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Effects of Microcredit on Beneficiaries' Livelihood Improvement: A Case Study of Engage Now Africa (ENA) In Ghana

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DECLARATION

Student Name: **Richard Matanda**

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even though none is doing it, and wrong will always be wrong even though everyone is doing it.

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DEDICATION

This thesis is first dedicated to the families who are always struggling to have their pleas heard by those who make the decisions that affect their lives and ask themselves "… Can anyone hear us…?" You have been my actual university of study that has taught me and shaped me to become the person I am and the advocate of families' well-being. Henceforth, I have learned the principle that *"...Do not judge me by my successes, judge me by how many times I fell down and got back up again […] after climbing a great hill, one only finds that there are many more hills to climb…" (Nelson Mandela).*

Secondly, I dedicate this thesis to my eternal friend and wife and our beloved children. You are the reason for me stretching to this level. This is an example for each of you; you can achieve more than I did, only believe in yourself and have a willing mind. I love you all dearly.

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ABSTRACT

In Ghana, the number of people living in extreme poverty has reduced. Yet the poverty rate is currently 24.2 %, which is still high considering that Ghana is a lower middle-income country (Emmanuel, Frempong, Opareh & Rose, 2015; 35). In Ghana, the poor are classified in two groups: " 1) … those who live above an upper line of GHC 1314.00 per day which is equivalent to US $ 1.83, and; 2) those within a lower poverty line of GHC 729.05 equivalent to US $ 1.03 a day…" (Emmanuel, Frempong, Opareh & Rose, 2015; 35). Those who "… live above the upper line of GHC 1314.00 are considered as non-poor, whereas those with a consumption expenditure equivalent or below GHC 729.05 a lower poverty line are in absolute poverty or living in extreme poverty…" (Emmanuel et al., 2015).

In Ghana, Yaidoo and Kalaiah (2018) agree that microcredit programs are a neoliberal ploy that keep poor people in a perpetual state of poverty. Most microcredit beneficiaries are located in the rural areas and majority are the lowest income earners of the employed population. Microcredit should ordinarily have a broader range of empowerment services, yet the Ghana microcredit programs do not have this. Microcredit in Ghana has become a debt trap and its benefits to the poor is illusory (Yaidoo and Kalaiah, 2018). Most microcredits have high interest rates and seek to profit operations which had created a situation where microcredits are an additional burden to the people, impacting negatively on their livelihood (Yaidoo and Kalaiah, 2018). Further, Yaidoo and Kalaiah (2018) pinpointed that in Ghana, by observing the crippling consequences of debt burden on countries (such as Ghana who opted for the Highly Indebted Poor Country status in 2002), the world financial crisis in 2007/08, and cases of high default in repayment of debt, it would make sense to adopt a more impactful approach to microcredit. In that other role, players are needed to fill the gap with intervention resulting in improving people's livelihood.

This study aimed to empirically access the effect of microcredit on beneficiaries' livelihood improvement. The study was conducted in four regions of Ghana, with the main objective to find out whether the Self-Supported Assistant Programme (SSAP) microcredit has improved the livelihood of its beneficiaries. The specific objectives of the study were to: i) evaluate the Beneficiaries Livelihoods Status as per their asset accumulation, voluntary saving, capabilities and frequency of loan repayment, and; ii) to estimate the effects of Demographic + Socioeconomic + Loan T&Cs Variables (financial training + loan interest rates + loan monitoring) on Beneficiaries Livelihoods Improvement (asset accumulation, voluntary saving, capabilities).

The study employed a cross-sectional survey design which involved structured and semi-structured questionnaire administered to 1142 respondents for the four regions. Descriptive analysis and statistical Logit regression were employed to analyze data related to the study's specific objectives in assessing the effect of SSAP on beneficiaries' livelihood improvement. With regards to this study, beneficiaries' number of children, educational levels, and financial training were found to have statistically significant effect on the probability of their livelihood improvement. Furthermore, the findings revealed that beneficiaries had accumulated their asset through their participation in SSAP microcredit. Finding also revealed that through their participation in SSAP microcredit, conflict and misunderstanding had increased between the beneficiaries and their families. Likewise, the study had found on one hand that beneficiaries were empowered in that they used the loan for the intended purposes (investing in starting or grow businesses). On the other hand, their monthly income were insufficient to cater to voluntary saving.

This study argues that the provision of SSAP financial resources has significant effects on beneficiaries' assets accumulation in terms of monthly income, which had in turn impacted on their livelihood improvement. The study has important social and economic implications regarding the role of various integrated individual assets in livelihood improvement. Garikipati (2008) agrees that micro-credit programmes enable the poor to "improve the quality of their live through the generation of income and acquisition of assets."

The study had also found out that through their participation in the program, beneficiaries have power to control the use of loans as intended. This is linked to the vulnerability approach of poverty in that a lack of power leads to vulnerability and poverty. Vulnerability would be reduced through empowerment, which equips beneficiaries with power to control their loan and make decisions that affect their lives.

This study conclusively argues that the number of children, financial training and education of respondents, had significant effect on voluntary savings. Another important conclusion of this study is that asset accumulation is significantly affected by the microcredit beneficiaries' level of education and financial training. However, the study had found also that through participation in microcredit, misunderstanding or conflict had increased between beneficiaries and their families. This misunderstanding within families, if not addressed, has the potential to disempower beneficiaries and become a barrier for livelihood improvement.

KEY WORDS

Ghana
Livelihood
Improvement
Microcredit
Microfinance
Poverty
Self-Supported Assistance Program: SSAP
Effect
Beneficiaries
Logit
Engage Now Africa: ENA.

