-By-County-And-Sub-County.pdf> accessed on 6/12/2024

⁴ Independent and Electoral Boundaries Commission. Final report on the first review relating to the delimitation of boundaries of constituencies and wards, Volume I, March 6th, 2012. Retrieved at <https://www.iebc.or.ke/uploads/resources/9f1r43YjUT.pdf> on 6/13/2024.

long-distance trading, reside in the county.⁵ The county, which has its headquarters in Kitui town, is rich in resources, including commercially viable coal deposits in the Mui Basin, limestone, iron ore, and sand.⁶ In addition, 46 percent of the Tsavo East National Park, which has a rich history and enormous untapped tourism potential, is located in the county.⁷

Even with its enormous potential, Kitui County is classified as an Arid and Semi-Arid (ASAL) county characterized by low, unpredictable, and poorly distributed rainfall.⁸ It is considered a low-income area, facing various challenges related to poverty and food insecurity. The absolute poverty rate is projected to be 63.1 percent, as opposed to 36.1 percent for the entire country.⁹ The county is home to approximately 522,000 people living in poverty, accounting for 3.2 percent of Kenya's population.¹⁰ The estimated rate of food poverty is 39.4 percent, which is greater than the national average of 32 percent.¹¹

Additionally, there is a high concentration of MFI operations, whose aim is to implement programs to meet the requirements of the impoverished and marginalized. Previously, poverty initiatives were carried out by Faith-Based Organizations (FBOs), and non-governmental organizations (NGOs). The recent emergency of numerous MFIs in the past 20 or so years in Kitui County resulted in the expansion of MFIs that have gone commercial, and that now operate in similar geographical space. Having learned of these dynamics was particularly fascinating to embark on this journey of discovery.

⁵ About us overview of Kitui county accessed at <https://kitui.go.ke/about> on 6/12/2024

⁶ Kitui County Annual Development Plan 2020/2021 report retrieved from <https://repository.kippra.or.ke/handle/123456789/2539> on 6/12/2024

⁷ About us overview of Kitui county accessed at <https://kitui.go.ke/about> on 6/12/2024

⁸ Kitui County Annual Development Plan 2020/2021 report retrieved from <https://repository.kippra.or.ke/handle/123456789/2539> on 6/12/2024

⁹ Ibid, p. 11

¹⁰ Ibid, p. 11

¹¹ Ibid, p. 11

CHAPTER ONE

INTRODUCTION

During the month of May to July 2023, I went to Kitui County, to conduct my fieldwork in one of the Kenya Women Microfinance Bank (KWFT) branches. The purpose of conducting the study was to investigate and document whether microfinance institutions (MFIs) benefit women by empowering and uplifting them financially. On my first day, I was thrilled to have received substantial assistance and guidance from the unit manager Miss Fahari Kega who introduced me to some of the staff present and specifically assigned me to Glenn Kai, a business development officer (BDO) to take me around on group visits. As we headed to the various research sites, Glenn informed me about the daily operational target that has to be met and MFI's strategies, for instance, loan recovery methodology, and exorbitant fines that were placed upon the customers due to delayed repayments. As I inquired about its impact on the institution's poor customers, he responded by stating that its performance for the month is gauged according to the number of loans distributed and capital accumulated by the MFI. Glenn's insights not only shed light on the obscure side of MFIs but also demonstrated that their impact on its clientele extends beyond what most microfinance scholarship shows.

Advocates of microfinancing display numerous examples of achievement on various MFI websites. In February 1997, case studies were presented by microlending institutions during the Microcredit Summit in Washington DC.¹² Relying on these claims without closely examining the financial implications that come with its supposed associated benefits is to erroneously assume that MFIs promote women's empowerment. Furthermore, whereas most microfinance

¹² Onyuma, Samuel O., and Alfred Ouma Shem. "Myths of microfinance as a panacea for poverty eradication and women empowerment." *Savings and Development* (2005): 199-222.

institutions are perceived as assisting the poorest of the poor, more specifically women¹³, the reality of its practices does not necessarily match the expectations. Milford Bateman's piece, *Confronting Microfinance: Undermining Sustainable Development* postulates that MFI's transition to a financially sustainable model has been dubbed the "neo-liberalization of microfinance".¹⁴ He goes on to argue that the notion that microfinance relies on individual self-assistance to mitigate poverty in addition to their emphasis on profits, which fits perfectly the neoliberal policies, is what led development agencies to adopt the neoliberal agenda to become more interested in microfinance operations.¹⁵ The World Bank started pushing for the commercial model because it aligned with their philosophy.¹⁶ Consequently, microfinance, particularly in its present-day commercialized model, is a classic example of a neoliberal response to poverty.

In this thesis, I argue that MFI primarily works against women's socioeconomic empowerment and poverty alleviation. Although I am cognizant of the fact that MFI's preference to work with women has been perceived as a bottom-up economic model that connects and provides a little additional money into pockets of poor women to improve their socioeconomic standing, I argue that when compared to the enormous disadvantages associated with managing the microlending programs, these benefits are minor and hardly felt.

¹³ Onyuma, Samuel O., and Alfred Ouma Shem. "Myths of microfinance as a panacea for poverty eradication and women empowerment." *Savings and Development* (2005): pp. 199-222.

¹⁴ Bateman, Milford. *Confronting Microfinance: Undermining Sustainable Development*. Kumarian Press. 2011.

¹⁵ Ibid, p. 16

¹⁶ Ibid, p. 16

Statement of the problem and research question

Microfinance is the provision of financial support to clients such as low-income individuals and small-sized businesses among many others who do not have access to traditional banking services.¹⁷ Additionally, microfinance can be more broadly defined as a financial program that seeks, “a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high-quality financial services, including not just credit but also savings, insurance, and fund transfers.”¹⁸ The primary target of microfinancing has predominantly been women, starting with the 1970s experimental programs in Asia and Latin America.¹⁹ Many initiatives have been praised for their capacity to establish a connection with women and enhance their well-being. To date, the gender argument remains at the forefront.²⁰ During the inaugural Microcredit Summit held in Washington, D.C., in 1997, the findings presented revealed that the idea of microfinance institutions was not based on self-sustenance and profit-making, but they were able to connect with and empower a significant number of underprivileged women.²¹ The summit’s campaign goal was, “to ensure that 175 million of the world’s poorest families, particularly women, access credit for self-employment and other financial self-sustainability of the participants and their significant others.”²²

In Kenya, one of the latest surveys conducted on March 2023 by Fin Access MSE about where men and women obtain loans revealed that loan access for women was 7.4 percent while

¹⁷ Armendáriz, Beatriz, and Jonathan Morduch. *The economics of microfinance*. MIT press, 2010.

¹⁸ Christen, Robert Peck, Richard Rosenberg, and Veena Jayadeva. “Financial institutions with a ‘Double Bottom Line’: implications for the future of microfinance.” CGAP Occasional paper 8 (2004): 1-20.

¹⁹ D’Espallier, B., et al. “Focus on women in microfinance institutions”, 2013, p. 589 - 608.

²⁰ Ibid

²¹ Mayoux, Linda. “Women’s empowerment and participation in micro-finance: evidence, issues and ways forward.” *Sustainable Learning for Women’s Empowerment: Ways Forward in Micro-Finance*, New Delhi, Hardbound (2002): 1-43.

²² Microcredit summit campaign see <https://results.org/mcs> accessed on October 15th, 2023.

for men was 4.8 percent.²³ Additionally, the Association of Microfinance Institutions - Kenya [AMFI-K], a membership-based organization established in 1999 and regulated under the Societies Act to strengthen the microfinance industry in Kenya, did a study on 7 microfinance banks (MFBs) and their findings established that female clients were the highest at 1,533,726 while male clients totaled 492,821. The same report revealed that there were 42,305 active male borrowers compared to 245,890 active female borrowers.²⁴

From these findings, it remains a fact that MFIs prefer working with women, as they are the majority comprising about 70 percent of the 1.3 billion poor people worldwide.²⁵ Women face gender inequalities that prevent them from thriving. In addition, women are believed to be less prone to default because they are “more susceptible to group pressures to repay”.²⁶ Whereas women are portrayed as responsible, cooperative, and self-sacrificing, MFI officials portray men as irresponsible, self-centered, and stubborn.²⁷ Contrary to women’s sense of solidarity, men’s groups are perceived to be very conflictive and unstable. Men are more likely to avoid penalties for loan default and to escape MFI’s surveillance.²⁸ Also, men publicly questioned MFI authorities and occasionally used violence and intimidation against MFI employees (see Chestun and Kuhn 2002). The rebellious men’s microfinance groups, as well as the broader gender disparities and customs that facilitated them, are portrayed as natural and unavoidable.

²³ FinAccess MSE Tracker Survey March 2023 see at <https://www.fsdkenya.org/>

²⁴ Association for Microfinance Institutions – AMFI - Kenya sector report December 2021.

²⁵ Pradhan Ria. “The Role of Microcredit Loans in Women’s Economic Empowerment. Global programs, women’s economic empowerment”, 2021.

²⁶ Ibid

²⁷ Horton Lynn. *Women and Microfinance in the Global South. Empowerment and Disempowerment Outcomes*. Cambridge University Press, 2017.

²⁸ Ibid, p. 63

The idea that microfinance can end poverty is based on the fact that borrowers will launch successful businesses that will enable them to become wealthy.²⁹ This implies that offering financial services to low-income women should serve to improve their economic situation by enabling and facilitating a stable income and increasing productivity, which would, in turn, help fight against poverty. In addition, microfinance is thought to offer a way to bridge the gender gap in society by providing financial help, primarily to women, to reduce poverty and give women better access to financial services.

In reality, however, even though microfinancing is supposed to offer financial freedom to the less fortunate in society, its impact on the beneficiary's socio-economic well-being remains minimal and barely felt. Besides, microlending and banking in most African countries are characterized by major issues like women's subordination and inequality that remain unresolved on the continent. In South Africa, for example, having access to modest loans has been lauded as a useful instrument for reducing poverty. Yet in reality, it has been characterized as "usury and hurtful to the vulnerable and needy individuals who rely on it".³⁰ The provision of monetary services in the form of modest loans which must be repaid with unreasonably high interest rates implies that the income obtained from investing with loans they receive is significant enough. But this is not the case. Additionally, compared to their male counterparts, the high rate of illiteracy among women in rural areas suggests that unemployment is still a significant problem. Today, with numerous evolutions of MFIs in Kenya which have been in operation for the last twenty or so years, women are still lagging as far as their socio-economic standing is concerned.

²⁹ Yunus, M. *Creating a World Without Poverty: Social Business and the Future of Capitalism*. 2008.

³⁰ Fernald, L. C., et al. Small individual loans, and mental health: *A randomized controlled trial among South African adults*. *BMC Public Health*, 2008.

The reality seems to contradict the two underlying assumptions about microfinance. First, microfinance operation is heavily based on the capitalist notion that wealth is created through privately held firms as it promotes self-employment whereby the entrepreneur would launch a business venture and earn a profit. Second, the supply of microfinance is supposed to eradicate poverty as Muhammad Yunus, an economist, and the modern father of microfinance banks, pointed out: “Gains in wealth are seen as a remedy to poverty”³¹.

In light of this contradiction, this study seeks to answer the following research question:

Why have the returns of microfinance loans not matched Kenyan women’s expectations despite their wider access than men to this mode of financing?

Theoretical frameworks and hypothesis

Patriarchy is associated with male dominance and remains accepted and uncontested.³² Men are seen as superior to women, and although women battle to achieve economic, political, and social equality, men have the power to decide how a dispute will be resolved.³³ Poor men, according to feminists, are just as helpless as impoverished women in terms of acquiring financial resources, but they nonetheless enjoy considerable status within the patriarchal family structure.³⁴ This demonstrates that patriarchy is not exclusive to wealthy or poor nations, but rather may be found among all social classes. The roles of men and women involve both rights and responsibilities, but men’s roles and privileges are perceived as the most ideal and attractive. As Lindsey Linda states, “Men have careers; women have jobs. Men are breadwinners; women

³¹ Yunus, Muhammad. “Creating a World without Poverty: Social Business and the Future of Capitalism. Global Urban Development”, 2008.

³² Lindsey, Linda. *Gender Roles: A sociological perspective*. New Jersey: Pearson Education. 2005, p. 237

³³ Ibid, p. 236

³⁴ Gobezie, Geteneh. “Empowerment of Women and Gender Mainstreaming in Rural Microfinance”. SEEP Networks, 2011.

are breadbakers. Men are sexual leaders; women are sexual followers.”³⁵ In Kenya for instance, patriarchy has been a fundamental obstacle to women’s empowerment. The patriarchal system has been strengthened by socialization, as women are aware that men decide everything in their homes. As young girls are indoctrinated into domestic responsibilities that prepare them for marriage, young boys acquire roles that emphasize authority and management.

According to the International Labour Organization, women’s land access and ownership are considered essential for entrepreneurship and the reduction of poverty.³⁶ Land serves as collateral for debts and other monetary obligations. However cultural norms that prioritize men over women in the ownership of assets and property pose a barrier to achieving women’s growth. A large proportion of women neither own nor possess any immovable property. This in turn has put women in vulnerable positions concerning land which has major repercussions for their socio-economic empowerment.

J. O. Oanda argues that in most countries of the world, a vast majority of women reside in rural settings.³⁷ This has resulted in widespread illiteracy among women as most learning facilities are in urban areas. Due to hard economic times, some men are compelled to relocate to cities in pursuit of paid work possibilities. Consequently, women are increasingly taking on the burden of managing and heading households at the expense of their education. I agree with Oanda’s argument because the main reason for education is to provide everybody, including women, with significant knowledge, and ideas that could enable them to lead more fulfilling and

³⁵ Lindsey, Linda. 2005, p. 236

³⁶ ILO. “ Employment, income & Equity:- A strategy for increasing productive Employment in Kenya”, 1972.

³⁷ Oanda J. O. The role of Informal Association in Economic and Social Empowerment of Women in Rural Kenya. Research report 1999.

satisfying lives. Education impacts women's earning capacity, families' health and well-being, family planning, as well as the quality of their children's education.

These authors' insights relate to the three main theoretical frameworks that guide my answer to the research question of this study.

For this study, one cannot help but borrow or get insights from those who have written about the culture of Africa, to a greater extent they all touch on the anthropological aspect of Africa. Even though I will not be discussing them specifically, these frameworks are linked and directly borrow from the illumination of what cultural studies in Africa in general and Kenya in specific have done. The insights from anthropologists are part of my conceptual frameworks. I also rely on political economy and Afro-feminism as my leading theories. These theories are ideal for this research as they attempt to provide a useful lens to evaluate the broader challenges surrounding my main research question and the oppressive systems that African women continue to face even today.

Marxist Political Economy: Social Reproduction Theory

Isabella Bakker's article, "Social Reproduction and the Constitution of a Gendered Political Economy", summarizes social reproduction in three dimensions:

(1) the biological reproduction of the species; (2) the reproduction of the labor force which involves subsistence, education, and training; and (3) the reproduction and provisioning of caring needs that may be wholly privatized within families and kinship networks.³⁸

³⁸ Bakker, Isabella. Social reproduction and the constitution of a gendered political economy. *New Political Economy*. 2007;12(4):541-556

This implies that social reproduction entails the process of (re)producing so that the laborer can continue working, ultimately resulting in the production of labor power within the family/societal setups. The reproduction of this labor power is dependent upon unpaid household labor to replace the laborer. Oftentimes reproducing this worker (males as breadwinners) depends on the women's domestic work for instance doing subsistence farming, agricultural production, childbirth, taking of young ones, the sick, and the elderly at home among many other duties. A significant portion of these roles and responsibilities represent historical forms of labor that were carried out primarily or solely by women, the enslaved, or other strongly gendered groups.³⁹ Naidu, Sirisha, and Lyn Oosome in their article titled, "Social reproduction and the agrarian question of women's labor in India", see social reproduction as an outcome of the relationship between three major institutions i.e. the household, market, and the state has placed the burden of reproduction on women.⁴⁰

Within the wider field of political economy literature, social reproduction theory (SRT) draws from two fundamental conceptualizations i.e. (1) Marxist tradition and (2) feminist political economy. Karl Marx and Pierre Bourdieu's approach argues that SRT is labor-focused, regardless of whether it is compensated or not, all workers can work to some degree. (see Marx, 1867, Bourdieu and Passeron, 1990). The second understanding of SRT is rooted in feminist political economy, which in contrast to the Marx-Bourdieu hierarchy of attention, emphasizes more on the procedures that are involved in the creation and sustaining of workers as human beings within a larger reproduction of social relationships.⁴¹ As Tithi Bhattacharya vividly

³⁹ Daellenbach, Shanti. "The Power of Women, the Work of Reproduction and Class Struggle", 2018.

⁴⁰ Naidu, Sirisha C., and Lyn Oosome. "Social reproduction and the agrarian question of women's labor in India." *Agrarian South: Journal of Political Economy* 5, no. 1 (2016): 50 - 76.

⁴¹ Bhattacharya, Tithi. *How Not to Skip Class: Social Reproduction of Labor and the Global Working Class. Social Reproduction Theory. Remapping Class, Recentering Oppression.* 2017, (pp 55–72).

articulates in her 2017 collection of essay books, *Social Reproduction Theory: Remapping Class, Recentering Oppression*, the critical question SRT seeks to address is what structures/ systems (re)produce the laborer or worker.

Marxist feminists are keenly interested in ideas related to social reproduction because women and to some unequal extent share the responsibility for social reproduction within the larger nuclear family. Even with the expansion of the nuclear families, women continue to be groomed primarily as the caregivers. Additionally, even in the privacy of their homes, they are required to handle all domestic tasks around the house.

Scholars driving the resurgence of SRT have turned their focus back to analyzing the growing globalized labor exploitation and the current “crisis of care work.” For instance, Apfel Alana’s text, *Birth Work as Care Work: Stories from Activist Birth Communities* asserts that “care work is by nature *reproductive* – it is the labor that ensures that the individual and community are properly sustained, nourished, and reproduced anew each day. It is a necessary precursor to all forms of capitalist (re)production”.⁴² This means that providing care is labor under the capitalist system because of its ability to nourish and sustain the worker.

This framework is key to the research because it highlights the pervasive neoliberal and cultural practices of exploiting women, and it is most suited to explain how market forces interact with sociocultural contexts to sustain women’s subordinate positions in both the public (the economy) and private (the home) spheres.

⁴² Apfel, Alana. *Birth Work as Care Work: Stories from Activist Birth Communities*. 2016, Oakland: PM Press.

Neoliberal Political Economy

Neoliberalism as David Harvey denotes “is a theory of political economic practices that proposes that the best way to advance human well-being is to maximize entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade”.⁴³ This model of market economies is centered on the supremacy of capital accumulation and is driven by competition within the market structures. The theory focuses on the deconstruction of the welfare state, the liberalization of trade, the deregulation of the market and or competition, the privatization of state-owned economies, commodification, and the expansion of in-between corporations.⁴⁴ Neoliberalism strives to connect individuals with a deregulated market as efficient producers and consumers.⁴⁵ Within its economic arena, it subjects people to operate under the market ideals of “discipline, efficiency, and competitiveness.”⁴⁶ It also aspires to ease poor people’s dependency on government social welfare support programs by adopting the development of responsible citizens who are active and can make independent decisions.⁴⁷ This implies that under neoliberal settings, the masses are expected to take control of social well-being and behave wisely to avoid societal problems.

In addition, Harvey contends that under the neoliberal economic system, wealthy nations like the United States, and Britain among other capitalist states accumulate their wealth at the cost of least developing countries and their impoverished citizens through structural adjustment policies which were presented as a prerequisite for development. Harvey argues that there are

⁴³ Harvey, David. Neoliberalism as Creative Destruction. *The ANNALS of the American Academy of Political and Social Science*: 2007, 610(1): 21–44.

⁴⁴ Ibid

⁴⁵ Karim, Lamia. *Microfinance, and its Discontents*, University of Minnesota Press. 2011 p. xvii

⁴⁶ Aiwah Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*, 2006

⁴⁷ Harvey, David. *A brief history of neoliberalism*. Oxford University Press. 2005.

numerous methods for the accumulation of capital; the most known damaging way is through a nation's debt burden.⁴⁸ The idea of the accumulation of capital as Harvey states, demonstrates how the state serves as an agency that engages in coercive activities to acquire capital, contributing to the growth of capitalist classes and placing most of its populace in vulnerable financial situations.

This theory is critical for this research as it provides a basis to engage in conversations that will contribute to findings on ways to address the situation at hand. MFIs align closely with neoliberal policies, particularly because of their emphasis on corporations as major stakeholders, and individuals, and their growing influence on finances. The theory allows for investigation into how liberal policies and procedures contribute to the continuation of the vicious cycle of poverty.

African feminism theory

The book *African Feminism a Worldwide Perspective* by Steady Filomena, states that “African feminism combines the oppressions of race, sexuality, class, and culture to create a more inclusive kind of feminism in which women are considered more as human beings than as sexual beings”.⁴⁹ This theory is multifaceted as it attempts to draw on the numerous and varied viewpoints of African feminists, activists, and intellectuals. As the model is as diverse in perspectives as the continent itself, African feminists share a common theme in that women are seen as an oppressed group that requires autonomy and bringing an end to their exploitation.⁵⁰

This model takes into account the struggles and suffering of women hence making it a “movement of ideas and practical demonstration of gendered consciousness to concepts and

⁴⁸ Harvey, David. *Neoliberalism as Creative Destruction*. The ANNALS of the American Academy of Political and Social Science. 2007, 610(1): 21–44

⁴⁹ Steady, Filomena Chioma. “The Black Woman Cross-Culturally: An Overview.” In *The Black Woman Cross-Culturally*. Rochester, VT: Schenkman Books. (1981): 7 – 41.

⁵⁰ hooks, Bell. *The Will to Change: Men, Masculinity, and Love*. New York, NY: Atria. 2004.

situations that impact the lives of African women. African feminism stands on the pivot of the African philosophy of life with its emphasis on marriage as a social institution. It engages with patriarchy that dehumanizes women and portrays them as second-class citizens. Africa is also rooted in African cultural and historical experiences”⁵¹

This model seeks to champion freedom from all forms of subjugation while linking class and nationality divides among African women to provide an inclusive version of feminism. This theory holds that to advance the welfare of society, men and women must cooperate. It also focuses heavily on societal establishments and the patriarchal systems that subjugate women. It attempts to demonstrate ways that women could fight for these systems and create a place for themselves. Afro-feminism presents itself as a beneficial model for African women by emphasizing the agency of women as well as the benefits of men who support women. One of the strands of African feminism that best suits this research is Stiwanism.

Stiwanism

STIWANISM abbreviated as STIWA stands for “Social Transformation Including Women in Africa”. The model was developed in 1994 by Molaria Ogundipe-Leslie, an African feminist, gender justice, and social transformation activist in Africa.⁵² This model focuses on the inclusion of African women, who play important roles in the social change of Africa through their partnerships with males, in this transformation agenda. The basic premise of this strand of feminism is to educate and empower women to reject society’s established subordinate positions. The goal of this strand is to increase women’s participation in societal reform and transformation. Although this differs from the prevalent African feminist theory, which is

⁵¹ Karibi Whyte. Understanding African feminism. The contribution of Molaria Ogundipe-Leslie.

⁵² Ogundipe-Leslie, O. Recreating Ourselves: African Women and Critical Transformations, 1994.

ingrained in African customs that uphold patriarchy,⁵³ Stiwanism opposes the concept of male superiority and female inferiority. Ogundipe challenges the accepted discourse and practice of “manpower,” which ignores women’s potential and skills. She advocates for women’s participation in social and community construction. This strand contends the necessity to have a revised African feminism that meets the twenty-first-century ideology required to rebuild the nation and address the escalating global concerns of the oppression and marginalization of African women.

As a result, STIWANISM, as a theoretical framework, guides this study with a proper lens for analyzing the threat of gender disparity in Africa, which is entrenched by traditions and societal norms. In addition, STIWANISM aligns with critical scholarship that challenges the traditional status quo by supporting women’s agency and choice in their empowerment initiatives.

Hypothesis

Taking a cue from the brief literature, I propose the following hypothesis

H1: Where women are typically engaged in heavy domestic chores and are undervalued and under-compensated compared to their male counterparts, who control access to material resources, their involvement in economic activities, such as microfinance, is likely to be subjected to the same type of cultural, gender and economic exploitation and constraints that prevent them from meeting their economic and financial expectations. Women in Kenya find themselves in this situation.

⁵³ Akali, M., Talif, R., Wan Yahya, W., Jan, J. Dwelling or Dueling in Possibilities: How relevant are African Feminism? 2013, p 237- 253.

Methods

For this study, I used both primary data collected in the field and secondary sources to test my hypothesis which seeks to explore microfinance operations and women's socioeconomic empowerment. In the past, poor women have long been excluded from traditional banking services as a result of normative exploitative frameworks, and market-oriented banking operations. The establishment of MFIs raises the prospect of this form of marginalization recurring, with commercialized MFIs serving as another elite-favored development project rather than a tool for poverty reduction. To investigate the extent of utilization of microfinance services among rural women of Kitui County, I used questionnaires, focused group discussions (FGDs), and semi-structured interviews to have a better understanding of both the customers' and staff's perspectives.

During my first meeting with the unit manager, she briefed me that a total of twelve groups would be meeting during the period. I randomly selected eight groups that I would meet and have conversations with. The participants of this research study comprised registered women groups who meet once every month. The population was thought to be homogeneous because they were all women who received the same services from the organization of interest.

To sample women, both probability and non-probability sampling were used. Probability sampling involves the selection of samples randomly from a population size. This implies that a participant must be chosen at random for them to be considered for probability.⁵⁴ On the other end, non-probability sampling involves the researcher selecting samples based on their

⁵⁴ Wiśniowski, Arkadiusz, et al. "Integrating probability and nonprobability samples for survey inference." *Journal of Survey Statistics and Methodology* 8, no. 1 (2020): 120-147.

judgments.⁵⁵ In other words, each participant has an equal chance of being selected. A good example of these techniques includes convenience, purposive samplings, etc.

For the groups whose turn-up was big, I randomly selected a minimum of 10 – 12 members while for groups whose attendance was poor, I employed convenience sampling based on their availability. For the staff, a purposive sampling technique was employed to interview since my case study was centered on a single branch which consisted of the unit manager, the accountant, and four business development officers, two of whom were women.

The Focus Group Discussions helped to explore themes that had not been properly expressed through responses in questionnaires, especially when it came to women's thoughts on benefiting from microfinance. A total of four FGDs were conducted. The respondents were selected using stratified sampling. The selection involved grouping the team leaders, those who are running their businesses, and those who are currently repaying their loans. A total of twenty-five respondents were selected from various groups.

During FGDs, there were several questions that I would pose but I encouraged participants who were present to control the discussions. The idea was to understand the types of loans participants applied for, their envisioned purpose, and the women's experience with the MFI under study. In some of the meetings, I was fortunate to experience the procedures that were used whenever a client wanted to apply for a loan. I also allowed participants to speak about the procedures they underwent to acquire the loans and how they felt it improved their economic livelihoods. FGDs varied widely as they were conducted at different places, some took place at public forums and mostly involved participants of KWFT while others were conducted at the

⁵⁵ Wiśniowski, Arkadiusz, et al. "Integrating probability and nonprobability samples for survey inference." *Journal of Survey Statistics and Methodology* 8, no. 1 (2020): 120-147

participant's business premises. The length of the discussions varied considerably; the shortest interviews lasted about twenty minutes while the longest ones lasted thirty to forty minutes. Through women sharing their personal experiences, they challenged each other, and this method proved to be an avenue for raising the consciousness of the other participants present. My regular group visits accompanied by the staff of KWFT, specifically Glenn, Sifa, and Avuki lasted a total of five and half weeks and focused on a variety of issues touching on microfinance operations. I always began the interviews with the same set of questions. I documented all the discussions to guarantee facts in my research.

Note that the names of women's groups, as well as all other names mentioned throughout this thesis, are pseudonyms that are used to protect their identities.

In Nairobi, I also reviewed existing secondary material which included current data such as the Kenya National Bureau of Statistics (KNBS) - Kenya Poverty Report 2021, Association of Microfinance Institution, Kenya (AMFI-K) 2021, the Central Bank of Kenya database, and FinAccess MSE survey 2023. This data assisted me in thinking critically and considering several possible situations based on a variety of circumstances while also investigating ideas brought forward by past publications.

Data collected in the field was analyzed through coding and grouping them into common themes. Some of the codes I used included indebtedness, interest rates, decision-making power, financial literacy, loan recovery strategies, etc. Additionally, the respondents were grouped according to their occupations, marital status, education level, and their ages.

Limitations and challenges encountered during data collection

Although I was able to collect data that was crucial to my study, some challenges prevented me from collecting more information. One of those challenges was the limited time available since the women met only once every month, so I was able to meet with each group only once in the period I was in Kitui. During this period as well, the loan officers had different plans and engagements which proved somewhat difficult for me to schedule meetings with other women's groups. Again, because of the limited sample size of respondents who were based in a single locality, the study could not be extrapolated to reflect the realities of Kitui County as well as other counties across Kenya.

Positionality and study interest

A person's positionality essentially denotes his or her position. This includes one's worldview, perspectives that inform the study, and other guiding variables that may have an impact on the research, such as one's characteristics like age, economic status, gender, and so forth. A research positionality should seek to include the investigator's predetermined position,⁵⁶ for instance, as a participant, as an insider or outsider, theoretical influence, and so forth. As an International graduate student, pursuing Pan-African Studies, I am concerned about the interest of Africans anywhere across the globe. In addition, I have some awareness of the problem at hand thanks to my experience working with a local microfinance institution in Nairobi, Kenya though not the one I went to study. Interacting with the customers of MFIs and being conversant with MFI policies and practices places me as an "insider" and greatly informs the choice of my

⁵⁶ Holmes, Darwin. "Researcher Positionality—A Consideration of Its Influence and Place in Qualitative Research—A New Researcher Guide". 2020, 8(4), 1-10.

research topic. Being mindful of my role in this study, I critically reviewed the data, focusing on the voices of the participants to better understand their perspectives and experiences.

My interest in conducting this research commenced after witnessing first-hand situations connected to gender inequality and how women are perceived in society. One of the key areas of concern entails their inability to influence decisions and issues relating to family inheritances. Over several generations, many communities in Kenya have been deeply patriarchal systems, and women are not always given the same rights and opportunities as males to engage in society and family activities. Because of this, I intend to examine women's socioeconomic empowerment through microfinance operations.

Gender inequality continues to be a global issue that hinders economic prosperity and the realization of basic human rights, this is particularly concerning when looking at growth sustainability challenges across Africa. I intend to embark on this noble course to help dispense knowledge that is essential to the destiny of people in Global Africa. Again, my interest in the study rests in Pan-African implications, as well as the fact that issues of gender subordination and the struggle for equality affect all Africans and those in the diaspora. Hence, this study will advance the debate about women in leadership and management positions in the Pan-African territories.

Chapter Organization

This thesis will be organized into six chapters. The first chapter, introduction, provides a background overview of the study. The next chapters are arranged as follows:

Chapter 2: Reviews works done by other researchers to help answer my research question involving microfinance institutions and women's socioeconomic empowerment.

Chapter 3: Explores the backdrop history of women's subjugation in the precolonial, colonial, and contemporary eras.

Chapter 4: Examine the evolution of microfinance as a response to women's financial inclusion and the eradication of poverty. The chapter also examines how the microfinance sector evolved, moving from a primarily nonprofit to a more commercial model.

Chapter 5: The chapter attempts to demonstrate the intricate workings of the current status of the microfinance sector by discussing the issues in detail and illustrating how Kenyan women are unable to meet the strict requirements of microfinance institutions. It does this by drawing on my fieldwork data collected in Kitui County and secondary sources.

Chapter 6: The chapter concludes the study. Part, one deals with my key findings to verify whether the hypothesis is proven, and part two discusses the Pan African implications for conducting the research.

CHAPTER TWO

LITERATURE REVIEW

Essentially microfinance entails offering tiny loans as well as savings assistance to female “entrepreneurs” who are able and desiring to start their business ventures. Although MFI loans are usually seen as an avenue to obtain financial stability and ‘empower’ women, it is necessary to explore the convoluted processes poor women go through to borrow loans, and how the disbursed funds are utilized. This chapter reviews related literature under the following themes, (1) property ownership and the empowerment of women, (2) women and their ability to make decisions, (3) gender division of labor and the empowerment of women, (4) MFIs as a financial system of exploitation and finally, the inadequacy of MFI’s inability to enable women to create business ventures.

Understanding poverty concept

Many scholars have defined poverty in different ways. Some scholars have defined poverty as essentially lacking the means of survival capable of affording what may be termed a secure and decent standard of living (Chambers 1983, Chambers 1997, Yunus 1999). On the one hand, poverty may imply someone being materially deprived such that their survival becomes an issue (McShane 1998, Rostow 1956, McClelland 1970). Some perceive poverty as a psychological or spiritual condition. For example, according to Mother Theresa, poverty is mostly a state of the heart, affecting both rich and poor people when they do not feel loved or wanted.⁵⁷ Up until the 1990s, poverty was primarily defined in terms of ‘material possessions’ like for instance having little money. In more recent times, vulnerability and multifaceted

⁵⁷ Muggeridge, Malcolm. *Something Beautiful for God: Mother Teresa of Calcutta*. Collins, 1971.

deprivation particularly involving fundamental abilities like access to education, and health have been highlighted as important components of poverty. From the varied definitions of poverty, there appears to be no consensus on the widely accepted definitions of poverty largely because the definition is fundamentally focused on the value preferences that differ among people, groups, and societies. There are three forms of poverty namely, absolute, chronic, and transitory poverty. In absolute poverty, this is where one cannot meet their most basic needs such as food, housing, and clothing. Persistent or chronic poverty is characterized as deprivation that individuals and households endure for an extended period, while transitory poverty occurs for a short period and is primarily brought on by a reduction in income or expenses.⁵⁸ For this research, the purpose of seeking to understand the concept of poverty is to provide an initial framework against one that can gauge the influence of microfinance operations on poor women.

Poverty from the gender perspective and the justification for MFI

In the 1980s, a vital gender-based analysis of poverty was first conducted by feminist theorists from developing nations.⁵⁹ Their analysis revealed some gender-specific features associated with poverty, such as more women than men living in poverty and a higher proportion of households that were headed by single mothers was a major factor in the considerable increase in female poverty.⁶⁰ As a result of this situation, the idea of the “feminization of poverty” was conceived. This concept ideally focused on the growing and unequal representation of women among the poorest. This idea was influenced by two causes: first, the unequal number of women employed in low-income and secondly, a high number of women involved in doing household

⁵⁸ DFID. “Poverty: Bridging the Gap – Guidance Notes” DFID Issues Paper: Department for International Development, London. 2001, p. 186.

⁵⁹ Fautes, Maria. *Unveiling the Constraints: Exploring Limiting Factors for Microfinance Institutions Effectiveness in Fostering Women's Empowerment in India*, 2023.

⁶⁰ *Ibid*, p. 21

domestic chores.⁶¹ Additionally, the feminization of poverty not only focuses on women's unemployment, but it also entails focusing on women's gender biases in accessing available opportunities key among them access to finance and acquisition of property. Recent projections from the UN Women's Report on global poverty, indicate that over 388 million women were living on less than \$1.90 a day.⁶² In addition, these projections reveal that these high numbers were motivated by women's failure to long-standing socio-cultural norms and inadequate access to fundamental resources such as microcredits, and employment opportunities among many other resources that are considered vital for women's economic development.

The productive labor of women does not appear to be acknowledged or valued.⁶³ Women's labor is frequently viewed as being outside the market economy and inexperienced.⁶⁴ Most women spend huge amounts of their time doing heavy domestic workloads which results in them not having enough time to have proper access to their health and nutritional needs. As a result, women are confined in poverty as they do not have access to income-generating opportunities and resources that could improve their standards of living. It's generally accepted that MFI and poverty reduction are closely linked.⁶⁵ Microfinance institutions tend to concentrate on poverty reduction and are mainly believed to play a key role in improving women's economic standings. This is achieved by MFIs, including women, to obtain microloans as they were traditionally excluded due to a lack of collateral. This is typically the case when these advantages can be directed to the most vulnerable and marginalized members of the community. MFIs

⁶¹ Gertrude Schaffner Goldberg and Eleanor Kremen, eds., *The Feminization of Poverty: Not Only in America?* New York: Praeger, 1990.

⁶² UN Women. Poverty deepens for women and girls' projections, 2022.

⁶³ Warren, Andrew, and Chris Gibson. "Struggles over Skills: Lived Experiences of Evolving Technologies", 2023

⁶⁴ Finley, Alexandra. Women's household labor is essential. Why isn't it valued? Washington Post, May 29th, 2020.

⁶⁵ Bateman, Milford, 2010, p. 24

ensure that these gains are made by establishing new business ventures and growing current ones.

There are numerous justifications for giving women access to microfinance services.

1) Women tend to prioritize their families with income earned

Research indicates that women tend to allocate a larger portion of their earnings towards their families; hence, assisting them in earning more money benefits the entire family. A survey report conducted by Rani Deshpanda and Burjorjee Deena on increasing access and benefits for women revealed that most people gain from women's success. In addition, several institutions affirmed the widely accepted fact that compared to men, women are more likely to allocate their income toward meeting family needs, this has an exponential impact.⁶⁶

Elisabeth Rhyne and Maria Otero's piece, *Financial Services for Micro-Enterprises* demonstrates that women tend to pay back their microcredit loans, pose less risk, and typically have the best interest of their family members in mind. They go on to argue that when women support their household financially, MFIs should help them to achieve socioeconomic status and additionally help to shift exploitative frameworks between class and gender.⁶⁷ Zackary Arochi highlighted this point by indicating that women are typically in low-income situations and are responsible for raising children. Their children suffer from social and physical underdevelopment as a result. He adds that women have turned into the main demography that microfinance services target for a variety of reasons.⁶⁸ According to the World Bank, societies that discriminate

⁶⁶ Deshpanda, Rani. & Deena, Burjorjee. Increasing Access, and Benefits for Women: Practices and Innovations among MFIs, 2001, p. 15

⁶⁷ Rhyne, E and Otero M. Financial service for Micro- Enterprises, Principles, and Institutions. Building Healthy Financial Institutions for the Poor, 1992.

⁶⁸ Zackary, A. Microfinance, and poverty Eradication, *W.W. Microfinance and Poverty Org*, 2006.

against women bear the consequences of weaker governance, higher levels of poverty, slower rates of economic growth, and lower unemployment rates than males in practically every country.⁶⁹ They also comprise most of the informal sector in most economies. Most of these low-income and impoverished women require microfinance services. The report further argues providing women with access to credits for microfinance services might have a ripple effect that will influence MFIs and assist many generations in developing nations.