ACRONYMS

ABCD:	Asset-Based Community Development
ADB:	Asian Development Bank
ADB:	Agricultural Development Bank
ASCA:	Accumulating Credit and Savings Association
BAAC:	Bank for Agriculture Cooperation
CGAP:	Consultative Group to Assist the Poor
CLD:	Citizen Led Development
DACF:	District Assembly Common Fund
DFID:	Department For International Development
EA:	Enumeration Area
EDAIF:	Export Development and Agricultural Investment Fund
EDIF:	Export Development and Investment Fund
ENA:	Engage Now Africa
ENOWID:	Enhancing Opportunities for Women in Development
FAO:	Food and Agriculture Organization of the United Nations
FNGO:	Financial Non-Governmetal Organisation
GDP:	Gross Domestic Product
GHAMFIN:	Ghana Microfinance Institutions Network
GHAMP:	Ghana Microfinance Policy
GHC:	Ghana Cedis
GLSS 6:	Ghana Living Standards Survey Round 6
GPRF/SIF:	Ghana Poverty Reduction/Social Investment Fund
GSS:	Ghana Statistical Service
GYEEDA:	Ghana Youth Employment and Entrepreneurial Agency
HDR:	Human Development Report
HIPC:	Heavily Indebted Poor Country
IFAD:	International Fund for Agricultural Development
ILO:	International Labour Organization
IRDP:	Integrated Rural Development Planning
MASLOC:	Microfinance and Small Loans Centre
MFI:	Microfinance Institution
MIX:	Microfinance Information Exchange
MSE:	Micro and Small Enterprises
NBFI:	Non-Bank Financial Institution
NPL:	Non-Performing Loan
NBSSI:	National Board for Small Scale Industries
NGO:	Non-Governmental Organization
NPO:	Not-for-Profit Organisation
NYEP:	National Youth Employment Program
PAMSCAD:	Programme of Action to Mitigate the Social Costs of Adjustment
RCB:	Rural and Community Bank
ROSCA:	Rotating Savings and Credit Association
SDG:	Sustainable Development Goal
SLA:	Sustainable Livelihood Approach
SSAP:	Self-Supported Assistant Programme
SSRN:	Social Science Research Network
UN:	United Nations
UNCDF:	United Nations Capital Development Fund

UNDP:	United Nation Development Program
UNESCO:	United Nations Educational Scientific and Cultural Organization
UNICEF:	United Nations International Children's Emergency Fund
YES:	Youth Enterprise Support

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1 CHAPTER ONE: INTRODUCTION

1.1 Background

Poverty has long been a serious challenge in sub-Saharan Africa. Alleviating poverty, creating employment and improving livelihoods are objectives at the heart of the development goals of all countries; they are the targets of governments, policy makers and welfare organizations. Poverty limits opportunities, undermines assets growth and human capabilities, and increases their exposure to risk (International Fund for Agricultural Development (IFAD), 2011). Nobel Economics Prize winner Amartya Sen describes poverty as the deprivation of a person's capabilities to live the life they have reason to value (Sen, A, 1999). Poverty drags down people, communities and countries.

Microcredit financing is a tool for poverty alleviation and development. In Ghana, it is a national policy linked programme in which financial resources are disbursed as affordable loans to individuals and groups, to enable them achieve specific objectives. As such, microcredit is used as a means of uplifting people out of poverty, who do not ordinarily qualify for access to credit in the mainstream financial markets, thus making them self-reliant.

Engage Now Africa (ENA) is one of the non-profit Non-Governmental Organisations (NGOs) in Ghana engaged in the provision of such microcredit. In 2008, ENA implemented this financing for the poor through their Self-Supported Assistant Programme (SSAP), which includes financial literacy training, to enable the poor use their financial loan support to their best advantage. ENA's objective is to enable poor and vulnerable individuals, families and communities in all four provinces of Ghana, become self-reliant, through self-help development programmes, projects and partnerships. ENA's SSAP work is linked to the United Nations Sustainable Development Goals (SDGs) of: 1) zero poverty, 2) no hunger, 3) good health and well-being, 4) quality education, and 5) clean water and sanitation. ENA's projects use approaches aimed at achieving sustainability through self-help solutions, development of in-country leadership for long-term sustainability, Asset-Based Community Development (ABCD), and strategic use of resources for broader impact.

ENA in Ghana implements interventions in education, health, microcredit and community training. In their SSAP microcredit approach, ENA provides beneficiaries with the necessary financial resources backed by eighteen months of business and financial literacy training.

This allows them to start and expand their businesses successfully, and improve their living standards. ENA has so far reached nearly five million lives through its interventions.

Evidence indicates that access to financial resources is a stimulant of the development process (Lynch, 1996; Todaro & Smith, 2012; Thiel, 2001; Williamson & Mahar, 1998; Winker, 1998; Lynch, 1996). Although this has resulted in the intervention of a credit component in development policy, the formal financial sector generally excludes the poor for lack of collateral, and because lending to the poor comes with a much higher risk and transaction cost (Dean, 2011). This exclusion has created a need to find alternative sources of finance for the poor. The belief was – and is – that this remedy enables the poor to start up and grow their own microenterprises, enabling them to alleviate their poverty and improve their livelihoods. Yet, despite the provision of microcredit, poverty still persists in the livelihoods of people in the developing world (Malik, 2009; Sarangi & Panda, 2008; Armin et al.; 2008; Agrenor, 2007). The World Bank has been estimated that "… 40 million to 60 million people will fall into poverty on less than $ 1.90 a day in 2020, compared to 2019 …" (https://www.worldbank.org/en/topic/poverty/overview). The World Bank has estimated that by "… 2030 up to two-thirds of the global extreme poor may be living in fragile economies and the Sub-Saharan Africa is among the world's highest poverty rate…"(https://www.worldbank.org/en/topic/poverty/overview).

There is thus a fundamental need to improve access to credit for the poor through providing microcredit lending, seen as a key step in the strengthening of the productive capabilities and assets of the poor, thereby enhancing human capital (Arouri, Ben Youseef, Duraira, Dahmani & Mungomba, 2014; World Bank, 2001). Furthermore, alleviating poverty strengthens the overall economy of the country in which the poor live, leading to a compounded growth benefit for the country as a whole.

As a step towards alleviating poverty, many NGOs and governmental agencies, in collaboration with donors and international aid agencies, have embraced the concept of implementing microcredit as a tool for alleviating poverty and enhancing development. Since its inception, the provision of microfinance has been credited with enabling micro-entrepreneurs to start and build up their own businesses, increase their income, improve their socio-economic wellbeing and diversify their livelihoods options (Adu, Anarfi & Poku, 2014; Sharma, 2013; Manalo, 2003). However, controversy still exists as to whether, and to what extent, microcredit really does contribute to the livelihood improvement of those who use it

(Ebimobowei, Sophia & Wisdom, 2012; Sengupta & Aubuchon, 2008; Morduch & Haley, 2002). Microcredit programmes are considered by some researchers to be a neoliberal ploy that keeps poor people in a perpetual state of poverty. Most of the microcredit beneficiaries are located in the rural areas, with the majority the lowest income earners of the population. Microcredit should have a broader range of empowerment service, yet the Ghana microcredit programme is seen by some as not having such a range, with microcredit becoming a debt trap and the benefits of the poor illusory (Yaidoo and Kalaiah, 2018).