2) MFIs improve efficiency and sustainability

Women empowerment and microfinance operations are interlinked. From the early 1970s, when it first emerged in Asia and Latin America, MFI has focused on all women. Jonathan Morduch among other MFI proponents contends in his article, “The Microfinance Promise”, that one of the primary reasons for MFI’s popularity is because its operations focus on women and their low-income households.⁷⁰ This means that there is a widespread belief that women repay loans at far higher rates than males. The effectiveness and long-term viability of the organization are significantly impacted by lower loan default rates and arrears. Numerous initiatives have also discovered that women are more cooperative, and that MFI prefers to work with them for that reason. Studies conducted reveal that targeting women improves MFI repayment rates. For example, D’Espallier Bert, Guerin Isabella, and Mersland Roy studied a total of 350 MFIs in 70 different countries and discovered that having a higher share of female borrowers results in lower portfolio risks and fewer write-offs. Accordingly, their findings revealed a positive correlation between women’s priority and payback is stronger for individual-based lenders and regulated MFIs.⁷¹ Similarly, a research study conducted by Mohammad

⁶⁹ World Bank. *Attacking Poverty: World Development Report 2000/20001*.

⁷⁰ Morduch, Jonathan. “The microfinance promise.” *Journal of Economic Literature* 37, no. 4 (1999): 1569-1614.

⁷¹ D’Espallier, Bert, Isabelle Guerin, and Roy Mersland. “Focus on women in microfinance institutions.” *The Journal of Development Studies* 49, no. 5 (2013): 589-608.

Zainuddin and Ida Yasin employing a dataset of 1,192 MFIs throughout 42 nations, attempted to ascertain the kind of connections between MFI performance and gender targeting, the study found that microlender's financial performance improves with the proportion of female clients in their portfolio.⁷² This therefore implies that MFI's focusing on women and lending to this population 'improves' their strategies and policies for interacting with female customers.

Themes on related literature review

Women's empowerment and the possession of property

Adverse cultural customs, discriminatory legal rules, policies, and ideologies that reinforce patriarchy and entrench the subjugation of women have significantly impacted women's property ownership the world over. Traditionally, and up to date, Kenya remains patriarchal, with paternal lineage.⁷³ This is contrary to matrilineal societies whereby lineage is traced maternally. The distinction between these two types of genealogy is that, in the former, men govern and control society, whereas, in the latter, women rule and control society. This underscores the distinct position that a boy in a patriarchal society and a girl in a matrilineal society have.⁷⁴ Like other patriarchal societies, Kenya views male children as superior to female children since with the male child, there is an assurance of continuity in the family. Mercy Oduyoye a Ghanaian theological anthropologist states that "the patrilineal group prioritizes the birth of male infants since without them, no blood can be passed and no ancestors can return to life, condemning the clan to perdition."⁷⁵ This means that the origin of property inheritance

⁷² Mohammad Zainuddin and Ida Yasin, *Are Women Better Borrowers in Microfinance? A Global Analysis*, 2020, 19(7): p. 651 – 660.

⁷³ Wamalwa Martin. "A philosophical evaluation of the impact of cultural challenges to women empowerment in Kenya." Moi University, 2007.

⁷⁴ *Ibid*, p. 119

⁷⁵ Oduyoye, Mercy. *Daughters of Anowa: African Women and Patriarchy*, Orbis Books. 1995.

comes from those who are descended from the father, especially his siblings, sons, and male distant relatives who are suitable to gain from his property ownership.

Any person's or society's economic growth is dependent on a certain level of tangible financial independence. Individuals can grow economically when they have financial independence or the ability to choose what to buy with money or other commodities. This is because possessing property enables one to profit from the many advantages that come with having ownership and control over assets. In Kenya, like in most African countries, land or household assets are one of the prerequisites to obtaining credit or a loan which can be used for an individual development program or projects. Consequently, discrimination based on property, more specifically women's property inheritance implies restricting their chances to affect their personal growth and development. In most African societies as Oduyoye would argue, there seems to be no space for women to manage the accumulation and distribution of their income or the payoff of their debts and other obligations.⁷⁶ This suggests that the contribution of women remains low or lacking. It is impossible to say whether wealth or resources held solely by men will improve their ability to take care of women's affairs.

In the least developing nations, the majority of microfinance institutions primarily target poor women and numerous quantitative reviews of MFI programs reveal that access to credit helps foster women's socioeconomic empowerment.⁷⁷ The idea of MFI primarily focusing on women in most cases is based on addressing their subordinate status and their financial inclusion as they have been excluded due to lack of tangible collateral.⁷⁸ Typically, every culture

⁷⁶ Oduyoye, Mercy. *Daughters of Anowa: African Women and Patriarchy*, Orbis Books. 1995.

⁷⁷ Geleta, Bekele. *The Microfinance Mirage: The Politics of Poverty, Social Capital, and Women's Empowerment in Ethiopia*, Routledge. 2015 p. 94

⁷⁸ Kabeer 'Conflicts over Credit: Re-evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh'. P. 63 – 84

recognizes and appreciates property in its various forms as the primary asset and element that most significantly influences and improves one's socioeconomic standing. Historically, in the least developing nations, there has been a notable disparity between the rights of men and women regarding inheritance and property ownership.⁷⁹ Many nations have acted in recent years to rectify this imbalance by enacting laws that, at least in theory, give equality more weight in the situation. But in practice, these modifications frequently depart greatly from the original intent of the new law.⁸⁰ This is unfortunate since despite the new laws and the rights they grant, unless they are strictly enforced, no meaningful progress can be made.

Although there is limited data available, gender asset gaps are believed to be significant both within and across nations. The data that is available indicates that there is a glaring disparity in the distribution of land by gender.⁸¹ In Cameroon for example, women are reported to own fewer than 10 percent of title deeds despite constituting about 75 percent of the country's agricultural labor.⁸² A household survey carried out in Pakistan showed that although women were acknowledged as having the right to inherit the land in 67 percent of the areas surveyed, research revealed that women possessed fewer than 3 percent of plots.⁸³ The lack of statistics severely impedes efforts to track countries' progress on women's property rights.

Studies indicate that the microfinance sector depends on women's sociocultural inclination to make wise investments and settle their loans, hence lowering the sector's risks.⁸⁴

⁷⁹ UN – FAO. “Governing land for women and men. A technical guide to support the achievement of responsible gender-equitable governance of land tenure”, 2013.

⁸⁰ Kola K. Women's access to inheritance property rights for their economic empowerment in Albania, 2018

⁸¹ International Center for Research on Women, “Property ownership for women enriches, empowers, and protects”, 2013.

⁸² ICRW. “Property Ownership for Women Enriches Empowers and Protects”, Policy Brief, Washington DC: *International Center for Research on Women*. 2005.

⁸³ Ibid

⁸⁴ Geleta, Esayas Bekele. *The microfinance mirage: the politics of poverty, social capital, and women's empowerment in Ethiopia*. Routledge, 2015.

The success of microfinance initiatives and other emerging development tactics hinges on women's capacity to properly handle household finances and their readiness to perform unpaid labor. These tactics take advantage of women's inherent benevolence and their presumption of playing the 'traditional' mother.⁸⁵ Additionally, most women do not inherit tangible possessions like land and are constantly confronted by income deficiencies to meet their necessities.⁸⁶ Similarly, despite the growing tendency of women to assume responsibility for running the household; they struggle to obtain paid employment. Under these circumstances, self-employment becomes the most viable option. Microfinance's main goal is to assist women in starting or even expanding business ventures, however, microlending institutions are very limited in scope and this prevents women from acquiring the tangible assets needed to succeed as business owners. Numerous empirical studies reveal that the nature of differences in the control and availability of the means of production, such as land, has not changed as a result of microfinance.⁸⁷ Karim Lamia's text, *Microfinance and its Discontents* argues that women's inability to possess property has limited their ability to thrive as businesspersons.⁸⁸

In her article "Women and money: lessons from Senegal", Guerin Isabelle indicates that, despite controlling a third of Senegal's informal economy, women are barred from owning property.⁸⁹ Consequently, they are unable to gather adequate funds to engage in profitable businesses controlled by men. Guerin states that regardless of the most recent modifications in the law concerning women's inheritance and property rights, patriarchal norms, and practices, as well as exploitative normative frameworks, persist, depriving many women of their ability to

⁸⁵ Geleta, Esayas Bekele. *The microfinance mirage: the politics of poverty, social capital, and women's empowerment in Ethiopia*. Routledge, 2015

⁸⁶ Guerin I. "Women and Money: Lessons from Senegal." *Development and Change* 37, no. 3 (2006): p. 549 – 70.

⁸⁷ Geleta, Esayas Bekele. "Microfinance and the politics of empowerment: a critical cultural perspective." *Journal of Asian and African Studies* 49, no. 4 (2013): 413-425.

⁸⁸ Karim, Lamia. *Microfinance and its Discontents: Women in Debt in Bangladesh*. Minneapolis, 2011.

⁸⁹ Guerin I. 'Women and Money: Lessons from Senegal'. *Development and Change* 37, no. 3 (2006): 549 - 70.

own property.⁹⁰ Due to a lack of property and mobility, women are concentrated on “low-intensity, low-demand, and low-return activities close to home”.⁹¹ Additionally, Guerin’s case study not only reveals gender disparities but also inequalities among women that are sustained by informal financial practices. Women’s attitudes toward debt are a glaring example of how different their standing is from men’s. The women who are financially well off intentionally take on debt and utilize their money to create more money, whilst the most vulnerable attempt to avoid any sort of debt.⁹²

In Kenya, women’s property rights are not equal to men’s, which is also the case throughout Africa and most countries worldwide. The dominant cultural attitudes and practices, which are shaped by the patriarchal norms and values that form the foundation of our society, exert a significant influence on women’s access, control, and ownership rights to property.⁹³ The infringement of property rights is not limited to any one socioeconomic class, religion, or ethnic group; rather, it affects both literate and illiterate people equally, as well as women with higher education levels in both rural and urban areas. Ellis Amanda argues that women have labored in farming for subsistence, paid jobs, and the informal sector, however, legal and cultural restrictions on property ownership and access to resources such as financing as well as a lack of opportunities, and unequal remuneration, limit their progress in the economy.⁹⁴ For this reason, men make up the majority of workers in the manufacturing sector, which generates a large portion of wages. For instance, in the manufacturing industry, there were 42,100 women

⁹⁰ Guérin, Isabelle. “Women and money: Lessons from Senegal.” *Development and change* 37, no. 3 (2006): 549-570.

⁹¹ Ibid, p. 564 - 8

⁹² Ibid p. 549 – 70.

⁹³ Human Rights Watch. *Double Standards Women’s Property Rights Violation in Kenya*, Vol. 15, No. 5(A). March 2003.

⁹⁴ Ellis, Amanda. *Gender and economic growth in Kenya: Unleashing the power of women*. World Bank Publications, 2007.

employed in 2003, compared to 199,600 men.⁹⁵ Perhaps the most fundamental aspect of society's structure is gender, and discrimination based on gender is the most common kind of disadvantage. Though the idea that gender inequality impedes sustainable development is becoming more widely accepted, women have not benefited significantly from this. Poverty experiences differ significantly between both genders. Comprehending this reality is crucial in addressing the increased levels of hardship and susceptibility, in addition to addressing the overall poverty, that women and girls often face.

Women's and decision-making power

Decision-making is the deliberate act of selecting a suitable option from a range of other possibilities. All facets of human existence include making decisions, hence these decisions must be made carefully and without regard to unintended consequences.⁹⁶ Globally, women at every social, political, and economic level find themselves underrepresented, and far removed from important stages of decision-making. Women's absence from decision-making processes restricts the opportunities for a society to adopt democratic values, which negatively impacts economic growth and deters the achievement of gender equality. Globally, women are increasingly participating in decision-making within political, economic, and social spheres. This advancement may be linked to purposeful efforts done by United Nations organizations regarding gender equality (1945 United Nations charter) and the 1948 Declaration of Human Rights. Research conducted by UN Women in Sub-Saharan Africa projects that compared to men, women are more likely to live in poverty.⁹⁷

⁹⁵ Anderson, C et al. "Husband and Wife Perspective on Farm Household Decision Making Authority and Evidence on Intra household Accord in Rural Tanzania", 2017, p. 169 – 183.

⁹⁶ Ibid

⁹⁷ UN Women, "Poverty deepens for women and girls", 2022.

Elsewhere during the roundtable discussion on the paths leading to women's empowerment that took place in Malawi, most of the women stated that they were faced with significant negative cultural norms and religious beliefs.⁹⁸ Most of the concerned women perceive themselves as housewives and embrace their stereotypical roles as mothers whereas men are seen as better equipped and more superior for public responsibilities. Madeleine Albright the former US Secretary of State, made the case that every nation needs the finest leader available, and that means giving women the same opportunities as men to compete. The participation of women in decision-making processes at the local, regional, and national levels has encountered many challenges. This has prompted women's organizations to push for a more equitable representation of women both in local and regional spheres.

Empowering women is considered a critical method for achieving growth and lowering poverty levels. Without a doubt empowered women improve the well-being and productivity of entire households, societies, and nations at large. The equal participation of males and females in important decisions concerning social issues as well as economic growth is a fundamental feature of gender equality. Consequently, effective growth requires the participation and dedication of society's members, particularly men, women, and young people. All groups, irrespective of their gender, socioeconomic status, or belief system should be involved in the growth of society. The degree of cooperation and the extent of participation of members depends upon the general level of awareness of needs and how they are empowered to meet these needs. Consequently, for every member of society, most particularly women and girls to be able to

⁹⁸ Roundtable conference. "Women's Empowerment in Malawi, A collection of speeches and papers from a conference on raising the status of women", 2009.

contribute to the advancement of society, they must be endowed with the necessary knowledge, competencies, and habits.

Regardless of increased avenues for women to secure loans, empirical evidence shows that men continue to dominate household financial management. In Anne-Marie Goetz, and Rina Sen Gupta's article, "Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programmes in Bangladesh", loan usage was categorized according to the three main microlending institutions in the nation: Bangladesh Rural Advancement Committee [BRAC], Grameen Bank, and Rural Development-12, a government-run microcredit initiative aimed at reducing poverty that is managed by the Bangladesh Rural Development Board [BRDB] and supported by donors. The study established that men have or take control over women's loans. On average, women in these programs maintained entire or substantial control over loan usage in only 37 percent of cases, while the other 63 percent fell into one of three categories: moderate 17.8 percent, extremely restricted 17 percent, or no influence 21.7 percent.⁹⁹ This demonstrates a concerning trend of female borrowers losing control over their loan disbursement regularly they are even harmed in the process, and without reaping any immediate benefits from institutional loans, many female borrowers suffer their share of risk and hardship.

Another research conducted by Holvoet Nathalie on "the impact of microfinance on decision-making agencies" established that though women have a greater say in decisions that directly affect how loans are used, women are unlikely to extend this influence on other key

⁹⁹ Goetz, Anne-Marie, and Rina Sen Gupta. 'Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programmes in Bangladesh'. p 45–63.

decisions that must be made in the home, like “family and kinship matters, agricultural business, and cottage industry.”¹⁰⁰

Developing the argument further, Juliet Hunt and Nalini Kasynathan in their article, “Pathways to Empowerment? *Reflections on Microfinance and Transformation in Gender Relations in South Asia*”, contend that microfinance acts as the male source of income besides being a tool for the empowerment of women.¹⁰¹ This is because several women lend money to their husbands or other male family members. It is clear from these findings that even if microfinance institutions lend money to women, they may not always use it to operate their micro businesses. In many instances, they do not do business and increase their economic capital; instead, they only act as sources of finance to men. Even in highly liberal settings where women have some degree of autonomy over corporate activities, empirical evidence reveals that men dominate the decision-making process. Women, for example, among the Newar ethnic community, hold dowry control. In this sense, the Newar ethnic group is distinct from the other Hindu society across Southeast Asia. In this society, women use the dowry to launch their small enterprises, such as livestock farming¹⁰² however, legitimacy over dowry does not entail making significant decisions about wages or ownership of fixed capital inputs such as land, which has traditionally been owned by men. Women remain subordinated in this society.

Anthropologist Lamia Karim’s study on the effects of microcredit on gender relations in rural Bangladesh, with a particular emphasis on the Grameen Bank, and three other prominent non-governmental organizations (NGOs) in the nation, established that, while Grameen Bank

¹⁰⁰ Holvoet, Nathalie. “The Impact of Microfinance on Decision-Making Agency: Evidence from South India”, 2005.

¹⁰¹ Hunt, Juliet, et al. ‘Pathways to Empowerment? Reflections on Microfinance and Transformation in Gender Relations in South Asia’. 2001, p. 43

¹⁰² Rankin, Katharine N. ‘Governing Development: Neo-liberalism, Microcredit, and Rational Economic Woman’. 2001, p. 30.

and non-governmental organizations say that disadvantaged women benefit from these loans, it is the spouses and other male figures who primarily utilize the loans. Bangladeshi women are predominantly the carriers and not recipients of the loans. Lamia's research revealed that men used 95 percent of the loans.¹⁰³ Mohammad Yunus acknowledged this fact when discussing Grameen's long-running struggle to help women against their husbands, he remarked, "At the moment Grameen only lends money to husbands through the wives".¹⁰⁴

Bekele Geleta's works on the microfinance mirage in Ethiopia established that of the 22 married women and clients of ACSI (Amhara Credit and Savings Institution) who were individually interviewed, only 4 stated that they make decisions about how to use and handle the loans they receive from ACSI on their own; 12 stated that they refer to their husbands in making these decisions. The remaining 6 insisted that they always consult with their husbands before making decisions on loans.¹⁰⁵ He goes on to ascertain that cultural boundaries are particularly noticeable in the Amhara region's rural districts. For instance, patriarchal cultural norms and beliefs prevent women in Angolela Tera from managing and utilizing loans to operate their businesses.

Women and the division of labor

The term gender refers to the social norms that are linked to biological sex and encompass every facet of an individual's lived experience, such as their duties, behavior, appearance, emotions, and thought processes. There are certain similarities between how gender

¹⁰³ Karim, Lamia. *Demystifying Microcredit the Grameen Bank, NGOs, and neoliberalism in Bangladesh*. 2008, p. 5–29.

¹⁰⁴ Yunus, Muhammad, and Alan Jolis. *Banker to the Poor: Micro-Lending and the Battle Against World Poverty*. Dhaka: 1998, p. 91

¹⁰⁵ Geleta, Bekele. *The microfinance mirage: the politics of poverty, social capital, and women's empowerment in Ethiopia*, 2015.

is conceptualized and expressed in various contexts.¹⁰⁶ For example, we have gender ideologies and narratives, and uneven power relations. Gender ideologies are views that are frequently considered as being inherent, evident, and unchangeable regarding the qualities and capacities of men and women.¹⁰⁷ Certain gender ideologies overstate biological differences; for example, the notion that women are less physically and psychologically strong than men emanates from the reality that men are typically stronger than women. Some gender ideas, including the belief that men are more qualified than women for the roles of leadership, lack empirical support. Largely, in most societies, the allocation of work founded on gender relies on a distinction of roles that are considered “productive and reproductive in addition to the distinction between the realms of the private and the public.”¹⁰⁸ Beyond the spheres of biology, reproduction includes the regular resurgence of the waged workforce and the social reproduction of society.¹⁰⁹ It follows that women’s capacity for childbearing equates to their major role in both biological and social reproductive processes.¹¹⁰ In contrast, males are the primary providers of revenue in the “public spheres,” where they also enjoy more societal and financial rewards from their economic roles as breadwinners, bosses, and or workers.¹¹¹

Across all economies and cultures, women perform most of the unpaid care work.¹¹² In most third-world economies, girls and women are expected to take primary responsibility for managing domestic tasks, such as providing firewood energy and water, and for tending to the

¹⁰⁶ Nana, Anyidoho. “Women, gender, and development in Africa”. *In the Palgrave Handbook of African Women’s Studies*, p. 155 – 169. Springer International Publishing, 2021.

¹⁰⁷ Ibid

¹⁰⁸ Ibid

¹⁰⁹ Brydon, L & Chant, S. *Women in the Third World: Gender issues in rural and urban areas*. 1989, p. 10

¹¹⁰ Wood, W., & Eagly, A. H. Biosocial construction of sex differences and similarities in behavior. 2012, p. 55–123.

¹¹¹ Brydon, L & Chant, S. (Eds.), 1989, p. 10

¹¹² Kabugua E. N. “Factors influencing women’s economic empowerment in Kirima sub-location, Ndungiri location, Nakuru north district, Kenya”, 2014.

sick, aged, and young children. This leads to a reduction in their prospects of failure to attend school and or converting their returns on their unpaid work into higher and more stable earnings and a better working environment. Some of the household chores, for instance caring for the aged, are enjoyed by some of the members who do it, but most of them like fetching water for long distances and firewood collection are considered hard menial work. In most African countries, the collection of firewood is mostly a female responsibility. A study done in three nations established that women in Ghana and Tanzania spend up to 300 hours annually and in Zambia 800 hours annually collecting fuel wood.¹¹³ Also, the same study revealed that in northern Ghana, Shea butter output was impacted negatively owing to the scarcity of fuel wood and a deficit in other sources of energy. Compared to men and boys, women and girls spend a greater amount of time doing household domestic tasks. Research indicates women in Ghana spend over 700 hours every day fetching water, Tanzania spends a total of 500 hours and Zambia spends 200 hours.¹¹⁴ Water remains a key component in the processing of food, market economies, and household consumption where women are mostly engaged. Water scarcity in communities not only increases the time and labor load on women and girls but also has a disproportionate impact on their living standards. The majority of women's economic pursuits, such as food processing, and textile production, among many others, necessitate a significant amount of water and energy.¹¹⁵

Even though more women are working outside the home because of economic expansion in many developing nations, this greater participation has not translated into equal pay or work possibilities, including safety in some situations. The economic sectors in which women are

¹¹³ Malmberg, C. Case study on the Role of women in Rural Transport, access of women to domestic facilities, 1994.

¹¹⁴ Dejene, Y. Promoting Women's Economic Empowerment, 2007, p. 15 – 17.

¹¹⁵ Ibid

concentrated have not changed much over time. Compared to men, women are more prone to participate in low-productivity activities. They also have a higher likelihood of working in the informal wage sector or unpaid family employment. Most women are subsistence farmers who tend to smaller land areas, cultivate less lucrative crops, and produce less.¹¹⁶

Given the prevalent misconceptions of MFIs popular belief that they prioritize women's empowerment, research indicates that it has certainly not relieved women from the weight of heavy domestic responsibilities.¹¹⁷ Women in most parts of the global South spend a significant amount of time performing domestic chores. As a result, this implies that whether they have credit control, they lack the appropriate time to be as effective as their male counterparts in their running of business ventures.¹¹⁸ Even with assisting women in earning little income from entrepreneurship, microfinance organizations fail to relieve women of their normal responsibilities, such as housekeeping and childcare.¹¹⁹ As a result, the gender division of labor enforced by exploitative and acceptable customs restricts the socioeconomic empowerment of women.

Additionally, several studies that were conducted in Bangladesh, and Cameroon have shown a correlation between the rise in male aggression and the availability of microfinance for women. For example, although a significant portion of women's credit is invested directly in the businesses of spouses or other male-related figures, Anne-Marie Goetz and Rina Gupta's research reveals a rise in the frequency of violence against women who have obtained

¹¹⁶ de Silva T. E Principles in International Development, Sustainable Livelihoods & Human Rights approach, 2013

¹¹⁷ Geleta E. B. *The microfinance mirage: the politics of poverty, social capital*, 2015 p. 112

¹¹⁸ Ibid, p. 101

¹¹⁹ Mayoux Linda. "Women's Empowerment and Participation in Microfinance: Evidence, Issues and Ways Forward", 2002.

microcredit.¹²⁰ Also, another research pointed out that some husbands forcibly coerce their wives into taking out loans from microfinance organizations against their will to get cash to grow their enterprises.¹²¹

Another research done in Cameroon discovered that as a result of the growth of the “microfinance industry,” it is now a requirement for women to provide financial assistance to the family along with performing heavy domestic household roles and responsibilities.¹²² In addition to their primary care of the provision of finances, they have the responsibility to grow food for subsistence. Despite being expected to work for free in the production of men’s income crops, women get minimal assistance from their spouses, and they must consequently pay for their labor.¹²³ On the other hand, women have no right or obligation to know their spouses’ earnings, and men have now become less inclined to help their families.

MFI as a system for accumulating capital

One of the most talked-about topics in microfinance operations that has drawn interest from business analysts, and the media is the interest rates charged on microloans. Even though microfinance is closely examined as a means of extending credit in most third-world economies, interest rates have once again drawn attention from the public, and alternative models that examine interest rates and operating expenses have been given fresh consideration.¹²⁴ One of the motives behind the founding of the Grameen Bank (which most MFI institutions operate using

¹²⁰ Goetz, Anne-Marie, and Rina Sen Gupta. ‘Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programmes in Bangladesh’. 1996, p. 45–63.

¹²¹ Hunt, Juliet, and Nalini Kasynathan. ‘Pathways to Empowerment? Reflections on Microfinance and Transformation in Gender Relations in South Asia’. 2001, p. 42–52.

¹²² Mayoux Linda “Tackling the Downside: Social Capital, Women’s Empowerment and Microfinance in Cameroon”, 2001, p. 421–50.

¹²³ Geleta, Bekele. 2015, p. 101 – 102.

¹²⁴ Bateman, Milford. *Why Doesn’t Microfinance Work?* The destructive rise of local neoliberalism. Bloomsbury Publishing, 2010.

the model) was that it would replace the expensive credit that was traditionally offered by informal moneylenders. Yunus, the founder of Grameen Bank, established that the high interest rates charged prevented the poor from acquiring enough income which made it difficult to help the poor evade poverty and thus trapping them into poverty. Yunus saw that the poor were being exploited in an unethical way. However, this line of reasoning was completely abandoned when the “new wave” microfinance model emerged in the late 1980s.¹²⁵ In its place, a new way of thinking emerged “where the poor might and should be asked to pay any interest rate,”¹²⁶ was required to meet these broad criteria for MFIs to achieve full financial self-sufficiency.¹²⁷

A variety of studies show that excessive lending rates continue to be a major issue affecting the poor. First, it is impossible to ignore the fundamental truth that MFI clients will always come out worse off than they would have under a subsidized interest rate. For the impoverished, this means that the usual small profits realized from commercial initiatives are always greatly reduced by these high borrowing rates.¹²⁸ Microfinance rarely helps the poor escape poverty, as Milford Bateman contends higher interest rates on microloans prevent savings and insurance investments, which are the main risk-covering components for the poor. Besides, paying unreasonable interest rates ranging from 24 to 36 percent on capital would not yield any returns particularly while running a venture.¹²⁹

Microfinance institutions in most cases take advantage of their borrower’s susceptibility by forcing extremely high interest rates thus preventing them from defaulting. This is achieved

¹²⁵ Bateman, Milford. *Why doesn't microfinance work? The destructive rise of local neoliberalism*. Bloomsbury Publishing, 2010.

¹²⁶ Ibid, p. 55

¹²⁷ McGuire, Paul, and John D. Conroy. “The microfinance phenomenon.” *Asia Pacific Review* 7, no. 1 (2000): 90 - 108.

¹²⁸ Bateman, Milford. 2010, p. 56

¹²⁹ Ibid, p. 56

by imposing a variety of exploitative techniques that take advantage of the borrower.¹³⁰ Microfinance's unreasonable interest rates and other charges exploit poor borrowers, making it extremely difficult to repay the loans. According to anthropologist Lamia Karim's publication, *Microfinance, and its Discontents*, she demonstrates that the indicated interest rates exclude a variety of other mandatory costs. She states, "The actual interest rate paid by the Grameen Bank borrower included hidden costs of group fee, mandatory savings, entrance fees, cancellation fees, and agricultural loans that came with product tie-ins (packets of hybrid seeds) that raised the rate to a much higher de facto rate".¹³¹ Ashraf Ali's research study of *violent economies, Neoliberalism, Microcredit NGOs, and Power Inequalities* established that borrowers must pay other compulsory fees, in this case, he states insurance fees.¹³² Both Ali and Karim discovered that for one to access their monthly savings to repay the loan in case of difficulty in repayment, one had to quit their membership and find a replacement to get back their compulsory savings.¹³³

Again, borrowers' debt is another blatant indicator of financial exploitation because it shows that they are unable to make enough money to pay off their interest rates. The number of loan borrowers, which studies conducted by Ali and Karim found to be high, is a useful indicator of indebtedness. According to a study conducted by Karim of 158 randomly selected household families, she found out that 110 women belonged to numerous MFIs, and nearly all of them had accessed new loans to repay the existing ones.¹³⁴ Ali's research conducted in the CHT, established that the majority of households 71 percent borrowed from multiple sources at the same time, to repay existing debts and purchase consumer items such as electronic appliances

¹³⁰ Karim, Lamia. *Microfinance, and its discontents*, University of Minnesota Press, 2011.

¹³¹ Ibid, p. 72

¹³² Ali, H. M. *The Ethnography of Violent Economies: Neoliberalism, Microcredit NGOs, Power Inequalities, and Capability Deprivations in the Chittagong Hill Tracts, Bangladesh*. 2015, p. 99.

¹³³ Ibid p. 114

¹³⁴ Karim, Lamia. 2011, p. 55

and mobile cell phones.¹³⁵ In addition, the researchers established that MFI officials frequently advise their clients to obtain additional loans through new memberships. Many borrowers find themselves in a never-ending cycle of debt because they are unable to find other ways to repay their past loans, which forces them to take out new and other bigger financial commitments to make up the difference. MFIs prioritize increasing incomes over borrowers' debts. As borrowers' demand continues to rise for seeking more credit to repay previous debts, MFIs on the other hand, have continued to increase lending from informal moneylenders whose rates are even higher compared to MFIs.

Karim illustrates how the informal moneylenders would attend women's group meetings and, if by chance one member was unable to repay, the Grameen bank officer would request the moneylender to cover for her.¹³⁶ She goes on to say that in each group she attended she discovered that at least 10 percent of the women she spoke to had difficulty making payments and were forced to borrow extra money from an informal moneylender, other members, MF, or sell their property.¹³⁷ Owing to the growing interdependence among borrowers and moneylenders, the default of a member affects many other members which ultimately causes the majority to struggle to repay their outstanding loans and risk becoming indebted. As a result, the community feels more strain and anguish. From these findings, it is noticeable how MFIs ignore the effects of multiple borrowing and the resultant debts because they only care about getting paid to remain profitable.

¹³⁵ Ali, H. M. A. "The Ethnography of Violent Economies: Neoliberalism, Microcredit NGOs, Power Inequalities, and Capability Deprivations in the Chittagong Hill Tracts, Bangladesh." 2015, p. 89.

¹³⁶ Karim, Lamia. 2011, p. 82

¹³⁷ Ibid, p. 90

Inadequate wealth creation through the establishment of enterprises

The primary rationale behind the growing public support of microfinance initiatives today is that microfinance helps to start or even expand existing business ventures.¹³⁸ The majority of MFI support institutions, internet searches, journals, and book publications, worldwide frequently include images of the poor, particularly women who have succeeded in starting their businesses and being financially secure enough to support their families. One of the first Grameen Bank investigations, undertaken in the mid-1990s by Aminur Rahman, discovered that between 1994 and 1995, up to 70 percent of microcredit in a sample of 217 understudies was expressly used for reasons other than those claimed.¹³⁹ A similar situation is indicated by estimates from India, where certain studies show that just a fifth to a third of microloans given is utilized to support an income-generating activity, with a significant portion going toward the client's loans.¹⁴⁰

In Sub-Saharan Africa, according to the Finscope country survey findings show that only a small portion of clients use microcredit to launch new or expand existing business enterprises. In Uganda, where microfinance is now widely available, microcredit usage was barely 15 percent while in Tanzania it is nearly the same.¹⁴¹ The overview survey concluded that the most common reasons customers took out loans were primarily to purchase food and pay for school and medical bills emerged as the most pressing needs and not to start business ventures.

¹³⁸ Bateman, Milford. *Why Doesn't Microfinance Work? The destructive rise of local neoliberalism*, Bloomsbury Publishing 2010.

¹³⁹ Rahman, A. *Women and Microcredit in Rural Bangladesh: An Anthropological Study of Grameen Bank Lending*, 1999, p.106.

¹⁴⁰, Claire Cain Miller, "Microcredit: why India is failing", 10 November 2006.

¹⁴¹ Finscope is an initiative of the FinMark Trust and is the most comprehensive national household survey focused on financial services needs and usage across the entire South and Southern African population.

The major argument for providing microfinance as a practical means of ending poverty stems from the capitalist idea that borrowers can start new businesses or grow current ones, generating money and becoming richer.¹⁴² The reality on the other hand is far from this claim, the reason being that even though loans are occasionally used for business-related activities, and even when they are, MFIs fail to offer the necessary advice and, in most cases, downplay the dangers that are linked with entrepreneurship as they solely focus on the process of making profits. One of the primary causes why MFI clients do not become effective business owners can be attributed to MFIs paying too much attention to offering loans to as many people to maximize profits, with little control over who receives loans and without extensive advice on how to invest the money. As a result, they lend money to those who are unable to use it wisely. According to Ashraf Ali, one female respondent told him: “People were saying that they had been doing well by borrowing money (from MFIs). So, let’s try too! After hearing that some people did very well with microcredit, I was also excited to do something good for us. I enrolled... borrowed a loan, and sustained a loss, and then I fell into a trap of loan cycle before I could realize its consequences.”¹⁴³

From the above statement, we can deduce that the woman joined MFI because of being influenced probably by her friends, neighbors, or even family members who she alleges were doing very well. From these illustrations, we can note that the driving factor that most poor women intend to register with MFIs is their illusions of becoming richer. This is significant to most MFIs as it helps expand their market bases while the poor women might not be able to access microfinance-alluring promises. Karim argues that despite MFI claiming to provide its

¹⁴² Yunus, M. *Creating a World Without Poverty: Social Business and the Future of Capitalism*. 2009

¹⁴³ Ali, H. M. A. *The Ethnography of Violent Economies: Neoliberalism, Microcredit NGOs, Power Inequalities, and Capability Deprivations in the Chittagong Hill Tracts, Bangladesh*. 2015, p. 96

members with the necessary skills and training, in some of the loan meeting venues, the processing primarily was based on monetary transactions. She goes on to say that during the meetings the women were focused on giving the money first and going back home to do their heavy domestic chores. The loan/ field officers on the ground spent much time recovering and distributing loans to clients and had no time investigating the purpose of loan applications.¹⁴⁴

Karim's findings demonstrate the failure of MFIs to provide the necessary skills and how to run a successful enterprise. Because MFI's main purpose is based on profit-making, its proponents solely present microfinance as an effective tool for reducing poverty without discussing the dangers associated with its operations.¹⁴⁵

In the case of loan repayments, MFIs set rigid repayment policies that demand borrowers to start repaying their loans in noticeably short periods, barely after a week or a month. In most countries of the global South, many of the rural women participants are normally involved with agricultural operations, and because of challenges in weather patterns, farm yields are not adequate, and when they are, finding a market sometimes takes time. Repayment becomes difficult specifically for members who rely on agriculture as the only source of income.

Anthropologist Karim demonstrates the difficulties associated with agricultural investments. She notes, "The MFI requires the borrower to start the process of repaying the loan the week after the loan was taken and this makes it almost impossible for the borrower to repay the loan from an investment of the loan itself."¹⁴⁶ In another study conducted by Jason Cons and Kasia Paprocki, *Contested credit landscapes: Microcredit, self-help, and self-determination in rural Bangladesh*,

¹⁴⁴ Karim, Lamia. *Microfinance, and its discontents: women in debt in Bangladesh*. University of Minnesota, 2011.

¹⁴⁵ Sara, Pietiläinen. *The Failure of Microfinance to Reduce Poverty: Critical Secondary Analysis of the Case of Bangladesh*. 2019. Retrieved at <https://research.cbs.dk/en/> on 3/2/2024.

¹⁴⁶ Karim, Lamia. 2011, p. 43

the authors analyzed borrower's microcredit experiences in Arampur, a remote region in northern Bangladesh. Specifically, their study aimed to, "explore the implications of using community-based research and engagement strategies to re-center the debate over credit within locales that are the target of microcredit institutions,"¹⁴⁷ their study established that the majority of respondents mentioned they preferred moneylenders who are flexible and consider their borrower's domestic conditions. They contend,

We paid the loans by selling the crops at the end of the harvest, or if there was a delay, we would ask for more time, and they would allow us to pay them back later, however, these non-governmental organizations are not that flexible. They accept installment payments at whatever cost.¹⁴⁸

This suggests that because of the rigidity of MFI's short payback requirement periods, many borrowers are unable to generate wealth because they have not been given enough time to profit from their investments. Owing to the major delays in the borrower's capacity to market their produce, agricultural enterprises are particularly challenging to succeed in. For this reason, microfinance encourages people to engage in other, more capitalist forms of economic activities.

Summary of related literature review

This chapter has demonstrated how popular support for microfinance as a solution for empowering women and poverty alleviation, makes poor women without considering the intricacies of disparities and power dynamics. It has highlighted how the present focus on microfinance's ability to improve the lives of women is limited by normative cultural standards,

¹⁴⁷ Cons, Jason, and Kasia Paprocki. "Contested Credit Landscapes: microcredit, self-help and self-determination in rural Bangladesh." *Third World Quarterly* 31, no. 4 (2010): p. 638

¹⁴⁸ Cons, Jason., & Kasia Paprocki. 2010, p. 644.

which became ingrained through a challenging socialization process, limiting women's empowerment and societal transformations.

The chapter has also shown that even with MFI working with women and providing easy access to microloans which excluded them because of lack of collateral, men still make the majority of financial decisions in households. The empirical data covered in this chapter have illustrated that although women are significant decision-makers, microfinance does not assist women in any way when it comes to making major decisions about ownership and income. Furthermore, despite the widespread perception that microfinance institutions empower women, their burdensome household obligations have not been lifted off their shoulders. In many regions of the global South, particularly in rural areas, women end up working for longer hours; conversely, even in circumstances when they have access to microcredit, their productivity is hampered.

As a result, of the widespread argument of MFIs giving out loans to women to start or even expand existing business ventures that would enable them to generate profit and become wealthy, the main usage of the loan is for consumption purposes. By the virtue of giving poor women credit MFIs have exposed them to demands that they are expected to easily meet. These requirements are, however, only momentary because they must return the loans at exorbitantly high interest rates which ultimately increases high levels of debt burden and exploitation of the poor women.

CHAPTER THREE

HISTORICAL BACKGROUND FOR WOMEN'S SUBORDINATE STATUS

The marginalization of women is prevalent in practically every aspect of the economy. The World Economic Forum asserts that women's marginalization has been a long-standing and global issue with tremendous socio-economic implications. Its severity and repercussions differ depending on the culture and country.¹⁴⁹ As a result, discrimination, gender inequality, and marginalization have been some of the key issues preventing women's political and economic advancement; as a result, women are unable to fully participate in development agendas like their male counterparts.¹⁵⁰

Marginalization denotes any form of bias towards a particular group in either formal or informal contexts. This may include discrimination in access to socioeconomic, cultural, or political opportunities which confines this category of persons to powerless positions. Although the concept of marginalization may change depending on the socioeconomic and historical background of the societies, its effects on the marginalized are universal throughout continents, people, and cultures. This chapter will attempt to analyze the foundations for women's subordinate status situating from the lens of pre-colonial, colonial, and post-colonial Kenya.

The status of women in Kenya during pre-colonial times

In most parts of Kenya, as it was in the majority of the African continent during pre-colonial periods, women performed similar roles. Although in a majority of societies, women's roles were restricted to household domestic chores, there are numerous other societies where

¹⁴⁹ World Economic Forum (WEF). The global gender gap report, 2015.