It is against this background that this study was conducted, to present evidence of the extent of the contribution of the ENA SSAP to the livelihood improvement of poor people and groups in Ghana.

1.2 Poverty in Ghana: An Overview

Poverty is one of the main problems that people are confronting in developing countries, and it is at the core of development policies targeted at Africa (Korankye, 2012; Chirwa, 2002). Poverty entails "… living in a state of material deprivation (physical weakness, malnutrition, illness, disability); lack of strength (isolation, illiteracy, peripheral locations, marginalization and discrimination); vulnerability to contingencies which increases poverty (war, climate changes, and seasonal fluctuations); and powerlessness…" (Emmanuel, Frempong, Opareh & Rose, 2015). However, the measurement of poverty by the World Bank focuses mostly on consumption expenditure; those who live on $1.90 or less a day are considered to be in extreme poverty (World Bank, 2015). People who cannot meet their food and other basic needs are considered to be living below the threshold.

In Ghana, the number of people living in poverty declined from 51,6% of the population in 1991 to 24,2% in 2013, whilst those in extreme poverty declined from 37,6% to 9,6% (World Bank, 2015). Yet a poverty rate is of 24.2 % is still high when considered that Ghana is a lower middle-income country (Emmanuel, Frempong, Opareh & Rose, 2015; 35). In Ghana the poor are classified as: "1) … those who live above an upper line of Ghana Cedis (GHC) 1314.00 per day, equivalent to US $1.83; and 2) those within a lower poverty line of GHC 729.05, equivalent to US $1.03 a day…" (Emmanuel, Frempong, Opareh & Rose, 2015; 35). Those who "… live above the upper line of GHC 1314.00 are considered as non-poor, whereas those people with a consumption expenditure equivalent or below GHC 729.05 a lower poverty line, are in absolute poverty or living in extreme poverty…" (Emmanuel et al., 2015).

Poverty in Ghana "… varies across regions and the socio-demographic groupings, thus the overall decline in poverty incidence has not made an impact on rural poverty…" (Emmanuel et al., 2015). This variation was illustrated by 2013 data showing that "… urban poverty stood at 10.6 %, compared to rural poverty of 37.9 % […] rural Savannah contributes 55.0 % of the poverty situation in the country, while rural coastal and rural forest areas represent 30.3 % and 27.9 % respectively…" (Emmanuel et al., 2015; 35). The lowest poverty rate of 3.5 % was found in the Greater Accra region that includes the capital city. Three regions - Northern, Upper East and Upper West- account for 40 % of the overall poverty in Ghana (Emmanuel et al., 2015; 35).

The Ghana Living Standards Survey Round 6 (GLSS 6), August 2014, reported that food **crop farmers** had the highest poverty level, whereas those self-employed in non-agricultural activities, the public sector and the private sector, had the lowest poverty rates. When comparing between male and female, poverty incidence was found to be higher for male-headed household at 25.9 % compared to 19.1 % for female-headed households. The survey also showed that more than half of those engaged in service sector activities live above the upper poverty line, whilst over 48 % of household incomes in Ghana come from non-farm self-employment. The distribution of wage incomes was reported as: 33%, agriculture 14%, rent, remittances and other sources 5%. The non-farm self-employed (informal) sector, which largely depends on microcredit, contributes almost half of the total household income in Ghana (Emmanuel et al., 2015, 35).

Economic measurement of poverty does not, however, provide the real meaning of an individual's livelihood and well-being. Individual livelihood should not be measured only by, financial capital. Livelihood is constituted of "… capabilities, assets (materials and social resources), and activities that are required for a means of living…" (Chambers & Conway, 1991). The measurement of livelihood should also encompass coping with and recovering from stress and shocks, as well as maintaining or enhancing capabilities and assets both now and in the future (Chambers & Conway, 1991). Poverty prevalence limits people's opportunities, weakens their assets and capabilities, and increases their exposure to risk (International Fund for Agricultural Development (IFAD, 2011).

Access to financial resources is an energiser in the development process (Todaro & Smith, 2012; Thiel, 2001; Williamson & Mahar, 1998; Winkler, 1998; Lynch, 1996). This has resulted in the creation of both formal and informal financial institutions which have become key components for any development policy and poverty alleviation. However, the formal financial institutions exclude the poor and low-income earners due to their lack of collateral, as well as the high transaction costs involved in lending to the poor (Dean, 2011). NGOs were thus involved in including the poor and low-income earners in the financial stream. This they did through microcredit access without collateral. Improving access to small loans credit through microcredit is considered as fundamental in contributing to the strengthening of the productive assets of the poor that comprise their human capital (Arouri, Ben, Youssef, Durairaj, Dahmani & Mungomba, 2014; World Bank, 2001).

Microcredit has long been advocated as an effective tool for poverty alleviation and development (Armendariz & Morduch, 2005). Microcredit enables poor and disadvantaged people to start and build up microenterprises, increase their income, improve their economic well-being and diversify their livelihood options (Adu, Anarfi & Poku, 2014; Sharma, 2013; Manalo, 2003). Yet, controversy still exists on whether microcredit actually improves livelihoods and reduces poverty (Ebimobowei, Sophia & Wisdom, 2012; Sengupta & Aubuchon, 2008; Morduch & Haley, 2002).

1.3 Credit Programmes in Ghana

Since Canadian Catholic missionaries in 1955 established a credit union in Northern Ghana, the microfinance sector has seen an increase in growth due to financial sector policies and programmes undertaken by successive governments (Asiama & Osei, 2007; Mohammed & Mensah, 2018). This has led to the credit sphere in Ghana emerging into three main categories: 1) formal: i.e. traditional commercial banks, Rural and Community Banks (RCBs), and savings and loans companies; 2) semi-formal: i.e. financial non-governmental organisations (FNGOs) and credit unions; and 3) informal: i.e. Susu microfinance scheme collectors and clubs, religious groups, Rotating and Accumulating Savings and Credit Associations (ROSCAs and ASCAs), money lenders and others. RCBs are unit banks owned by community members, standing out as the largest financial player in terms of geographical coverage, depth of outreach and number of products in rural areas (Basu Anupam, 2004).

In terms of overall control, the Bank of Ghana sets the regulatory framework, savings and loans companies fall under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDC

Law 328), and the RCBs fall under the Banking Act 2004 (Act 673) (Mohammed & Mensah, 2018). Since 2011, the Bank of Ghana has set out operational rules, guidelines and licensing procedures to ensure efficient functioning of all credit institutions, enabling rapid growth in microfinance (Mohammed & Mensah, 2018).