¹⁵⁰ Emordi A. T. O. Gender Inequality, the exclusion of women in governance and security issues: Establishing the cost and role of women in inequality. 2019, p. 3-4.

women functioned outside of their homes.¹⁵¹ John Clarke’s article “African Warrior Queens” notes that in Africa the woman’s place was not only in the domestic sphere but also involved taking on leadership mantles without being questioned by any authorities.¹⁵² Most traditional African societies were either patrilineal or matrilineal.¹⁵³ In patrilineal societies, this is where children trace their inheritance through the father whereas in matrilineal societies, trace through the mother, also involves naming, inheriting property, and acquiring any positions in society through the mother. The anthropological findings of Jomo Kenyatta, *Facing Mount Kenya*, demonstrate that the Kikuyu community of Kenya traced their lineage matrilineal as women’s roles revolved around their clans, families, and age groups.¹⁵⁴ He further describes the original society as matriarchal whereby women headed families and also held political leadership roles. Although soon after the Kikuyu men employed other tricks to break away from matrilineal lineage, eventually leading to the establishment of a patriarchal society, the nine daughters of the tribe’s founders are still dominant under the Kikuyu name, specifically, “*Wacheera; Wanjiko; Wairimo; Wamboi; Wangare; Wanjiro; Wangoi; Mwathaga or Warigia* and finally *Waithera*”.¹⁵⁵

Among many communities in Kenya, women’s nurturing roles extended to the cultivation and provision of food on the farm. Ali Mazrui’s article, “The Economic Woman in Africa: An African Commentary from a Sociological Perspective”, describes the roles of women as those that entail a connection to Mother Earth, fetching water, and collecting firewood and most importantly of all women safeguarding the lives and ensure continuity of the society through

¹⁵¹ Leslie, Agnes. *Evolving Roles of African Women, A Survey of Africa and African Diaspora* 4th edition, Carolina Academic Press, (2019): 583 – 597.

¹⁵² John Clarke. “African Warrior Queens.” In *Black Women in Antiquity*. New Brunswick, NJ, 1988, pp. 123 - 134

¹⁵³ Leslie, Agnes. “The evolving roles of African women.” *Africana studies: A survey of Africa and the African Diaspora*, Carolina Academic Press, (2019): 583 - 597.

¹⁵⁴ Jomo Kenyatta. *Facing Mount Kenya: The tribal Life of the Gikuyu*. Vintage Books, New York. 1962.

¹⁵⁵ *Ibid*, p. 10.

childbearing. In most societies across Africa, women's roles were performed in a complimentary way. In most cases, the men were hunters and gathers while on the other hand, women took care of the land.¹⁵⁶ The woman's economic strength was agriculture. Given that land management governed food production, women were acknowledged for their significant economic contributions as food producers. In several Kenyan communities, the Kikuyu being a notable example, women had gained control of the land and decided how it would be cultivated. The land was divided by the ladies and distributed to the other members of the family. The economy was thus dominated by women.¹⁵⁷ Additionally, both males and females Kikuyu community also took part in trading among other neighboring communities, particularly the Maasai and the Kamba communities.

Communities embraced a kind of barter trade whereby the women exchanged their extra grains and other goods produced which was essential for their family members. Throughout the continent, women held major economic roles with wide-ranging impact. Women realized how important they were to their communities' livelihoods. Among the Kikuyu community, women produced the majority of the food for the people, not only did they have access to land, but they had also the ability to decide how it would be farmed and used. This gave them power over the community on both an economic and political level. In addition, similar to the Kikuyu women, the Maasai community since they were pastoralists, the Maasai women tended to their animals, sewed clothes, fetched water, carried firewood, and constructed homes also involved in trading milk supplies and skin hides between themselves and other tribes. Marjorie Mbilinyi, a scholar, feminist, and activist, asserts that women played a significant role during pre-colonial periods.

¹⁵⁶ Hollander, Beth R. *Out of tradition: The position of women in Kenya and Tanzania during the pre-colonial, colonial, and post-independence eras*. American University Press, 1979.

¹⁵⁷ Ibid

She states that before the advent of colonialism, “Women were economically active and productive in and out of the house. They were highly valued as mothers of children and as good workers. At the same time authority was vested in men and male activities had greater prestige and value. And the head of the household was dominant over all others”.¹⁵⁸

The status of Kenyan women during colonialism

Colonialism has been credited with bringing about considerable changes in African society. Various authors have seen these changes as having either a harmful or good impact on African society, thus adding to the issues that it faces today. (see Agnes Leslie 2006, Hollander Beth 1979). Uchendu, Dorthe, and Jiggins argue that men and women in pre-colonial societies were complimentary to one another, the whole issue of women’s subordination was brought by the colonialists who disrupted the entire established socio-economic structure, which led to the issue of women’s marginalization. The place of women was completely rendered irrelevant, there was neither a place for women in any leadership position nor a lesser position for women in general.¹⁵⁹

The males were favored by the colonial administration since they were required for their services in the new economies and administrative offices.¹⁶⁰ Men’s standing was altered by the need to pay taxes. Conversely, women remained homemakers and were not involved with the new administration. Most Kenyan women’s traditional positions were diminished as the colonialists forced new forms of production that increasingly controlled their economies, and they were excluded from accessing contemporary production tools for instance land ownership,

¹⁵⁸ Mbilinyi, Marjorie. “Tanzanian women confront the past and the future.” *Futures* 7, no. 5 (1975): 400-413.

¹⁵⁹ Agnes Leslie. *The Evolving Roles of African Women*. 2006.

¹⁶⁰ Hollander, Beth R. *Out of tradition: The position of women in Kenya and Tanzania during the pre-colonial, colonial, and post-independence eras*. American University, 1979.

undergoing any form of training and access to credit.¹⁶¹ The marginalization of women catalyzed the survival of the colonial economic order. This suggests that before the arrival of colonialists, both men and women operated communally, with each other and actively participated in family and societal affairs, contributing as much as they could, and reaping the rewards fairly. Furthermore, there was no private property ownership under the old system, which therefore prohibited discrimination or oppression of any kind. In the community, the ability to dominate the labor of others through private appropriation was disallowed. In most situations, the authority and status of both sexes were seen as communal issues, and age restrictions were decided upon by seniority rather than a person's gender.

Again, both men's and women's status and position developed as they raised their growing families and advanced in age, winning acceptance from the elderly generation. The young members of the community, both boys and girls, men and women were expected to accord respect to the senior members of the community. Nang'oli's text, *No More Lies About Africa*, postulates that "all the women in Africa are regarded as mothers and the older men as fathers".¹⁶² The argument implies that the titles gave individual status meaning that the duty of providing for the family and community at large fell to whoever has attained such a title. Within this particular setting, women performed specific tasks while men carried out their assumed duties. Equally, the duties performed by either gender were complementary or were done through mutual understanding. Men were explicitly tasked with the responsibility of safeguarding the family and the neighborhood against external threats. This demonstrates that their inclination was regarded as being more external and public. This is not to say that males held higher status; rather,

¹⁶¹ Hollander, Roberta. 1979, p. 109

¹⁶² Nang'oli, Musamaali. *No More Lies about Africa, 2nd Ed.* Africa: AH Publishers, 2002.

essentially, meant that women may pursue economic interests such as trading and manufacturing, which exposed them to other aspects of society. Through these women were able to gain a remarkable status in their socioeconomic spheres of society. Through this kind of existence, women did not have any complaints of being subjugated or oppressed. Anthropologist Dorthe von Bulow's article, "Rediscovering female subordination among the Kipsigis women in Kenya", states that,

The subordination of women was an outcome of changed production relations. During the pre-colonial times, the Kipsigis community had no conception of private and permanent ownership of property, it was communally held, and the principle of usufructuary rights governed the cultivation of land. As a result of colonialism and the integration of the global capitalist system, the correlations between the male-female egalitarian and social strand were replaced by gender stratification and women's reliance on men. This general process of change contributed to the decline of women's indigenous labor organizations and shaped women's altered status in Kipsigis society namely resulting in (1) the commercialization of produce; (2) the privatization of landownership; and (3) the increasing significance of wage labor, primarily among men.¹⁶³

This signifies that the marginalization of women is not a natural occurrence that happened to any society but rather was introduced by colonizers which also altered their ways of life. The transition from agricultural labor to office employment more specifically in the industries resulted in enormous urbanization with more emphasis in favor of men since they were assigned to the majority of the tasks. These changes made the majority of women more dependent on men

¹⁶³ Dorthe Von Bulow, "Rediscovering Female Subordination: Kipsigis Women in Kenya", 1991.

and rendered them helpless. Patrick Uchendu's book, *Education and the Changing Role of Nigerian Women* clearly states that the issues of women's subordinate status emerged with the advent of colonialists who brought with them the "Victorian concept of women" whereby women were confined to their private spheres of doing domestic chores. The introduction of this concept caused women to fall considerably behind men in terms of their socioeconomic and political positions, that they had previously occupied in their ancient societies.¹⁶⁴

According to the Victorian concept, the women could only be 'seen' and not 'heard' a notion that originated in Europe's medieval era.¹⁶⁵ Their educational system, which limited women to the house and trained them primarily for household tasks, encouraged it. Even while their position was significant, it limited their exposure and, as a result, lessened public recognition of women. The shift from the pre-industrial medieval world to the modern industrial one brought about the formation of the nuclear family, altered the nature of household work, and reduced its importance. The menial jobs that were initially undertaken by the unmarried young women of the larger extended family household were now performed by housewives. The system of production declined the economic importance which resulted in a widened division between men and women of various classes thus reinforcing the idea of women's subordinate status.¹⁶⁶

In addition, the colonial system also imposed laws and regulations that, in part, favored men and reinforced women's subordinate status. This was mostly observed in the economic sphere. In Sally Sontheimer's text, *Women, and the Environment*, as quoted by Jiggins writes,

¹⁶⁴ Uchendu, Patrick. *Education and the Changing Role of Nigerian Women*. 1995, p. 81.

¹⁶⁵ Ibid, p. 51

¹⁶⁶ Ibid, p.51.

Most developing countries have a long history of colonial rule which imposed laws and social structures particularly harmful to women. Among these are inheritance laws, legislation on land ownership and transfer, and social restrictions on women which seriously limit their activities and aspirations. Inheritance laws and communal rights to land which once allowed access by women have been replaced by title-deed systems which, by law or custom, restrict land ownership to individual men.¹⁶⁷

This implies that the colonialist creation of women's inferior status altered the traditional African way of doing things, resulting in a distortion of both men's and women's feelings of superiority and inferiority. Ultimately, resulted in the distortion of men's socioeconomic institutions and granted them complete control over property and other economic issues. The end of colonization in most third-world countries has not abolished these practices, it was followed by neocolonial times whereby most third-world economies have continued the legacies of the colonialists thus demonstrating the inferior and superior positions that both women and men have continued to occupy respectively even to date.

An evaluation of the contemporary situation of Kenyan women

Kenya's independence was short-lived since it was liberated from the colonial rulers' political dominance, and it would take time to reverse the detrimental effects of colonialism imposed by the British and other foreign powers to serve their economic interests. In addition, to the broader devastation colonialists had caused in Kenya and other parts of the African continent, women's socio-economic and political standing was severely damaged. When Kenya gained its independence, the status of women was largely relegated to inferior positions as a result of harsh

¹⁶⁷ Jiggins in Sally Sontheimer. *Women and the Environment: A Reader, Crisis, and Development in the Third World*. 1991, p. 12-13.

colonial practices combined with normative cultural exploitative frameworks.¹⁶⁸ Despite Kenya's notable progress in promoting gender equality and the empowerment of women, efforts must still be taken to guarantee that women remain on par with men in every aspect of life. Women continue to face numerous obstacles in obtaining resources and seizing chances, both in Kenya and throughout Africa.

The idea of women's empowerment demonstrates that the existence of systems of subjugation may be attributed to the fact that in every phase of life, different social groupings will exist including the superior and inferior groups, the poor, and the rich. Oftentimes, the poor and the inferior groups are deprived, and they do not enjoy fully their fundamental rights and responsibilities in society. According to a Kenyan Daily Nation newspaper publication, *Women Yet to Get a Fair Share,...* "Kenya's women have limited control over resources, economic opportunities, and political power...women generally have less access than men to social services and resources."¹⁶⁹ This denotes that even though this publication does not allude to the issues of women's inferiority or disadvantage in society, it does highlight that there exists a big gap between both genders males and females in terms of access to social services and resources which remains key for women's empowerment. Another article published in Kenya's newspaper by the Federation of Women Lawyers (FIDA – K), compared Kenyan women's status to that of second-class citizens¹⁷⁰ the major reason why women have continued to lag in many aspects of their lives even to date.

¹⁶⁸ Hollander, Beth R. *Out of tradition: The position of women in Kenya and Tanzania during the pre-colonial, colonial, and post-independence eras*. American University, 1979.

¹⁶⁹ Nzioka, Patrick "Women Yet to Get a Fair Share", in the Daily Nation August 17, 2005.

¹⁷⁰ FIDA, "The Damaging Kenyan Truth" in The Standard Wednesday, November 30, 2005.

In Kenya, recent findings indicate that women at key decision-making tables are fewer as compared to their male counterparts. A general occurrence in Kenya just like in any other African country is that women hold low positions that are frequently less dominating, less powerful, and yet subordinate. A report titled, “Making Every Woman and Girl Count in Kenya” shows that the performance is of low standings at 15.6 percent.¹⁷¹ In her study on the “role of women in the democratization process,” Philomena Mwaura denotes the position of women in the Kenyan public workforce as lower cadre jobs where they have always averaged over 22 percent while averaging only 4.5 percent in the top cadre positions.¹⁷² Through this data, we can deduce that irrespective of the position women are rarely involved in key decision-making processes about issues touching on themselves and their work environment. Additionally, this is replicated in Kenyan political spaces where women are looked down upon in vying for political seats. Since independence, and in every electioneering period, women have taken part in exercising their right to vote like their male counterparts, however, their representation in parliament is dismally low.

The Kenyan Constitution (2010), Article 27 (8) establishes the principle of equality and mandates the state to implement affirmative action programs and policies to “address any disadvantages incurred by individuals or groups due to past discrimination.” Specifically, it mandates that elective and appointive bodies must comply with the two-thirds gender rule.¹⁷³ Women have been seen as not fit to either run for these offices or occupy big positions in the country. In the last concluded August 9th, 2022, general elections in Kenya, out of the 290 elected members of parliament positions, only 76 women were elected to serve at the national assembly,

¹⁷¹ UN Women. “Making Every Woman and Girl Count Report” 2020.

¹⁷² Mwaura, Philomena. “The Role of Women in the Democratization Process”. 1997, p. 78.

¹⁷³ Kenyan Constitution, 2010.

namely 29 were elected as members of parliament while 47 were elected to serve as county women representatives.¹⁷⁴ In the senate, only 3 women senators were elected out of 47 counties while for the position of governors, only 7 women were elected governors out of 47 counties. Among the cabinet secretaries appointed by the president to serve in various ministries, out of the 23 cabinet secretaries, only 7 were women.¹⁷⁵ The current governor of Kirinyaga and Chairperson of the Council of Governors Her Excellency Anne Waiguru during the G7 women governors caucus strategy in Nairobi as quoted by George Odiwuor states:

Kenya's political contest requires an enormous outlay of social capital, yet the processes of economic, cultural, and political capital accumulation still favor men more than women, regardless of men's ethnic, religious, or class divisions. There are biased gender social norms that undervalue women's capabilities and rights in society, limiting their choices and access to opportunities through unfavorable definitions of gender roles that regulate women's behavior and set boundaries of what women are expected to do and be.¹⁷⁶

In addition, a video documentary by Africa Uncensored demonstrates that the experiences of women in politics are only there to be "seen" and not "heard".¹⁷⁷ The experiences of Patience Nyage a governor aspirant, and Rose Orguba candidate aspirant for a member of the county assembly demonstrated that societal stereotypes have continued to undermine the place of women by depriving them of holding key positions and are not involved in running the affairs of the nation. It is in parliament where key decisions are debated and voted into law. This therefore means that with the small numbers of women in both houses of parliament (the Senate and the

¹⁷⁴ List of female MPs elected in Kenyan parliament 2022 accessed at: <https://www.tuko.co.ke> on 10/25/2023.

¹⁷⁵ List of cabinet secretaries Kenya profile 2022 accessed at <https://www.tuko.co.ke> on 10/25/2023.

¹⁷⁶ George Odiwuor. "Kenya's G7: Delivering on the devolution promise" Daily Nation March 7th, 2024.

¹⁷⁷ Africa Uncensored. "Kura Women in Politics: A deep dive into patriarchy in Kenya's politics". Retrieved at <https://www.youtube.com/watch?v=iknLA9SW47Y> on 2/18/2024.

National Assembly) it becomes extremely difficult to discuss matters touching on women's economic livelihoods.

In Kenya, women have continued to struggle with holding positions of authority in major social institutions for example religion, and political offices among many others. Women have constantly been barred from holding primary positions and have been equated to holding secondary positions. Religion has a significant impact on people's lives, and this can be attributed to the influence that it has on its followers. One can easily comprehend the roles that women are forced to occupy in religious affairs. Aspects of women's subordination in public spaces can be said to be largely influenced by socialization in the private sphere, more specifically family. Musa Dube's article, *Methods of Integrating HIV/AIDS in Theological Programmes*, states that:

Men are constructed as public leaders, thinkers, decision-makers, and property owners. Women are constructed primarily as domestic beings, who belong to the home or in the kitchen. They are mothers, and wives, dependent on the property of their husbands, brothers, or fathers. Women are constructed to be silent, non-intelligent, emotional, well-behaved, non-questioning, obedient, and faithful to one man – husband, boyfriend, or live-in partner. And so, we think of a good woman as one who takes good care of her home, children, husband, who hardly questions or speaks back to her partner, and who remains faithful to him.¹⁷⁸

This implies that in most African societies, Kenya-included women have been socialized right from their childhood to accept their place in taking care of household duties and that they should

¹⁷⁸ Dube, Musa. HIV/AIDS and the Curriculum: Methods of Integrating HIV/AIDS in Theological Programmes. 2004, p. 89.

take this position as normal while growing up. On the other hand, boys in their childhood stage are socialized to be providers of the family. In addition, women's ability to make decisions is lost, and their destinies primarily rest with the male figures in their lives. Also, in circumstances where women have the power to make those critical decisions, oftentimes the decisions lie with the male partners who sometimes consider the women as not deserving to occupy such post.

In Kenya, women make up 50.5 percent of the entire populace of over 47 million people as of the last population census.¹⁷⁹ Needless to say, an alarming majority of these women are illiterate which prevents them from providing for their families and being in any gainful employment opportunities. Women in Kenya just like anywhere in the world, are faced with discrimination despite the efforts undertaken by various government institutions and other international organizations, they are the majority who are in the informal sector of most of the economies. For instance, In Kenya, agriculture remains the backbone of the country's economy and is recognized as the most significant contributor to the country's economic growth and social development, generating 20 percent of the Gross Domestic Product (GDP) directly and 27 percent indirectly through collaborations with various other sectors.¹⁸⁰ It also employs more than 40 percent of the country's total workforce, as well as more than 70 percent of rural residents.¹⁸¹ Essentially women account for a greater proportion of the agricultural labor workforce in addition to their household unpaid domestic chores.¹⁸² Besides, women in Africa produce

¹⁷⁹ KNBS. Kenya Population Census Report, 2019.

¹⁸⁰ Central Bank of Kenya. Agriculture sector survey, January 2023. Retrieved at https://www.centralbank.go.ke/uploads/market_perception_surveys/1997478297_Agriculture%20Sector%20Survey%20January%202023.pdf on 2/12/2024.