The establishment of credit in Ghana (as well as in sub-Saharan Africa as a whole) is viewed within a framework of rendering financial services to the poor and low-income individuals and families in both rural and urban areas. This framework covers starting and growing their businesses, developing their financial structure, and repaying their loans within due time (Asian Development Bank, 2000). In Ghana, the provision of such credit is viewed by government and policy makers as one of the keys to achieving the larger goal of reducing poverty (Mohammed & Mensah, 2018).

Microcredit institutions in Ghana provide financial services to an estimated 15% of the country's total population, whilst 10% is provided by the Universal Merchant Bank (Arko Koffi Samual, 2012). The backbone of Ghana's economy comprises micro, small and medium enterprises, with little or no collateral for loan security. They represent 85% of business and contribute some 70% of Ghana's Gross Domestic Product (GDP) (International Trade Centre, 2016; Boateng, 2018). However, credit lending to micro, small and medium enterprises carries risk due to a general lack of collateral security (Bank of Ghana, 2018). Because loans write-offs have a recurring effect on the lending capacity of banks, such lending has to be well structured for affordability and constructive effect.

The ratio of non-performing to total loans reportedly declined marginally from 22,9% to 22.7% in December 2017 (Bank of Ghana, 2018; Graphic Online 25th January, 2018 cited in Boateng, 2018). Loans totaling GHC 8,6 billion of GHC 37.7 billion disbursed in loans during 2017, was classified as delinquent and/or was not repaid (Boateng, 2018). The Ghana Microfinance Institutions Network (GHAMFIN) indicates that thirty microfinance (microcredit) institutions (MFIs) collapsed in Ghana in the first quarter of 2013 alone; a further twenty collapsed by the end of 2017 (Boateng, 2018). This was reportedly because of an inability to sustain their operations due to loan delinquency (Boateng, 2018). The problem is that such debt write-offs have a recurring effect on the ongoing lending capacity of banks and finance houses.

Banks in Ghana are reluctant to lend to individuals and small businesses, and have high transaction costs of lending to these sectors' which make small loans relatively expensive (Yaidoo and Kalaiah, 2018). Therefore, in Ghana, banks see a favorable risk composition as one that is heavily weighted against the self-employed, small-scale enterprises and individuals' poor. Thus, borrowing to self-employed, small-scale enterprises and poor individuals, are high-risk and are excluded from the banks. This is a problem of debt in the credit sector and a study conducted in Ghana reported that about 60 % of microcredit have reported having default rate, above the international accepted rate of 3%. This poses a serious threat to the operations and sustainability of many microcredit institutions, and eventually many had collapsed and not improved the beneficiaries' livelihood (Yaidoo and Kalaiah, 2018). The authors conclude that "… the bottom-line is that if microfinance is deemed to have such notable shortcomings and it has no substantial impact on clients at reducing poverty, then there can be no justification for microfinance to have a role in development…" (Yaidoo and Kalaiah, 2018).

The Bank of Ghana reports also that microfinance has been characterised by severely impaired capital funding and inability to meet regulatory capital adequacy requirements, generally with a crisis of low asset and liquidity ratios (Bank of Ghana, 2018). These problems culminated in threats to depositors' funds, thereby eroding public confidence and undermining efforts to promote financial inclusion. Of the 566 licensed microfinances in 2018, 211 were active but at risk of folding, whilst 355 had collapsed and closed their operations. Likewise, out of the total number of 141 Rural Communities Banks (RCBs) providing financial services or credit, 37 are active but 104 had stopped providing credits. This situation resulted in the revocation of the operating licenses of 23 savings and loans companies. There has thus been a need for other role players to design and implement improved microfinance packages for credit provision to individuals, micro and small enterprises. This gap in the microfinance market saw non-profit organisations such as ENA coming in with more effective and efficient interventions for providing financial services.

The microcredit program implemented by ENA in Ghana is called Self-Supported Assistant Program (SSA), in which beneficiaries get 18 months of business and financial literacy training. The main objective of the SSA program is to provide needed financial resources to participants, allowing them to successfully start and expand their businesses, as well as improve their living standard (https://engagenowafrica.org/lift/).

Engage Now Africa (ENA) is a Not-For-Profit Organization working in sub-Saharan Africa, more specifically in Namibia, Sierra-Leone, Ethiopia, and Ghana since 2008 (https://engagenowafrica.org/lift/). ENA's mission is to heal, rescue and lift vulnerable individuals, families and communities, to help them become self-reliant through strategic programs, projects, and partnerships (https://engagenowafrica.org/lift/). ENA's work is framed within the United Nations Sustainable Development Goals and fit within goals 1) which is no poverty, 2) zero hunger, 3) good health and well-being, 4) quality education, 6) clean water and sanitation.

ENA designs and implements its projects through approaches such as sustainability through self-help solutions, development of in-country leadership for long-term sustainability, Asset-Based Community Development (ABCD) and strategic use of resources for broader impact (https://engagenowafrica.org/lift/). To date, ENA had reached about 4, 970, 851 lives through its interventions such as education, health, microcredit and community training (https://engagenowafrica.org/lift/).

The role of micro-credit in poverty and livelihood improvement had attracted organizations, donors' and policymakers' attention in developing countries across the globe as well as in Ghana. The underlying reasoning is that proving credit to the poor enables their participation in the economy through starting and growing their small businesses. Consequently, they will be able to generate money and improve their livelihoods. Despite the reputation and seeming success of micro-credit, there is no clear evidence that stand firm on the positive effects of micro-credit.

1.4 Research Problem

In Ghana, there is broad recognition that many poor and unemployed citizens are equipped with the capability and willingness to work, and that government should make finance accessible to them (Boateng, G., 2015). Successive governments have implemented such programmes, including the Agricultural Development Bank (ADB) established in 1965 to meet the needs of the agriculture and fisheries sectors, and from 1976 the RCBs to meet the needs of farming and rural communities. Financial sector reforms have been brought in from 1986 onwards, resulting in the establishment of non-bank financial institutions such as savings and loans companies and credit unions (Asiama and Osei, 2007; Boateng, 2015; Bawumia et al., 2008). These programmes were custom-made to address the complications of financial dualism, poverty and unemployment (Boateng, 2015).

In February 1972, the Government of Ghana initiated Operation Feed Yourself. Thereafter, from the 1980s, the Ghanian Government brought in the National Board for Small Scale Industries (NBSSI), the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD), the Export Development and Agricultural Investment Fund (EDAIF), the Ghana Poverty Reduction/Social Investment Fund (GPRP/SIF), the District Assembly Common Fund (DACF), the Poverty Alleviation Fund, the Heavily Indebted Poor Country (HIPC) Fund, the Youth Self Employment Fund, the National Youth Employment Program (NYEP) – later renamed the Ghana Youth Employment and Entrepreneurial Agency (GYEEDA) (Boateng, G., 2015:52-53). However, more than half of these programmes achieved the goals for which they were established (Boateng, G., 2015.). Boateng (2015) found that "… the failure of many government's microfinance scheme was due to both internal and external challenges…" (Boateng, 2015). These include high operational cost, limited support of human and institutional capacity building, lack of training and poor conditions of services, loan default and lack of banking culture in the rural areas, peri-urban and among the urban poor, as well as corruption (Boateng, 2015; Boateng and Boateng, 2014; Gyamfi, 2012; Asiama and Osei, 2017).

In 2006, the government introduced the Ghana Microfinance Policy (GHAMP). This policy aimed at promoting the delivery of sustainable and efficient microfinance services to improve livelihoods by enabling the creation of asset and reducing poverty (Boateng, 2015; CDC Consult Ltd, 2010; MoFEP, 2006). In the same year, the government launched the Microfinance and Small Loans Center (MASLOC) to provide small and medium sized enterprises (SMEs) with affordable loans and finance (Boateng, G., 2015).

Subsidised finance has been provided in Ghana since the 1950s, with microfinance becoming commercialised in the 1990s. However, the problem encountered with microcredit in Ghana is that its use does not always improve the livelihood of people. The Government of Ghana and the Bank of Ghana have pointed out that informal financial institutions that attempted to provide microfinance services generally had limited outreach, due primarily to inadequate availability of loan funds (Asiama and Osei, 2007; BoG, 2015; Nwanyanwu, 2011). Cases were reported of microcredit beneficiaries losing their monies and investments despite being advised to be cautious in dealing with mushrooming MFIs (Boateng, G., 2015). Likewise, the inability of the existing financial institutions to adequately address the financing needs of the poor and low-income households (Boateng, 2015; MoFEP, 2006; Asiedu-Mante, 2005).

Banks in Ghana are also reluctant to lend to small businesses because of high transaction and lending costs which make small loans relatively expensive (Yaidoo and Kalaiah, 2018). Banks there see a favorable risk structure as one that is heavily weighted against the self-employed, small-scale enterprises and individuals. This is a problem of debt in the credit sector, and a study conducted in Ghana reported some 60% of microcredit borrowers having defaulted, which is above the internationally accepted rate of 3%. This posed a serious threat to the operations and sustainability of microcredit lenders, and many collapsed (Yaidoo and Kalaiah, 2018). Most microcredit lenders have high interest rates and seek to profit from operations to an extent whereby microcredit loans simply place an additional burden on the people – and "… the bottom-line is that if microfinance is deemed to have such notable shortcomings and it has no substantial impact on clients at reducing poverty then there can be no justification for microfinance to have a role in development…" (Yaidoo and Kalaiah, 2018). Observing the crippling consequences of debt burden on countries (such as Ghana who opted for the Highly Indebted Poor Country status in 2002), the world financial crisis in 2007/08, and cases of high default in repayment of debt, it would make sense to adopt a more beneficial impact approach to Microcredit (Yaidoo and Kalaiah, 2018).

Most of those who are without access to financial services (individuals, micro- and small enterprises) dwell in the rural areas. In the same vein, traditional banks choose not to finance such micro and small enterprise, most often owned by the individual poor (Boateng, 2015). More than 92% of the enterprises in Ghana are micro-, small and medium and they account for 70% of Ghana's GDP (Abor and Quartey, 2010). This is attributed to the high risks inherent in them and their inability to provide asset-based security. Microfinance operators in Ghana face challenges that impinge on their ability to perform and improve the livelihoods of the beneficiaries, including under-capitalisation, inefficient management and regulatory and supervisory loopholes (Boateng, G., 2015). To these challenges, Settor Amediku, Deputy Head of Financial Stability Department at the Bank of Ghana, added usurious interest rates and poor outreach, diversion of funds, inadequate finance, frequent changes in government policies, heavy transaction costs, huge loan losses, low capacity and low technical skill in the industry as impediments to the growth of this subsector (Andah 2008). These challenges, many of which contributed to the failure of previous schemes, are still bedeviling the MFIs schemes in Ghana (Boateng, G., 2015). This situation created a gap that needed filling by other credit providers with custom designed and implemented intervention programmes enabling people to improve their livelihoods.

The root causes of poverty are clearly linked to a lack of resources and opportunities to live the kind of life one values, with the poor exposed to shocks and forces outside their control. In order to meet the need to design and implement new avenues that would enable poor people gain access to affordable credit, in the past two decades, microcredit has proliferated as a tool for poverty alleviation and development (Asian Development Bank (ADB), 2000:1). It is now generally accepted that "…the poor are not poor because of a lack of skills or that the poor create their own poverty…" (Ali, 2015). Instead, "… poor people's lack of institutional credit or lack of capital makes them poor and lack of capitals/assets had made it impossible for them to obtain credit from formal financial institutions…" (Ali, 2015). This view is linked partly to the structural perception of poverty. This structural poverty results in people being tied to low productivity, usually in self-employed economic activities.

Microcredit is understood as the provision of small loans to enable poor and very poor people to become self-employed and generate income, thereby allowing them to care for themselves and their families (Bateman, 2011; Daley-Harris, 2009; Sinha, 1998). However, some authors have claimed that microcredit lending does not alleviate poverty (Asayehgn, 2014:109; Kamani, 2007). Accordingly, microcredit borrowers can end up borrowing more money from other sources to repay existing microcredit loans, in a vain attempt to reduce their debt level (Asayehgn, 2014:109). This has reinforced the view that "… most microcredit beneficiaries are caught in subsistence activities instead of building successful businesses and improving their livelihood as well as sustaining their improvement…" (Banerjee &Duflo, 2006).

Despite this question as to its value in many developing countries, including Ghana, microcredit is recognised as an important tool for poverty alleviation and development (Emmanuel et al., 2015). Thus, the Ghanaian Government has associated the entire microcredit policy framework with the country's strategy for poverty reduction (Emmanuel et al., 2015).