¹⁸¹ Central Bank of Kenya. Agriculture sector survey, January 2023. Retrieved at https://www.centralbank.go.ke/uploads/market_perception_surveys/1997478297_Agriculture%20Sector%20Survey%20January%202023.pdf on 2/12/2024.

¹⁸² UN FAO. The Status of Women in Agrifood System. Retrieved at <https://www.fao.org/3/cc5343en/online/status-women-agrifood-systems-2023/overview>. On 2/12/2024

between 60 to 80 percent of food in the least developing nations and are responsible for the production of food for nearly half of the world. Despite the significant role that women in Kenya, as well as those in Africa, play in the agriculture sector, empirical evidence shows that gender bias still exists regarding women's use, control, and availability of resources such as financial resources, labor, land, and extension services, causes them to continue to face numerous obstacles and fall behind men in terms of agricultural productivity.¹⁸³

When it comes to land ownership, most women in agricultural households still face considerable disadvantages in comparison to their male counterparts. Over 40 percent of the nations that submitted reports on women's ownership of land, the proportion of men who owned or had a solid tenure of agricultural land rights was double that of the women.¹⁸⁴ Additionally, as per a 2021 policy briefing paper published by the Kenya Property Alliance, an institution mandated to enhance property laws in Kenya, findings revealed that women possess less than 1 percent of land titles deeds under their names, and 5 – 6 percent registered titles owned jointly.¹⁸⁵ Furthermore, in Kenya, culturally exploitative normative practices and legal restrictions often restrict women's access to the ownership and access to economically productive resources such as land which can act as a surety. Biased land inheritance rights, which usually favor the male, are denied to mothers, widows, and daughters.¹⁸⁶ This has negative implications for improving women's socioeconomic standing.

¹⁸³ Slavchevska, Vanya. "Gender differences in agricultural productivity: The case of Tanzania." *Agricultural Economics* 46, no. 3 (2015): 335-355.

¹⁸⁴ UN FAO. *The Status of Women in Agrifood System*, 2023.

¹⁸⁵ Kenya Land Alliance. "Women, land and property rights and the land reforms in Kenya." 2021, p. 1

¹⁸⁶ Agarwal, Bina. "Gender and land rights revisited: Exploring new prospects via the state, family, and market." *Journal of Agrarian Change* 3, no. 1-2 (2003): 184-224.

Conclusion

From the discussions above, it should be observed that during pre-colonial periods, there were set rules and norms across the different communities although they differed from community to community there was some form of guarantee which ensured women's prominence in their social hierarchies. This is not to state that women were equal in every aspect to men rather women played a significant contribution to the social order of their communities. They performed their roles complementarily with each other.

It can also be argued that colonialism greatly weakened the status of women and their responsibilities. With the inauguration of a new administration, men acquired new roles and responsibilities as they were assigned to work for the colonialists and at the same time remit their taxes. Conversely, women suffered as they were neither valued nor appreciated under the colonial systems. Women's position was superseded and absorbed by the colonial administrators, who emphasized a strong emphasis on uneven gender roles. This was seen in the case of Gikuyu women among other communities in Kenya, where their traditional organizations served as their sources of exercising rulership under matrilineal descent. In addition to the women being forced to perform unpaid domestic tasks, they were also subjected to stereotypes perpetuated by the colonial authority.

CHAPTER FOUR

EVOLUTION OF MICROFINANCE AND OPERATIONAL RATIONALE

The birth of the microfinance concept

The formation of microfinance is not a recent phenomenon, as it has grown over the years to reach its current form. In most countries of the world, the concept of lending money, particularly to poor people has always been practiced in numerous ways either formal or informal by lending both in the first and third-world economies.¹⁸⁷ Its extensive history is primarily associated with Asia, as well as in Africa and Europe.¹⁸⁸ Throughout Europe, it gained traction in the 18th century through the Irish loan fund system which was started by Jonathan Swift.¹⁸⁹ Although Friedrich Wilhelm Raiffeisen formed Germany's first rural credit union in 1864¹⁹⁰, Schulze-Delitzsch launched the country's first credit union midway through the 19th century with the express intent of serving both city traders and business entrepreneurs.¹⁹¹ Their selfless deed was driven by a desire to better the well-being of the rural populace and assist in reducing dependency on moneylenders. In Latin America, ACCION International, a U.S.-based microlending organization founded in 1961 by a law student, Joseph Blatchford, had lent money to owners of small businesses in Recife, Brazil, comparatively earlier.

Today, MFIs have been recognized worldwide due to the groundbreaking work of Muhammad Yunus, an economist who attended Vanderbilt University in the United States and is

¹⁸⁷ Zainuddin, Mohammad, and Ida Md Yasin. "Resurgence of an ancient idea? A study on the history of microfinance." *FIIIB Business Review* 9, no. 2 (2020): 78-84.

¹⁸⁸ *Ibid*, p. 79.

¹⁸⁹ Jonathan, Waita. 2012, p. 17.

¹⁹⁰ Guinnane, Timothy W. "A failed institutional transplant: Raiffeisen's credit cooperatives in Ireland, 1894-1914." 1994, p. 38-61.

¹⁹¹ Seibel, Hans Dieter. *Does history matter? The old and the new world of microfinance in Europe and Asia*. 2005.

regarded as the father of microfinance.¹⁹² Yunus' idea emerged in Bangladesh in the 1970s, an era that was characterized by recovery following the civil war related to its 1971 secession from Pakistan.¹⁹³ At the beginning of the 1970s, after his return from the United States, Yunus was appointed the chairman of Chittagong University.¹⁹⁴

Upon Yunus's return to his home country, he was horrified to see the extent of poverty and misery, and he started formulating fresh solutions to the problem. Yunus began studying the poor in Bangladesh villages, through his action research program whereby he learned of stories about merchants operating as informal moneylenders, to whom the majority of the poor people were permanently linked since they had to obtain raw supplies from the same vendor, made small returns, and had no other alternative means of existence.¹⁹⁵ Consequently, Yunus believed that the most suitable strategy would be to find another avenue for financing that would help poor laborers break away from moneylender's control and boost their revenue. Yunus contended that the poor were mainly deprived of credit opportunities, thus he promoted credit as a universal tool for reducing poverty.¹⁹⁶

The core of his idea was that the borrower might start an income-generating business with the loan, which would gradually increase their wealth and enable them to escape poverty. In this sense, Yunus believed that the impoverished only faced a problem with financing that kept them from investing in successful businesses that would ultimately lead to more prosperity. Therefore, Yunus did not eliminate the component of debt; instead, he only offered another

¹⁹² Roodman, David. *Due Diligence: An Impertinent Inquiry into Microfinance*. Center for Global Development. 2012, p. 65

¹⁹³ Bateman, Milford. *Why doesn't microfinance work? The destructive rise of local neoliberalism*. Bloomsbury Publishing, 2010.

¹⁹⁴ *Ibid*, p. 7.

¹⁹⁵ Yunus, Muhammad & Jolis, Alan. *Banker to the Poor: Micro-Lending and the Battle Against World Poverty*. Public Affairs, 1999.

¹⁹⁶ *Ibid*, p. 7- 8.

source of credit as an alternate solution. Consequently, the idea behind the provision of credit is based on the fact that if a borrower's income increases to the point that they are not considered poor, then all their problems have been solved. Through Yunus's special relations with the rural banks, he started a pilot project where he disbursed the monies to the poor and recovered millions back, the projects did not see the light of the day as many bank lenders feared it was a risky gamble despite its success rate.

Yunus founded Grameen Bank in 1983 with donations and today the bank serves over 10 million borrowers. As a result of Grameen Bank's success story, resulted in the establishment of numerous MFIs the world over, whose main aim was to meet the demands of low-income households, empower the marginalized especially women, and help in the reduction of poverty. The World Bank estimates that more than 7,000 microfinance institutions are in operation worldwide, providing low-income services to nearly 140 million borrowers.¹⁹⁷

A brief history of the evolution of microfinance operations in Kenya

At the time of Kenya's independence, foreign-owned institutions controlled the majority of the country's banking industry and other unrelated banking services.¹⁹⁸ Nonetheless, following its independence in 1963, many low-income households and micro-sized business entrepreneurs in Kenya's rural and urban areas relied primarily on microlending institutions that were established under either an NGO or a savings and credit cooperative society structure.¹⁹⁹ This was partly because the colonial authorities were opposed to the idea of African independence or

¹⁹⁷ Global microfinance figures trends, retrieved at <https://www.convergences.org/en/119115/> on 2/5/2024.

¹⁹⁸ United Nations Economic and Social Council. Kenya's Financial Sector Institutional Structure Evolution and Resource Mobilization for Development. 1997, p. 10

¹⁹⁹ Omino, George. "Regulation and supervision of Microfinance Institutions in Kenya." *Central Bank of Kenya*, 2005.

gaining access to financial resources as it was forbidden by law.²⁰⁰ With the establishment of the joint loan board scheme, a credit program operated by the District Trade Development office, and with membership drawn from both the national government and local authorities, Kenyans were able to establish local and clan associations throughout the late 1940s and early 1950s, mostly consisting of welfare societies, burial, and saving schemes.²⁰¹ The British colonial administration obstructed the expansion of these groups by rejecting earlier attempts to register them as savings and credit associations under cooperative development.²⁰²

In the 1960s, the monetary system entailed setting key priorities for agricultural exports, and manufacturing activities, in addition to foreign trade specifically for expatriate groups. Cooperative societies, Post Office Savings Bank, and a few foreign-owned banks with offices exclusively in big cities made up the formal institutions. The few accessible moneylenders funded commercial firms, mining, and plantations many of which were owned by foreign nationals. Only foreigners had access to the official financial institutions, which primarily provided funding for foreign-based trade-related activities, and this caused local businessmen to be financially marginalized. The formation of informal lending was justified by native businessmen's inability to acquire microcredit from formal banks. Accordingly, the moneylenders that constituted the informal financial sector provided money to the businessmen, thus meeting the borrowing demands of both the farmers and those who engaged in the running of business ventures. This was achieved by keeping constant communications with their

²⁰⁰ Alila, Patrick. "Institutionalizing Rural Development in Kenya: smallholder credit origins and perspectives." 1990, p. 7.

²⁰¹ Jonathan, Waita. "Challenges facing women in accessing credit from microfinance institutions in Nakuru." University of Nairobi, Kenya, 2012.

²⁰² Alila, O and Obando, P. Institutionalizing Rural Development in Kenya. Small Holder Credit Origins and Perspective; Working Paper NO.4 73 the University of Nairobi, Institute of Development Studies 1990.

customers and understanding their inner workings. Among the many services that were easily accessible were Rotating Savings and Credit Associations (ROSCAS).²⁰³

During the 1970s the main institutions that gave credit to small and medium-sized businesses were faith-based organizations.²⁰⁴ Key among them was the National Council of Churches of Kenya (NCCCK). Additionally, following the release of an employment report by the International Labor Organization (ILO) in 1972, interest rates in Kenya's informal sector were also traced. For the first time, this report recognized the informal sector as an important potential source of employment and economic growth in Kenya.²⁰⁵

During the 1980s, the period was characterized by the emergence of several local non-financial institutions and other banking institutions. These included the Kenya Women Finance Trust (KWFT), now rebranded as Kenya Women Microfinance Bank, and the Kenya Rural Enterprise Program (KREP), which were primarily established to offer financial services largely to the traditionally unbanked population.²⁰⁶ These financial institutions were substantially financed by International Non-governmental Organizations, and heavily adopted an integrated training and credit approach to facilitate the micro-entrepreneurs. Additionally, these institutions established alternative credit distribution channels for the disadvantaged poor in society which included small loans without the need for tangible collateral. This approach required the loan recipients both men and women to form groups that acted as co-guarantors and enabled them to access loans. These micro-lending institutions have been successful in ensuring that financial

²⁰³ Dondo Alcke. *Broadening the Outreach of the Microfinance Sector in Kenya*, Central Bank of Kenya Publication, 2000.

²⁰⁴ Jonathan, Waita. "Challenges facing women in accessing credit from microfinance institutions in Nakuru." University of Nairobi, Kenya, 2012.

²⁰⁵ ILO. *A strategy for increasing productive employment in Kenya* (Geneva, 1972).

²⁰⁶ Jonathan, Waita. 2012, p. 9.

services are easily available to the poor and have achieved a high repayment return more specifically to the women borrowers.

In 2010, the Central Bank of Kenya, in its supervision report, acknowledged the expansion of microfinance institutions and how commercial institutions are creating new bank products or establishing subsidiaries to engage in microfinancing.²⁰⁷ The government of Kenya passed the Microfinance Act 2006, which went into effect on May 2nd, 2008, and regulates the MFI activities throughout Kenya.²⁰⁸ Currently, in Kenya, there are more than 100 institutions that engage in microfinance, including over 50 others operating as non-governmental organizations (NGOs). About twenty or so of these NGOs only engage in microfinance, with the remainder of NGOs combining microfinance with social welfare initiatives.²⁰⁹ Among those that have registered their membership with the Association of Microfinance Institutions, Kenya (AMFI-K) as of December 31st, 2021, comprised of 12 microfinance banks (MFBs), 37 credit-only microfinance (COMFIs), 1 Sacco, 3 Wholesale Microfinance Institutions, and 1 developmental institution.²¹⁰ Kenya Women Microfinance Bank (KWFT) remains a significant player in the financial sector within the country.

History of Kenya Women Microfinance Bank

Kenya Women Microfinance Bank (KWFT) was founded in 1981 with funding assistance from multiple donors.²¹¹ In the early 1990s, the institution was in decline as a result of numerous

²⁰⁷ Central Bank of Kenya, Bank Supervision Annual Report 2010. Retrieved at [https://www.centralbank.go.ke/images/docs/Bank%20Supervision%20Reports/Annual%20Reports/bsd2010\(2\).pdf](https://www.centralbank.go.ke/images/docs/Bank%20Supervision%20Reports/Annual%20Reports/bsd2010(2).pdf) on 2/23/2024.

²⁰⁸ Central Bank of Kenya, Regulated and supervised MFIs in Kenya 2024.

²⁰⁹ Omino, George. "Regulation and supervision of Microfinance Institutions in Kenya." Central Bank of Kenya, 2005

²¹⁰ Association for Microfinance Institution in Kenya sector report, December 2021.

²¹¹ Washington, Kiiru. and Pederson, Glenn. "Kenya Women Finance Trust: Case Study of a Micro-Finance Scheme. Africa Region, World Bank, Washington, D.C. 1996.

non-performing loans, which were mostly the result of widespread mismanagement.²¹² Its operations had virtually stopped, and donor confidence had been seriously damaged. This resulted in the reorganization of the bank, with a new board of directors, management, and personnel comprising expertise from several occupations. Among them were professionals in the banking sector, law, entrepreneurship, and information communication and technology. Their goal was to guarantee that the firm would attend to the “financial and non-financial needs of women in Kenya”.²¹³

Up until 2008, KWFT was a division of Kenya Women Holding [KWH], which is presently known as Echo Network Africa [ENA]. In 2009 KWFT took over KWH’s microfinance operations.²¹⁴ For over thirty years, KWFT has continuously provided access to many of its clientele and has continued to promote cooperation and networking amongst other microfinance institutions. As shown in its story, KWFT received a deposit-taking license from the Central Bank of Kenya (CBK) in March 2010 and it takes enormous pride as the only financial institution in Kenya and Africa that serves a distinct niche market, as portrayed in the organization’s slogan “Banking on Women.”²¹⁵

The majority of KWFT’s clientele live in rural and semi-urban regions. This is because conventional commercial banks target clients in cities and urban areas with considerably high economic operations that offer avenues for investments and deposits. Therefore, KWFT brands itself as a bank that reduces inequalities by including clients who cannot access commercial

²¹² Washington, Kiiru, and Pederson, Glenn. “Kenya Women Finance Trust: Case Study of a Micro-Finance Scheme”. Africa Region, World Bank, Washington, D.C. 1996.

²¹³ Kenya Women Microfinance Bank. KWFT: History. 2023a.

²¹⁴ Omolo, E.J. Factors influencing implementation of project management in public-funded projects in Kenya, 2015.

²¹⁵ Kenya Women Microfinance Bank. (2023c). *KWFT: our story*. Retrieved from <https://www.kwft.com/our-story>

banks.²¹⁶ To meet this goal, KWFT has made large investments in a broad network of units and branches, spread out across 45 out of 47 counties in the Republic of Kenya.²¹⁷ As the leading MFI with a significant share of the market, shown by its growing clientele over time, it currently serves over a million customers nationwide and is supported by two thousand, six hundred and fifty-seven employees.²¹⁸ The institution is 75 percent owned by Kenyans with the remainder 25 percent of shares owned by foreign investors.²¹⁹

The institution's primary goals are to provide easy access to credit to all female entrepreneurs operating small and medium-sized businesses, mobilize members' savings, and promote networking amongst like-minded microfinance organizations. The bank promotes group financing with its Biashara and Uaminifu credit programs, which are available through its branch network.²²⁰ The Uaminifu scheme requires members to open a bank account where they can deposit their funds. This criterion is crucial in connecting female entrepreneurs to the formal banking system.

Most microfinance institutions (MFIs) in Kenya have effectively replicated the early Grameen Bank model established by Yunus.²²¹ It has three main features, first, peer group lending and MFIs thriving in group formation. The members are usually defined by having shared/common bond aspirations. The group membership comprises five to ten members, who

²¹⁶ Kenya Women Microfinance Bank. (2023c). *KWFT: our story*. Retrieved from <https://www.kwft.com/our-story> on 2/24/2024.

²¹⁷ Kenya Women Microfinance Bank. (2023c). *KWFT: our story*. Retrieved from <https://www.kwft.com/our-story>.

²¹⁸ Kenya Women Microfinance Bank. (2024). At a glance [Business]. Accessed at <https://www.kwftbank.com>.

²¹⁹ Kenya Women Microfinance Bank. 2024. Retrieved at <https://kwftbank.com/ownership/>

²²⁰ Ibid

²²¹ Omino, George. "Regulation and supervision of Microfinance Institutions in Kenya." *Central Bank of Kenya*, 2005.

act as co-guarantors. Subsequent loan access to all members in the group is based on the group's successful savings and repayments of the loan amount.²²²

Secondly, no tangible security is required as is the case with commercial banks since the group members have joint liability and are therefore all liable for individual loans.²²³ This implies that if any member in the group defaults, the other members in the group cover for the person. Failure to do so prevents the whole group from accessing credit in the future. Consequently, the resulting impact is group pressure which keeps the group in line and prevents further cases of defaulting.

Lastly, the microfinance model is characterized by weekly or monthly meetings with loans/ field officers for the sole purpose of payment of loans, advertising new products, and filling out loan application forms for the members who intend to borrow.

²²² Yunus M & Jolis A. *Banker to the poor: Micro-lending and the battle against world poverty*, 1999.

²²³ Ibid p. 78.

CHAPTER FIVE

KWFT: DATA ANALYSIS, RESULTS AND DISCUSSIONS

This chapter provides an analysis of the data collected in the field and the findings of my research about the obstacles/problems that women in Kenya go through in MFIs. The findings rest on surveys, face-to-face interviews, and focused group discussions (FGDs) that I employed.

Respondent's demographics

In the process of analyzing participants' biodata, four major themes were explored. These included respondent's age, education level, marital status, and occupations. At the time the research was conducted, I met with a total of eight different groups in various locations. The study had a total of 37 participants, which was deemed significant.