Since 1989, the government has been implementing various special credit interventions targeting microenterprises and small business entrepreneurs, with the aim of poverty reduction. In addition to MASLOC, such interventions include Enhancing Opportunities for Women in Development (ENOWID), the Business Assistance Fund, the Export Development and Investment Fund (EDIF), and Youth Enterprise Support (YES). However, these interventions have not achieved their objectives. Studies had indicated that in 2013 alone, thirty (30) microcredit institutions collapsed during the first quarter and in 2017 twenty (20) more collapsed (Boateng, 2018; Ghana Association of Microfinance Institutions Network (GAMFIN), 2014). The United Nations Capital Development Fund (UNCDF), in 2002, agreed that these interventions had resulted in failure, ending up with defaulters and low recovery rates, as well as putting borrowers into a cycle of further debt and poverty. Government failure to deliver this much needed microfinancial service to its citizens therefore led to NGOs filling the gap. Research authors such as Nicola Banks and David Hulme agree that "…NGOs had played an increasingly prominent role in the development sector and their strengths as innovative and grassroots driven with the desire and capacity in pursuing participatory and people-centered forms of development, and in filling in the gaps left by the failure of states across the developing world in meeting the needs of their poor citizens…" (Banks & Hulme, 2012).

It is therefore against this mixed results background of NGOs involvement in microfinance that ENA implemented SSAP in Ghana in 2008, providing small loans to the poor in both rural and urban areas. Through this access to credit, the SSAP provides a fresh approach to assisting individuals to start and grow microenterprises aimed at increasing their income generating activities and improving their earnings, as well as their living standards (ENA, 2015). ENA SSAP provides 18 months business and financial literacy training before disbursing loans to beneficiaries (https://engagenowafrica.org/micro-credit/). Each beneficiary is required to become a member of a group that support and encourage each other and then ENA facilitators train and mentor the groups (https://engagenowafrica.org/micro-credit/).

In Ghana, the poor speak of management of their assets (human, physical, social and natural) as ways in which to cope with their vulnerability, rather than simply through increasing income, in improving their livelihoods (Adjei et al., 2009; Narayan et al., 2000; Stephen & Shamiso, 2013:449). Adjei confirmed that microcredit is a pathway for the poor to reduce their vulnerability and a means to build and strengthen the assets which are fundamental in the process of improving their livelihoods (Adjei et al., 2009).

Individuals and members of households who participate in SSAP microcredit hold expectations that their borrowings will enable them to both start up and grow their microenterprises and their incomes, build up their assets, increase their savings and be able to repay their loans, thereby strengthening their human capital formation, reducing risk and vulnerability and improving their living standards. However, whether or not their participation in fact improves their livelihoods has not yet been properly investigated and understood. For unknown reasons, although ENA has been implementing the SSAP since 2008, no systematic and comprehensive study has yet measured the effects of the programme on its participants. Accordingly, "… development industry, government agencies and non-governmental organizations are calling for greater evidence and a focus on what works…" (Rooyen, Stewart & De Wet, 2012:2259).

This study therefore assesses the effects of microcredit borrowing on the livelihoods of SSAP participants. Four indicators have been used: 1) assets accumulation; 2) voluntary savings; 3) loan repayments; and 4) skills with which participants have become equipped to run their microenterprises. It is in this context of overall livelihood improvement that this study addresses the research question in this study.

1.5 Research Question

The research question, based on the significance of this study, was: "*How effective is ENA's SSAP microcredit programme in improving the livelihoods of participants in Ghana?*" Within this main question were the following two specific questions:

1) What challenges and constraints face the SSAP microcredit borrowers in improving their livelihoods?
2) What are the determinants which affect the livelihoods of microcredit beneficiaries?

1.6 Objective of the Study

By addressing the research problem and answering the research question, the objective of this study is to assess and evaluate the effectiveness of ENA's SSAP microcredit programme in Ghana in improving the livelihoods of participants across all provinces. This study therefore evaluates:

i. the status of the livelihoods of beneficiaries in terms of changes in their asset accumulation, voluntary savings, operating capabilities and frequency of loan repayments; and
ii. the effects of the demographic, socioeconomic and financial variables on the livelihoods of beneficiaries in terms of accumulating financial and human capital assets.

1.7 Significance of the Study

Evidence indicates that integrated approaches are best used in assessing public policy aimed at the improvement of individual livelihoods and community wellbeing (Christakopoulou, Dawson & Gari, 2001:347; Duxbury, 2003:4-5). Public policy makers, researchers, donors, NGOs and programme managers need to assess whether a particular microcredit programme is effective in accomplishing its intended objectives and goals. Such assessments are essential in the achievement of programme targets through improving accountability, motivating evidence-based policy in decision making and budget allocations (Gertler, Martinez, Premand, Rawlings & Vermeersch, 2011; Heinrich, Maffioli & Vasquez, 2010).

The study provides evidence of the extent to which appropriate and correct choices are made in allocating scarce resources introduced into areas where meaningful and sustainable changes are feasible and worthwhile. The study reviews existing literature on microfinancing and microcredit in Ghana, the needs, knowledge and capabilities of participants, and the effectiveness of NGO implementation of their microcredit programmes.

The study proposes a model that integrates sustainable livelihoods with assets-based community development, which could contribute to the use of assets that people have in starting and growing their microenterprises towards improving their livelihoods.

The study provides recommendations and their implications which can inform policy makers and stakeholders in low- and middle-income countries with similar frameworks.

1.8 Scope and Limitations of the Study

The focus of this study is on assessing the effects of ENA's SSAP approach to microcredit development on the livelihood's improvement of participants across all provinces of Ghana. Livelihood encompasses social, human, physical, financial and natural capital and resources. In this study the indicators of asset accumulation, voluntary savings, loan repayments and development capabilities are examined and analysed for discussion. This study examines what is needed in the provision of financial resources that will enable programme participants improve their livelihoods. The effects of loan repayment frequency, skills training, loan monitoring and loan interest rates are taken into account.

Although microcredit is acknowledged as a tool for poverty alleviation and development, measurement of the effect of SSAP, its implementation and administrative mechanisms, and the sustainability of the programme are beyond the scope of the study.

1.9 Chapters Outlines

Chapter One provides inight into the ENA SSAP implementation in Ghana's microfinance problem, linked to the purpose of this study. It includes the study's rationale, significance, objective and related research question.

Chapter Two presents a situation analysis of Ghana's development theories and practices, of poverty in Ghana, and of microcredit as tool for alleviating poverty.

Chapter Three provides a review of literature relating to the study subject matter, such as microfinance in Ghana, development nexus and how microcredit contributes to livelihood improvement.

Chapter Four presents the conceptual framework, research design and methodology, the sampling procedure used, the data collection instrument and methods of analysis, together with specification of the statistical model, the definition of variables and the ethical considerations engaged.

Chapter Five describes the data obtained for each of the elements in the study objective and then analyses the results obtained in terms of the study subject matter.

Chapter Six summarizes the study conclusions in relation to the problem statement, research question and the study objective, scope and limitations. Recommendations for further research are provided.

2 CHAPTER TWO: DEVELOPMENT PARADIGMS AND NEXUS

2.1 Development Theories

Over the past five decades, microfinance development theories have evolved from macro-level approaches, including the traditional theories of modernisation and dependency, to micro-level approaches influenced by the humanist paradigm (Dinbabo, 2003a; Mohan & Stokke, 2000; Burkey, 1993). This paradigm speaks to and emphasises participation as a fundamental aspect of the process of development. Participation is also central to the people-centered development which arose as result of the failure of traditional approaches to bring about positive change in the intervention target populations (Davids, Theron & Maphunye, 2009; Coetzee, Graft, Hendricks & Wood, 2001). A people-centered approach enables grassroots mobilisation of available local resources and their management in such a way to enable the people involved to uplift themselves out of deprivation and poverty. Development theories can be said to have their origins within various philosophical or meta-theoretical paradigms of social sciences (Coetzee et al., 2001). In the same vein, meta-theory is a form of enquiry which reflects critically on the world of science and theory (Mouton, 2001:11). Microcredit as a tool for development should thus be implemented within a people-centred development approach. This chapter presents the inter-connected development theories and practices which need to be taken into account in order to understand the arena in which microcredit is implemented.

The Sustainable Livelihood Approach (SLA) and Asset Based Community Development (ABCD) are both tools needed in using people-centered microcredit programmes for poverty alleviation. SLA and ABCD provide the main theoretical framework of this study, which will be dealt with fully in Chapter Four.

There have been various development theories over time, and it is evident that there can be no one final development theory. Development theories come and go as needs vary and differing circumstances arise and change (Hart, 2018:14). Accordingly, differing theories can influence policy and practices differently at any one time. For the purpose of this study, three theories are discussed: 1) Modernisation, 2) Dependency, and 3) Alternative Development. All three theories have had enormous influence on microfinance development approaches and practices.

2.1.1 **Modernisation Theory**

Modernisation theory puts forward the notion that all societies have to follow a pathway from a traditional to a modern civilisation (La Placa & Knight, 2017:2-3; Anderson & Taylor, 2004:16-18). Modernisation theory falls within the macro theory paradigm that the terms 'development' and 'economic development' should be used interchangeably (Veltmeyer & Delgado Wise, 2018:3-4); Klinger, 2017:696-697; Protopsaltis, 2017:1733; Adjibodou, 2012:491; Mckay, 2008:50; Anderson & Taylor, 2004:296-297; Goulet, 1996:2).

Modernisation theory became popular after the Second World War, being seen as social change, with influences from various western social sciences schools of thought. These schools included: 1) Functionalism, led by Talcott Parsons, and 2) Stages of Growth, led by Rostow (Davids, et al., 2009). Grounded in the development experiences of European countries, modernisation theory could be categorised as a progression from feudalism to capitalism, and also as the ultimate stage of the socio-economic and political evolution of traditional societies into modern ones (Coetzee, 2001:28). Africa was then seen as made up of traditional societies progressing in the following stages of economic growth: 1) traditional society, 2) preconditions for take-off, 3) take-off, 4) drive to maturity, and 5) the age of high mass-consumption (Klinger, 2017: 692-694, 706; La Placa & Knight, 2017:3-4; Protopsaltis, 2017:1733-1734; Browett, 1985:793; Rostow, 1990:4). Thus, the route from traditional to modern society was understood as a linear route supposedly achieved through "industrialization, democratization and secularization" (Coetzee, 2001:27). Within this theory, it was considered that newly decolonised traditional countries, such as those in South America, Asia and Africa, must follow this process to become modern. The intended deliveries of modernisation were supposedly to be achieved through transfers of advanced economic, social, cultural and political accomplishments that the Western European countries had achieved (Coetzee, 2001).

Traditional societies, such as Ghana, were seen as having deficiencies and being negative, therefore needing a top-down approach in development, rather than a bottom-up strengthening of local communities' assets, as the route to sustainable development. Poorer countries were seen as stagnant and unchanging, not innovative, not focused on profit-making and not progressing or growing. Modernisation theory saw poor countries as needing Western transformation, both politically and economically, through colonisation (Klinger, 2017: 691-692; Haines, 2000:36-37; Adelman & Morris, n.d.:1; Joshi, 2005:1-3). This approach accentuated values leading to the growth and expansion of a middle class (Protopsaltis, 2017:1735; Haines, 2000:37). In the same line, Hart (2018) stated that "…modernization theory views traditional societies as a series of negatives or deficiencies; this theory sees poorer countries as stagnant and unchanging, not innovative, not focused on profit-making and not progressing or growing…" (Hart, 2018).

Modernisation theory came to be criticised for its inability to take the overall global picture into account, that the resources of the world might be limited, that the accumulation of wealth by some might actually reduce the development chances of others, and that the processes of Western industrialised societies could not be duplicated in the Third World (Hart, 2018; Klinger, 20. n17: 692-698; Protopsaltis, 2017:1735-1736; Haines, 2000:36-37, 39; Crewe & Harrison, 2004:27; Joshi, 2005:1-3). The evidential failure of modernisation theory to work acceptably in practice led to the search for a new theory.

2.1.2 **Dependency Theory**

The inability of the modernisation theory to deliver on its expectations led to the dependency theory. This new theory emerged first in Latin America, strongly influenced by the local Neo-Marxism of the day. The argument was that development and under-development are intertwined, and that some parts of the world are underdeveloped because others are developed (Hart, 2018; Veltmeyer & Delgado Wise, 2018:3-4; Protopsaltis, 2017:1733; Ziai, 2017:2727; Adjibodou, 2012:497; Joshi, 2005:2; Vercillo, 2012:2; Browett, 1985:790; Grosfoguel, 2000:357, 367; Cardoso, 1976:7). Dependency theory authors viewed underdevelopment not as a product of internal deficiencies, but as a creation of political relations with capitalist societies (Veltmeyer & Delgado Wise, 2018:3-4; Haines, 2000:41; Palma, 1978:898). The institutionalisation of capitalism in the West was the origin of the underdevelopment of poor countries and peripheral societies that led to the exploitation of their natural resources with unequal market conditions (Davids et al., 2009: Franks, 1969; Graaff & Venter, 2001). This unequal relationship benefited the core wealthier nations and disadvantaged the poor countries, to the point where they could not be self-sufficient (Graaff & Venter, 2001:77-82).