Age of the respondents

Table 5.1: Age of respondents

<i>Age</i>	<i>Frequency</i>	<i>Percentage (%)</i>
26 – 35 years	2	5
36 – 45 years	6	16
46 – 55 years	15	41
Over 55 years	14	38
TOTALS	37	100

Source: Field Data 2023

Table 5.1 above depicts the composition of research participants by their ages. The findings reveal that most of the women involved in microfinance operations in the case study are between the ages of 46 to 55 years of age representing 41 percent of the sample population. The findings of the study further demonstrate that women over 55 years were 38 percent, those between 36

and 45 years stood at 16 percent, and those between 26 to 35 years were 5 percent. This suggests that the age category between 46 to 55 years requires more finances than other age groups. Most people in this age group likely require finances to settle their children’s school fees and medical bills among other expenses.

Educational level

Table 5.2: Level of Education

<i>Level of education</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>None</i>	7	19
<i>Primary level</i>	16	43
<i>Secondary level</i>	11	30
<i>College</i>	3	8
Totals	37	100

Source: Field Data 2023

Table 5.2 above demonstrates that the majority of respondents, 43 percent had acquired a primary level of education, 30 percent completed their secondary education, 19 percent had no formal education and 8 percent completed their studies at the college level. This indicates that a considerable number of MFI respondents demonstrated a high degree of knowledge and awareness of the operations of microfinance, resulting in genuine and credible information.

Marital status of the respondents

Table 5.3 demonstrates that 78 percent of respondents involved in microfinancing operations are married, 16 percent are widowed, and 3 percent are either single, divorced, or separated. This suggests that the majority of the customers are married women. Most married people who commit a significant amount of time and resources tend to have more financial responsibilities, which is why they participate in economic activities such as group microlending to cover the necessities of their families. As the sole surviving parents in their homes, widows may have difficulty finding time because they have to manage both household duties and activities that generate income. The small percentage of single and divorced/ separated people can be attributed to the probable financial difficulties that hinder them from attending or participating in MFI operations. Another possible explanation is that divorced/ separated could be more confined by their busy schedules to caring for their families.

Table 5.3 Marital status

<i>Marital status</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Married</i>	29	78
<i>Single</i>	1	3
<i>Divorced/ Separated</i>	1	3
<i>Widow</i>	6	16
Total	37	100

Source: Field Data 2023

The main occupation of respondents

Table 5.4 Employment status

<i>Level of employment</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Employed</i>	4	11
<i>Self-employed</i>	7	19
<i>Subsistence farmer</i>	23	62
<i>Trader/businessperson</i>	3	8
Total	37	100

Source: Field Data 2023

From the table above, research findings indicate that 62 percent of respondents worked as farmers, 19 percent were self-employed, 11 percent were employed, and those working as traders/businesspeople represented 8 percent. This suggests that most of the respondents taking part in MFI operations largely depended on microcredit to improve their farm yields or other farming-related activities.

Decision-making power and usage of the loans

The main argument for the establishment of microfinance as an avenue for reducing poverty rests on the belief that the poor borrower, in this particular case women, will be able to establish or expand an existing business venture that would generate profits and make them wealthy as argued by Muhammad Yunus. Generally, for one to qualify for a group loan, a person must have been a member of the group for a few weeks, must fulfill the saving requirements, and must seek consent from the group members where they deliberate on the applicant's suitability. If she qualifies, the loan officer approves it. In my research study, when I asked the respondents who among their spouses decided that they should borrow a loan from MFI, (13) 35 percent

agreed that their husbands made the decision and used the loan entirely for their consumption, (5) 14 percent said they were neither in favor of nor against who makes decisions, and (19) 51 percent said they would make joint decisions with both of their spouses. However, the majority of loan users cited their husbands, children (both sons and daughters), and siblings as the main beneficiaries of these loans. My research findings partly agreed with Lamia Karim's (2008: 15, 2011), and Ali Asharaf's (2015: 87), (see Chapter 2) that male family members such as sons, husbands, and occasionally in-laws like father- and brother-in-law benefit from these loans, even though women are the borrowers. However, in Kenya, the loans were both used by male and female family members.

The pattern of loan usage

Concerning loan usage, only 19 percent used the loan in the repayment of debts, and 11 percent stated they applied for loans for the expansion of their business enterprises. Most of the respondents, however, did not use their loans for the reasons stated in their loan applications. Currently in Kenya just like most countries across the globe, the economy has been hard hit by skyrocketing prices of commodities. Therefore, most of the loans disbursed at the time this research was conducted, 62 percent were used for managing household expenses, purchasing food, and settling school fees among many others. The findings suggest that the claim that MFI lifts poor women borrowers out of poverty through establishing enterprises, does not hold with the vast majority of customers, as they use pricey microloans to purchase household items which ultimately leaves them in debt. Women's financial situation only gets worse, since the availability of many MFI operations only encourages the accumulation of profits on the MFIs at the expense of their customers as revealed by the research findings below.

Table 5.5: The pattern of loan usage

<i>The pattern of loan use</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Establishment/ expansion of business ventures</i>	4	11
<i>Repayment of debts</i>	7	19
<i>Household consumption</i>	23	62
<i>Any other usage</i>	3	8
Total	37	100

Source: Field Data 2023

Women’s socioeconomic impact on microloans

Discussions on their current and past socioeconomic standings, acquisition of assets, debt repayments, and experiences of taking part in microfinance programs demonstrate that a minimum of 24 percent of households had improved their socioeconomic standings. However, they contend that most of this improvement was not primarily because of MFI programs. They involved the fact that their spouses were engaged in temporary jobs in addition to harvesting farm produce, which helped to supplement their household incomes. 38 percent of households were unable to influence any positive changes in the economy. At least 30 percent of women’s households experienced a decline in their socioeconomic standings following their involvement in microcredit. Additionally, 8 percent of respondents felt that being involved in microfinance was not susceptible to bringing about financial gains and thus considered quitting as demonstrated in the table below.

Table 5.6: Women’s socio-economic status

Women’s Socioeconomic standing	Frequency	Percentage (%)
<i>Experienced no change</i>	14	38
<i>Experienced a decline</i>	11	30
<i>Experienced improvement</i>	9	24
<i>Involvement with MFI is not prone to bring about financial change</i>	3	8
Totals	37	100

Source: Field Data 2023

MFI narrative of creating loan needs and improving borrower’s socioeconomic standings

To help find answers to some of the tactics used by MFI to encourage impoverished women to apply for loans. I provide detailed explanations of some of the ways that the microfinance bank under study influences women to apply for loans in the name of improving their livelihoods.

When promoting its loan products, MFI employs different tactics that will ensure growth and development, while also considering the goods and services it provides to widen its market base to its clientele. Proponents of microfinance contend that, in addition to MFIs empowering women and reducing poverty, MFIs attempt to showcase selective success stories of their customers who have achieved great to increase their market base. Some of the products that MFI offers in the form of credit may include agricultural loans, energy loans, and housing loans, water tank loans among many others. Research findings demonstrate that the idea of MFI introducing these products through their staff is meant to persuade their clients to apply for these loans and use other people’s successes who have used these products before. Yet the business

development officers or rather the (field/ loan officers) do not discuss any negative effects when promoting the products; instead, they concentrate on attracting new clientele to grow their customer base. As Informant 3, stated,

“When MFIs want to win your approval to become a member, they promise you the world and tell you how you will raise your financial status. They even go so far as to say that our MFI is entirely committed to making sure we have access to greater chances. Like for example, if you intend to buy a water tank or a micro-housing - *Nyumba* smart loan (housing finance) we will fund you and be among other people who are staying in more decent houses. It has dawned on me that all MFI are the same. It is the same *Mwalimu*, (teacher/loan officer) who will be more aggressive and start using inappropriate language if you don't make your loan payments on time. I am currently employed temporarily as a farm hand, and sometimes we are not paid on time, and the wages can be delayed even for up to two weeks, so there was this day when I was required to pay back my savings and M-loan (Mobile loan), *Mwalimu's* usual demeanor transformed, and he demanded that I pay back the loan immediately and stating that he was done with stories. Call your spouse or ask your members to loan you the cash and pay it back right now!” (Rose Mzuri, May 24th, 2023)

Informant 8, from the Kivuva women's group, is in her early fifties. Currently, she runs a food vendor shop within the market center. Her business has not been doing so well as she claims that the prices of commodities have hiked, thus being forced to also increase charges on her food vendor shop. She narrates that initially; she was not struggling to settle her loan dues and the loan officer could approve her to apply for a loan as many times as she needed. “Currently, the group has accumulated a large amount of arrears and *Mwalimu* (loan officer) has always been aggressive to us. *Mwalimu* has on many occasions pressed me to sell everything I had from my eatery to settle off the total amount of accumulated arrears I am indebted to pay.” She explained.

From these statements, we can infer that MFIs typically appease low-income women in society by enticing them with attractive offers that facilitate their approval. In actuality, though, these MFIs do not provide these women with the detailed information they need to consider carefully before deciding. When a loan is accepted, for example, the payback period could seem excessively short to them, which makes it difficult for them to make the repayments on time. The problem of not getting enough training also exists; MFI seems to only care about selling numerous amounts of loans and increasing their profitability, not about training them on how to manage their finances. It is not surprising that other women will be inspired to strive for a better life when they learn that the success of their client's business initiatives stems from the belief that these MFIs will make a profit and become successful.

Informant 5, from the Thambya women's group, narrates her story.

My relative inspired me to join and become a member of this MFI since she had experienced borrowing money from them and used it to prosper in her business endeavors. Through her persuasion, I eventually opened an account and took out a loan to start a grocery store, but the business suffered losses over time due to repayment schedules and the debt burden, forcing me to borrow repeatedly. Later, I came to realize that I had become a victim of multiple loan borrowings. (Waverly Mua, May 29th, 2023)

This statement reveals the objective behind microfinance is to profit from these women and develop their market base while underprivileged women remain in abject poverty. Waverly's case as depicted has shown that the decision to join microfinance after being inspired by her relatives resulted in substantial debts and economic struggles.

Charging higher interest rates and other fees

In Kenya, MFIs are typically known for charging higher loan rates over time.²²⁴ Jonathan Waita notes that owing to MFI's exclusive access to rural areas that commercial banks cannot easily access, MFIs mark up their loan products at higher interest rates to generate more profits. Women borrowers have struggled with the choice to take up loans at such high interest rates or seek out other options.²²⁵ The Central Bank of Kenya 2022 FinAccess Business Survey Report reveals that on average MFIs charged interest rates at 27 percent as opposed to commercial banks charging 15.5 percent.²²⁶ This remains a strategy that MFIs employ in meeting their monthly and annual operating budgets.²²⁷ Unfortunately, because of the high interest rates, the customers are the ones who bear the financial burden.

My research findings indicate that a significant number of participants were not aware of the interest charged on loans. Only a few of the participants would articulate how much they are required to pay back in weekly or monthly installments since they were told the actual amount by *Mwalimu* for that matter. From our discussions, I inquired about the interest rates charged.

²²⁴ Jonathan, Waita. "Challenges facing women in accessing credit from microfinance institutions in Nakuru, Kenya." UoN, 2012.

²²⁵ Ibid

²²⁶ Central Bank of Kenya. MSME FinAccess Business Survey Report, 2022. Retrieved at https://www.centralbank.go.ke/uploads/banking_sector_reports/170784843_2022%20Survey%20Report%20on%20MSME%20Access%20to%20Bank%20Credit%20-%20May%202023.pdf on 2/21/2024

²²⁷ Kathomi, Ann, Kimani, Maina, and Samuel, Kariuki. "Interest rate regulation and sustainability of microfinance institutions in Nairobi County, Kenya." *International Academic Journal of Human Resource and Business Administration*, 2017: 2(3) p. 150-165.

Musembi: How much do you pay for your interest rate?

Mweupe Katua: “I have no idea what the interest rate is; I just know that *Mwalimu* determines the total amount I have to pay when I request a loan.” (June 14th, 2023)

Musembi: Is the interest rate high?

Nadia Mutune: “The interest rate is typically high! Additionally, if you compare the actual loan amount we applied for and the amount we got there is a big variance, there is a likelihood of the inclusion of other hidden charges that as a group we are not even aware of... *Mwalimu* has not told us where these charges come from. Like for example if I apply for a loan of Ksh. 10,000 (\$64), the money I will get ranges between Ksh. 7000 (\$45) to 7300 (\$46) (June 5th, 2023)

From these conversations, it is possible to infer that MFI does not inform low-income women of the interest rates that will apply by lapse of loan repayment. Even if they do, they normally talk about annual interest rates in most cases ranging from roughly 15 to 20 percent per annum, keeping in mind that women borrowers are required to repay their savings and loans weekly or monthly, and these advertised interest rates go beyond the required limit. According to the Central Bank of Kenya Survey Report 2022, results reveal that MFI charged interest rates between 20 and 21 percent, as opposed to the lowest interest rates of 12.3 to 22 percent in 2020.²²⁸

These statements demonstrate that in addition to MFI charging exorbitant interest rates and including other unknown charges, microfinance also profits from required savings. This

²²⁸ Central Bank of Kenya. 2022 Survey Report on MSME Access to Bank Credit, May 2023, p. 18

ultimately leads women to take part in village *chamas* (merry-go-rounds) which is another form of sourcing for extra money to meet the obligations of MFI. Additionally, borrowers are required to open other savings accounts to meet the requirements of applying for loans. Informant 14 tells the story in these terms.

The MFI has introduced new plans for savings namely group account, individual, and *Inuka* savings which is a requirement for any member to qualify to apply for a loan. Without paying for these three accounts, I cannot qualify for a loan, I am required to pay Ksh. 200 (\$1.3) for a group account, and in my savings account, I pay Ksh. 700 (\$4.5) and for *Inuka* (money contributed towards a group project and arguably refunded back to the members at the end of the year) I pay Ksh. 100 (\$0.63) If I ever need to apply for a loan, I will have to pay all these savings in addition to the loan amount; yet, I am having trouble keeping up with my present loan installments; how will I be able to pay all these savings? I have to plug into village *chamas* to help supplement my financial needs. (Upendo Raha, June 5th, 2023)

Similarly, another key informant, who shared with me the difficulties she has been going through in getting back her savings described:

Since I joined MFI, I have saved more than Ksh. 40,000 (\$255), I have never failed to remit my *Inuka* account. At the end of the year, I was hoping to get my money back, but it was not forthcoming. I even went to the bank's office branch to enquire why the money was not remitted but until today, I have never gotten any assistance, the branch manager told me the matter would be resolved but till now I do not know what the issue is. (Msanii Bora, May 29th, 2023)

These discussions suggest that, while expanding MFI's savings options for women may seem like a good idea, the real question is whether these women are better suited to meet the

requirements set forth, given that the majority still struggle to meet their basic needs. This study also shows that a large number of these women participate in other grassroots groups, particularly *chamas*, also called merry-go-rounds, where they make contributions and use the money they receive to satisfy bank requirements. In my viewpoint, MFIs are more covered from suffering losses of any kind than they are from assisting women in enhancing their socioeconomic standing. MFIs exploit these women by accumulating capital at their expense, leaving them in abject poverty. As Ashraf Ali would argue, borrowers' savings are used to loan other applicants, implying that MFIs might have used these required savings to identify areas that are seen as having a high concentration of low-income individuals.²²⁹ This way, they could justify their lending practices and avoid taking credit for inspiring community solidarity by publicly humiliating defaulters. The idea of having groups act as co-guarantors for members applying for these loans does not seem to add up in the likely scenario that poor women must deposit funds into various savings accounts to qualify for an individual loan, I can only assume that this is a ploy used by MFIs as a surety in the likely event the member's default.

Persistent borrowing and high levels of indebtedness

The high level of indebtedness implies that the borrowers struggle to generate an income. This level of indebtedness can be demonstrated through the amount of loans they have incurred to service other existing loans. The Star, a Kenyan local newspaper in an article titled "Kenyans are struggling to repay loans" attributed these struggles to the high cost of living which remains a major concern as prices of commodities have increased rapidly amidst a rising debt burden.²³⁰ In

²²⁹ Ali, H. M. "The Ethnography of Violent Economies: Neoliberalism, Microcredit NGOs, Power Inequalities, and Capability Deprivations in the Chittagong Hill Tracts, Bangladesh.", 2015.

²³⁰ Kenyans struggling to repay loans reports show – The Star, Kenya, November 29th, 2023. Retrieved at <https://www.the-star.co.ke/news/realtime/2023-11-29-kenyans-are-struggling-to-repay-loans-report-shows/> on 3/7/2024.

addition, another report published in the same media outlet revealed that the current president of the Republic of Kenya, Dr. William Ruto declared that seven million Kenyan men and women, who had been blacklisted by the Credit Reference Bureau for defaulting, were opted out.²³¹

These numbers suggest irrespective of whether it is formal or non-formal lending, that the debt burden in Kenya is on the rise.

My study findings indicate that MFIs tend to influence their customer base by giving them hope that their lives will improve socioeconomically and alleviate poverty. It seems that, instead of MFIs helping them economically, they have instead increased the debt burden of the borrowers by providing them with false promises of money and life improvement. In the process, they make them captives to these narratives. Informant 32 from *Thambya Women's Group* in her late forties, narrated her story to me:

Currently, I do not have a stable income, I only rely on unpredictable manual labor wages by toiling on my neighbor's farm. As you can see, we are in dry seasons which means finding a job is not easy, I am forced to stay around the house doing household chores. I must eat and drink so the only way out for me is to borrow a loan to enable me to purchase food. Although in the good seasons, I can work and get something better to repay my savings and loan, my financial burden remains unsolved as my household needs keep on growing. The small amounts of money I earn; I must balance by paying some to savings and loans. I eventually took out further loans, which increased my debt. (Imani Mueke, June 5th, 2023)

²³¹ Million-borrowers-have-been-removed-from-Credit Reference Bureau (CRB) – The Star, Kenya, July 2nd, 2023. Retrieved at <https://www.the-star.co.ke/news/2023-07-02-7-million-borrowers-have-been-removed-from-crb-ruto/3/7/2024>.

Informant 17 from *Mbuni Women's Group* had been involved with MFI for more than five years. Kijani Kibichi explains why she along with others in her neighborhood could not benefit from micro-lending. She stated:

At times, poor women use borrowed money to buy for example a cell phone, solar panels, and water tanks, among other loan products after seeing others in the neighborhood use them. They eventually run into issues in their families and group meetings since they are unable to make the loan repayments based on the weekly/monthly timeframes provided by MFI. Before joining MFI, several underprivileged women even owned some assets in their homes. With on-and-off jobs, they could save some money and buy household goods. Many of them are now required to sell their current possessions to pay back the loan, rather than accumulating wealth and income. Some families that I know in our neighborhood are going to sell their solar panels, among other household items, just to repay loans to MFI. Once you get into borrowing, it becomes quite tough to get out of it. I committed the same mistake as the other women in the group when I took out a loan to buy a solar panel and to repay it, I had to take out further loans from moneylenders. (Kijani Kibichi, June 7th, 2023)

This conversation among many others that I experienced and witnessed during my field research reveals that her case was the combination of the current general economic situation and the severe weather conditions at the time this study was carried out that made Kijani Kibichi borrow money. In this way, it seemed beneficial for a participant like *Imani Mueke* to borrow money to purchase food thus MFIs offered a temporary solution to deal with the shortage of food at home. One can comprehend why the idea of using MFI loans for consumption purposes without having reliable sources of income can result in serious negative ramifications. Key among them is the increased debt burden and a vicious cycle of poverty. In addition, the case of Kijani Kibichi has

also revealed that borrowing money to purchase water tanks or any other products does not assist the poor to get out of poverty, but rather they continue to accumulate more debt.

MFI's coercive loan recovery strategies toward borrowers

Microfinance institutions are best known for operating under a bottom-up economic model, to help the poor have easy access to credit and empower them economically. Lamia Karim demonstrates how MFIs deploy women's groups to humiliate the defaulters and their significant others to recover payments that are due. Karim calls it the "economy of shame"²³² For fear of ruining their self-esteem, the borrowers are compelled to follow the financial guidelines set forth by the MFI.

To put this into perspective, Informant 8, a subsistence farmer in the *Neema women's group*, had applied for a loan from Ksh. 50,000 (\$318). She pointed out that.

At one point she failed to repay the loan amount, and the chairlady plus other group members visited my home and began speaking indecently in front of my kids and relatives. During such moments, *Mwalimu* was not as vocal as the members themselves, the members grew furious and began asking why they should suffer because of me. They referenced my dress code as expensive and demanded that I pay the loan immediately. (Sifa Mpendwa, May 24th, 2023)

From this statement, I can assume that the use of mocking words "dressing expensively" depicts aggression and it can seriously affect a member both emotionally and socially. Intimidation in any form, including making threats or using derogatory language, ruins a person's reputation in society and diminishes their feeling of self-worth.²³³ In any event, poor women lack the financial resources to repay their loans due to a lack of revenue. The effects of such oppressive MFIs can

²³² Karim, Lamia. *Microfinance and its discontents*. University of Minnesota Press. 2011, p. xviii

²³³ Galtung, Johan. "Violence, Peace, and Peace Research." 1969, p 167–191.

be devastating. The tussle between group leaders and members of the group often results in conflict with the defaulters, not because of their preference, but rather because of the way MFI has enacted these practices. This is accomplished by persuading the group leaders to take a harsher stance towards any loan defaulter to reduce default rates and eventually guarantee a full loan payback. The result is that many poor languish in poverty as they must pay their loans by borrowing or by selling whatever assets they own to settle down the outstanding loan. MFI capitalizes on humiliation as a successful loan recovery tactic.

Lack of guidance and sensitization on loan usage

It is thought that one of the main causes of women borrowers' failure to succeed as business owners is the lack of control of MFI particularly about who gets loans and their inability to offer essential advice on how to make wise investment decisions with the money.²³⁴ To gain a larger portion of their market share and generate revenue, their main objective is to lend money to many individuals. As a result, MFI mostly targets poor women borrowers who might not know how to invest in these loans, which exposes them to a higher debt burden. KWFT on its official website states:

[The bank] has been keen to offer free financial literacy to enable [women] to make informed financial decisions. When group clients join the institution, they are assigned a loan officer who takes them through vigorous 8-week training. They meet every week in their groups and are taught about group dynamics, saving, good borrowing practices, investing, ensuring business productivity, sustainability, profit-making, and proper loan repayment practices. KWFT loan officers also often do follow-ups to ensure that the

²³⁴ Sara Karoliina Pietiläinen. *The Failure of Microfinance to Reduce Poverty: Critical Secondary Analysis of the Case of Bangladesh*. 2019, p. 48.

clients are making the right financial decisions in their businesses to foster sustainability.²³⁵

This claim of KWFT contradicts with research findings as is demonstrated below. Informant 15 reveals:

I have been a member of this group for nearly 10 years. Ever since the time I joined, I have never received any form of training from the bank. During our meetings, we only hear *Mwalimu* selling new products for the bank, for instance, water tank projects, and smartphones among others. The remainder of the time involves transacting money with the group leadership (group's chairlady, treasurer, and secretary, discussing people who are lagging in terms of savings, and loan repayments, and encouraging members to apply for loans. (Jirani Mteule, June 29th, 2023)

Additionally, in my meeting with members of the *Umoja women's group*, most of the members revealed that despite the bank claiming to offer training to women, the loan/field officers normally spend most of their time marketing new products to us, this is achieved through using case studies of member(s) in the group who have taken the product and how the person is successful. Subsequently, most of the time is used to transact the main business which entails payment of savings and loans. The field officers spend no time enquiring how the women will spend it, which confirms that their objective is to make profits on the backs of poor women and to expand their customer base.

²³⁵ Kenya Women Microfinance Bank, retrieved at <https://kwftbank.com/about-us/> on 1/26/2024.

Diverting funds for other purposes – from MFI’s viewpoint

MFI’s purpose is the provision of finances for either the establishment or expansion of already existing premises. This signifies that during the process of applying for the loan, every borrower must justify the intended purpose. On paper, women are required to submit a written statement outlining how they plan to invest and become successful entrepreneurs. In reality, the provision of microloans is typically for starting business ventures, even though, as evidenced in my research findings, these loans are typically used for household consumption. While most of the loan officers disbursing the loans are aware borrowers will not be able to use the loan for said reasons, they still go ahead and issue the loan to widen their scope which again contrasts with the idea of microfinance operations.

To put things in perspective, during one of the weeks that I spent gathering field data, I was privileged to conduct a semi-structured interview with the staff of KWFT. During our engagements, I was curious to find out why women do not make their loan payments on time. From the discussions most of the staff seemed to suggest that defaulting usually happens by diverting funds to other uses. Informant A stated:

In a group setting, we have a variety of customers. We have some who comply with our laid-down procedures, and we have others who are not honest. When a member wants to apply for a loan, they have to inform the group leadership and other members of their plan to apply for a loan and the amount they want to borrow. Based on the group’s recommendations, I might approve these clients’ loans. Members redirect the funds for other purposes for several reasons, like high cost of living and unemployment. When loans are granted, women choose to redirect the funds to cover their family’s fundamental needs. When the deadline for repaying the money approaches, it becomes increasingly difficult to repay, and defaulting occurs. Additionally, some clients take out

loans from other moneylenders and family members. They use loans disbursed from KWFT to repay the existing loans rather than making prudent investments. Accordingly, the loan borrowers risk getting into debt traps and quitting the MFI when they default, thus leaving the remaining members in helpless positions. Our persistent mission is educating our members to make prudent investments and to consult with us when needed. (Kelechi Mzuri, May 24th, 2023)

In addition, informant D revealed that:

There may be familial problems in certain situations of defaulting. For instance, in married couples, when a woman takes out a loan without telling her husband, the husband appears taken aback when the MFI visits their homestead. Another case of defaulting happens because of negligence from customers. This occurs when a borrower gives the loan to friends or family; nevertheless, in the event they fail to repay the funds, the recipients will be subject to severe penalties for not repaying the loans. Some fail to repay their loans because they use them to buy fancy clothing and electronic devices. To mitigate the default rates, we have started carrying out a thorough pre-assessment and after-assessment for our customers. (Mwamba Katua, May 24th, 2023)

If MFIs do not appear to benefit women, why do they continue to use them?

Women in Kenya, like others everywhere else in the globe, have worked in both formal and informal employment, as well as micro-lending initiatives, within the mainstream economy. However, in many ways, women in Kenya still lag behind males as they are more susceptible to poverty in their households, and at this level, society is exacerbated by harmful cultural practices, inadequate legal frameworks, and unpaid caregiving work limits.²³⁶

²³⁶ USAID. Gender equality and female empowerment fact sheet – April 2020. Retrieved at https://www.usaid.gov/sites/default/files/2022-05/Gender_Fact_Sheet_-Kenya_2020-final.pdf on 2/28/2024.

To date, as research demonstrates, the influence of microfinance institutions on the empowerment of women in Kenya remains debatable, particularly because MFI's preference for women is to promote their desired economic outcome.

When I inquired about the reason MFIs did not support men. Informant F, a staff member, responded as follows:

Compared to males, females are more inclined to assume responsibility. Women endeavor to drop by the office whenever they have issues and take part in our monthly meetings. Often, men are unavailable during our home visits because they are attending events or have other commitments. During these visits, getting anything out of men other than money is rather difficult. The values of our business are not upheld by the way men use and repay loans; instead, they appear to be more aggressive than women. (Linah Kalu, July 12th, 2023)

From these statements, MFI prefers to work with women as they seem readily available. Again, society's perception of women's inferior position, awareness of their self-honor, and respect align well with group lending needs. As a result of the microfinance lending microloans to women, some women resolve to take out loans for their spouses and other relatives. Thus, even in circumstances where women become aware of the unfavorable MFI operations activities, they continue with the MFI programs.

My research findings (see Table 5.6) have shown that although the majority of women borrowers reported no improvement in their socioeconomic status, may be compelled to continue participating in microfinance operations due to higher levels of poverty within the households.

During my data collection informant 35, Kanze Kituku, a middle-aged woman, married and resides on her husband's allotted property with their three children, took loans from the MFI

a couple of times for her husband who works as a freelance mason. The husband wanted some money to purchase a water tank, but the wife was hesitant to borrow it one more time because she was afraid of the harassment, she endured from both the loan officer and the rest of her group members. She also expressed that she had taken out loans from other sources at that time and was afraid of accumulating too much debt. From these brief statements, it is clear that women's multiple borrowing can be a risky affair.

If their spouses fail to return the loan amount, the implications for Kanze and many other borrowers could be devastating. Consequently, these poor women persist in using microcredit despite adverse social, psychological, and economic consequences due to male domination, low household income, and recurring debt cycles.

Conclusion

The chapter has outlined key points of my argument and depicts how the marketplace operations utilized by MFI result in a need for loans, and why many poor people are unable to economically benefit from involvement in microfinancing programs. Research findings have shown that the optimistic nature of microcredit as a remedy for poverty reduction and the empowerment of women needs to be thought out. Accordingly, to find answers to why microfinance loans have not matched women's expectations despite their access to the loans, research findings have shown that the loans that are supposedly issued to support the growth of business ventures are largely used for household consumption purposes and debt settlement. There is also the fact that despite MFI giving out loans, borrowers are not even sensitized on how best they can invest their money in the right ways. Rather than the MFI offering guidance on ways to invest, they focus on selling loan products and transacting money which ultimately benefit the MFIs.

In contrast to the widespread notion of women's empowerment that predominates in microfinance discussions, my study findings uncovered a paradoxical image of empowerment. A group of women who engage in a range of MFI-related activities, including attending weekly and monthly group meetings, arranging and mentoring fellow members in the group's center to foster social interactions around financial literacy, and handling administrative responsibilities like keeping records of women's borrowers, savings, and loan repayments.

CHAPTER SIX

CONCLUSION

This study revolves around the following hypothesis:

H1: Where women are typically engaged in heavy domestic chores and are undervalued and under-compensated compared to their male counterparts, who control access to material resources, their involvement in economic activities, such as microfinance, is likely to be subjected to the same type of cultural, gender and economic exploitation and constraints that prevent them from meeting their economic and financial expectations. Women in Kenya find themselves in this situation. Evidence in Chapters 2, 3, and 5 mostly supports my hypothesis.

This study reveals that traditionally gendered norms have persisted in undermining the roles of Kenyan women and subjecting them to burdensome domestic workloads of caregiving and nurturing young ones. Consequently, even in cases where women can access financial resources, they lack the appropriate time to be as effective as their male counterparts, who are frequently seen as the primary providers of income and have authority over material resources. The shifting balance of authority undermines the economic autonomy of Kenyan women. Additionally, while MFIs are bound to empower women and help in the reduction of poverty levels, it is not immune to current economic injustices as the findings have established. Also, a lack of sensitization on financial literacy has proved that despite women's access to financing more than men, returns on microfinance loans have not matched Kenyan women's expectations.

I strongly believe that we can create a poverty-free world if we want to.... In that kind of world, [the] only place you can see poverty is in the museum. When school children will

be on a tour of the poverty museum, they will be horrified to see the misery and indignity of human beings.²³⁷

From this statement, Mohammad Yunus makes an argument that by enabling the poor to engage with MFI, we can potentially send poverty to museums. Yunus uses the metaphor of sending poverty to a museum to imply that it is not about the poor people lacking skills that result in them languishing in abject poverty, but rather that if the poor can have access to loans, they will eventually start their ventures which will enable them to earn profits and become wealthy. Contrary to Yunus's claim, the evidence from research findings demonstrates that poor women have not met their loan expectations which are to alleviate poverty and empower them socioeconomically. There are numerous contradictions regarding MFI's failure to meet the requirements of women.

Throughout this thesis, I have demonstrated how MFIs operate under capitalist ideals, which causes poor women not to take part in using credit to avoid poverty. These MFI practices involve charging exorbitant interest rates, loan application and processing fees, and other hidden charges in one way or another affecting most of the poor women's socioeconomic standings. In addition, whereas these MFI's operations seem to favor the processes of credit institutions, their impact on women is enormous as most of the impoverished women are disadvantaged because of being excluded from the microfinance programs or having worsening relationships with group members and the larger community. Again, in the case of exorbitant interest rates, in Kenya, on average most MFI interest rates charges vary from 1.8 percent to 2.5 percent per month, which equates to roughly 21.6 percent to 30 percent annually while other commercial financial

²³⁷ Remarks from Dr. Mohammad Yunus's acceptance speech given on the occasion of his receiving the Help for Self-help Prize of the Stromme Foundation, 26 September 1997, in Oslo, Norway.

institutions' lending rates are between 21 percent to 24 percent.²³⁸ These research findings show that MFI swindles and exploits poor women as their need for accumulating capital oftentimes leads desperate women to borrow costly microloans. In addition, continued borrowing is extremely dangerous as one could easily default and borrow other loans to repay existing loans.

Study findings have also revealed the impacts of the larger economic processes and other social factors on the behavior patterns of poor women participants. Research has demonstrated how participants are swayed to borrow loans to purchase devices and other expensive commodities. These changes in the participants' want to purchase products have been necessitated and shaped by the neoliberal structures as depicted by the impacts of globalization, for instance, adverts on social media about consumer products. Accordingly, for poor women to fulfill their needs they rely on multiple borrowing from family, moneylenders, and MFI despite not having reliable employment opportunities. Consequently, their lack of or unstable source of income leads to poor women languishing in poverty and a vicious cycle of debt.

Kenya's treacherous financial journey dates to colonial periods when women were barred from taking part in financial services.²³⁹ Today, one of the requirements laid forth by international funding agencies is the necessity for women to be included in financial initiatives, notably Millenium Development Goals (MDG) 3, which calls on Kenya to "promote gender equality and empower women". This suggests that an important aspect of empowering women entails guaranteeing equitable access to resources such as finances. By using these micro-loans, it is assumed that women will be empowered economically. Despite women being able to access

²³⁸ Bengi, R. M., and D. Njenje. "Assessment of the influence of financial factors on the growth of microfinance institutions in Bahati Sub-County, Kenya." *International Journal of Economics, Commerce and Management* 4, no. 3 (2016): 415-437.

²³⁹ Metropol TV interview Dr. Mary Okello - the first woman bank manager tells us about her journey in the early banking sector.

loans from MFI, research findings have demonstrated that societal normative exploitative frameworks continue to deny women their economic rights. My study has shown that most loans given to women are used by their husbands and other closely associated relatives to manage their affairs whereas the women are mandated to pay back.

The study also revealed that loan officers do not seem to care that much about their customer's loan usage and the skills needed to handle the loan appropriately. Here, the question was not so much whether the loan was readily available, but rather if the borrower was guided wisely and could invest the money appropriately. As the findings have revealed, even though these loans are disbursed for starting or expanding already existing business ventures that would help women generate profits and improve their livelihoods, the majority borrow loans for other purposes like solar panels, and electronic devices among other products. Practically speaking, the idea of a starving person using the money from MFI to take part in activities that generate revenue does not seem to work out as the field/loan officers providing the loan imagine. Further, due to household poverty, lack of food on the table, and skyrocketing high prices of commodities, most women end up spending their loans on buying food for their family members.

If MFI's role is to help alleviate poverty and empower women economically, MFI should strive to ensure that women borrowers have the necessary skills to use their loans to improve their lives. As KWFT claims to provide training to new members of a group, findings established that currently no pieces of training were provided to the group members, and the loan usage swayed more towards consumption and repaying other debts. Consequently, the socioeconomic standings of most female borrowers remained the same (34 percent) or further worsened (33 percent). Chapters 2 and 5 demonstrated that microfinance failed to achieve its stated purposes of alleviating poverty and empowering women socioeconomically.

Pan African Implications

Walter Rodney's text, *How Europe Underdeveloped Africa* states, "Capitalism has proved incapable of transcending fundamental weaknesses such as underutilization of productive capacity, the persistence of a permanent sector of unemployed, and periodic economic crises related to the concept of "market"— which is concerned with people's ability to pay rather than their need for commodities."²⁴⁰

In essence, Rodney's statement stresses how capitalism has inherent weaknesses and constraints when it comes to solving fundamental socioeconomic problems. He suggests that these shortcomings in the capitalist system are deeply embedded and are difficult to overcome without major structural modification or new economic concepts.

This thesis has problematized the normative exploitative framework of MFI among impoverished women, in Kenya. This thesis has demonstrated how MFIs have advanced capitalism, particularly through their neoliberal practices, which are incapable of providing a means of reducing poverty among impoverished women.²⁴¹ The research demonstrated that one of the primary reasons capitalism cannot address the ingrained poverty and inequality that exist among women is the contradiction between limited resources, on one end, and the high level of consumerism in society, which has continually increased the wealth and power of capitalist and financial elites. The idea that MFI exists to help reduce poverty among poor women essentially helps microfinance to exploit African women in the name of 'empowerment'. This research project serves as an emancipatory approach and seeks to oppose the continued trends of financial exploitation and capitalism among the people of Africa in general, especially poor women. Black

²⁴⁰ Rodney, Walter. *How Europe Underdeveloped Africa*. Verso Books. 1973, p. 18.

²⁴¹ Rahnema, M. Global poverty: A pauperizing myth interculture, 1991, 26(2), 1–51.

people's efforts to unite and seek solidarity with the poor populace, which MFIs have destroyed (e.g. MFIs exerting group pressures through shaming of women which ultimately has serious repercussions, high levels of indebtedness among many others) would be one of the major sources of power struggle and a way to solve issues jointly.

Again, the issue of gender inequality remains a global challenge that impedes the implementation of human rights and sustainable development across the globe. As this research has revealed, Kenya is not exceptional in its quest to attain gender parity since women remain underrepresented in almost every sector of the economy. This research has demonstrated that the issues of women's marginalization and unequal gender relations remain deeply rooted in history and cultural frameworks that have continued to deny women the autonomy to make informed decisions. Across Africa's continent, women's care work responsibilities limit their active participation such that even if they are in a position to obtain microlending they do not have equal footing as compared to their male counterparts. Societal normative exploitative frameworks have continued to view "men as the breadwinners and women remain as the breadbakers."²⁴² In particular, bringing about changes, for the women of Africa, is a wake-up call to deal wisely with social change and globalization, especially from a neoliberal perspective that maintains or propagates the inferior positions of the African women. This calls for the people of Global Africa to embrace Pan-African ideals of communal responsibility, economic justice, Ubuntu, and inclusiveness.

Ubuntu philosophy presents Black people with an opportunity to embrace and reaffirm humanity for all. While acknowledging that the Ubuntu ideology can be strengthened to support

²⁴² Lindsey, Linda. *Gender Roles: A sociological perspective*. New Jersey: Pearson Education. 2005, p. 236

the accomplishment of all African people, regardless of gender, this thesis challenges African nations to critically analyze their cultural norms and practices and criticize underpinnings that weaken and perpetuate repressive traditions. Men and women must engage to properly embrace the Ubuntu worldview, which is defined by cooperation and mutual support.

The “*Africa We Want*” - African Union’s Agenda 2063 aspiration is for,

The African woman to be fully empowered in all spheres, with equal social, political, and economic rights, including the rights to own and inherit property, sign contracts, register, and manage businesses. Rural women will have access to productive assets: land, credit, inputs, and financial services.²⁴³

This thesis does not seek in any way to dismantle the works made by KWFT to empower women financially, but rather it strives to support community organizing efforts at the grassroots level by opposing normative exploitative frameworks that seek to destroy unity and solidarity within Global Africa.

²⁴³ African Union. Agenda 2063. The Africa We Want, September 2015. Retrieved at https://au.int/sites/default/files/documents/36204-doc-agenda2063_popular_version_en.pdf on 3/15/2023.

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