Dependency theory writers argue that the roots of global poverty have to be understood within the context of the international economic system, in that "… underdevelopment is not a condition but rather an active process of impoverishment due to development, and the global market system of the First World…" (Hart, 2018). Dependency was created through capitalism, where profit is the driving force in spreading through the sourcing of Third World raw materials for First World profit making. The assumption of a trickle-down benefit effect from the First World to the Third World ended up in the First World exploiting the Third World's raw materials to add value to their commodities (Hart, 2018; McKay, 2008:47, 52).

Nonetheless there are similarities between the modernisation and dependency theories. Modernisation is comprised of both modern and traditional societies, while the focus of dependency is on development and underdevelopment. Both theories are "…intrinsically deterministic even though modernisation focuses on the internal determinants of developments such as tradition; and dependency on external ones such as the spread of capitalism from western countries to poor "(Davids et al., 2009 cited in Mulu, 2011). In summary "… modernization theory can therefore be said to see capitalism as a force which causes growth and progress by development from centre to periphery; while dependency sees capitalism as the ruin of the Third World through stripping out its resources and holding it in thrall […] modernization theory holds that rich countries are the helpers of poor countries, whereas dependency theory is premised on the belief that it is the main obstacle to the wellbeing of poorer countries…" (Hart, 2018). Hart further expanded on this theme, notimg that the macro theoretical paradigms started in the early 1930s in a time of structural tradition, which was followed in 1950s by modernisation theory. Later came neo-liberalism in the 1970s, which significantly influenced development practices with its many diverse approaches attempting to respond to the neo-liberal theories mentioned earlier. These different "… approaches had claimed to be similar in purpose that ensure development…" (Hart, 2018). Still "… it is the dichotomy between modernization and development theories which has brought about the split in liberal and radical approaches…" (Hart, 2018).

In this study it is argued that the importance of the radical approach is due to its emphasis on: 1) people participation in their development, including microcredit; 2) the fact that a target population should not be seen as an empty vessel, but as endowed with capabilities and assets (such as social, physical, and human) that should be discovered and used in improving their livelihood; and 3) the target population should use their freedom of living to lead the kind of life they want to live. Access to finance credit alone should not be viewed as the sole asset that will improve their livelihoods. The combined use of people assets together with access to finance are thus pertinent to the successful achievement of improved wellbeing. However, with regard to access to microcredit, an extreme radical approach would be successful due to:

a) an integration of training in microcredit; b) monitoring of loans; c) frequency of loan repayments and a low loan interest rate. Organisations implementing microcredit are therefore required to design programmes that integrate all these aspects in their approach towards improving the wellbeing of programme participants.

In the 1980s in Africa, Asia and South America, the implementation of holistic approaches to both modernisation and dependency led to a worsening of living conditions and a growing inequality between developed and developing countries (Sachs, 1992). Both approaches failed to bring beneficial change into the lives of people in the poorer nations, leaving them excluded and in unsustainable development. This failure paved the way to a search for a paradigm shift (Davids, et al., 2009; Eade, 1997; Rahman, 1993). A problem based and people-centred development theory thus emerged from the failure of earlier development theories, aimed at eliminating poverty (Freidman, 1992; Nerfin, 1987:172).

2.1.3 Alternative Development Theory

Development within modernisation and dependency theories is said to have brought about the most abusive form of development the world has ever experienced (De Beer and Swanepoel, 2000). Whatever the extent to which this was so, the people-centred approach of Alternative Development Theory (ADT), with a combined problem based and people centred approach, is seen to have provided a better answer. Each aspect is considered in turn, but the two together are needed for best results.

2.1.3.1 *Problem Based Approach*

Pre-occupation with social problems, dysfunctional attributes, human deficits and group and community limitations is the reason why an approach was introduced which is focused on professional training and help enabling people and communities to solve their own problems (Brueggemann, 2006; Russell & Smeaton, 2010). This approach is still the most widely used in Africa (Pretorius and Nel, 2012). Accordingly, "… in Africa, the problem-based approach was the preferred approach to development in that the inhabitants of Sub-Saharan African countries were rarely asked what their priorities and concerns were – aid organisations hardly ever considered that the people might have something of value to offer in responding to the countless humanitarian crises they encountered…" (Pretorius and Nel, 2012; Russell and Smeaton, 2010; Booy, Sena and Arusha, 2000).

Early aid organisations, NGOs and government stakeholders in development in Africa were largely ignored by developers, their voices and concerns unheard; they were seldom asked to help people discover and use their available resources in solving their social problems, and they were not considered to add value in the process of development (Booy, Sena & Arusha, 2000; Pretorius & Nel, 2012; Russell & Smeaton, 2010).

Pretorius & Nel argue that in Africa, including Ghana, social and welfare problems are the main issues confronting people. These problems include unemployment, illiteracy, sexual, physical and emotional abuse, poor sanitation and health care, exclusion from participation in public affairs, development projects, no access to finance, poor education and lack of money to send children to school, violence, alcohol abuse and general poverty (Pretorius & Nel, 2012). The problem-based approach to microfinance starts with assessing first the needs and problems of such people, what they lack, what are their strengths and weaknesses (Weyers, 2011; Kretzmann & Mcknight, 1993).

With problem-based microfinancing interventions, professionals can have a tendency to focus more on what is dysfunctional in and absent from the people and their communities, rather than on their strengths and capabilities. A primary focus is on poor people's exclusion from the financial sphere, especially access to credit, because they do not have collateral. This became the focal starting point of microcredit programme design in how problems should be addressed (Kretzmann & McKnight, 1993). In this way, problems are prioritised in order to choose the appropriate development model (Nel, 2006; Wade, 1989). Microcredit intervention theory and practice are seen to be constructed around "…the supposition that clients become clients because they have deficits, and problems…." (Saleebey, 2009:3). This is reinforced by the argument that professionals already have a "… preconceived solution or idea which is a stimulus in the way they listen to, hear and interpret the people's story and thus the way in which they design their intervention" (Gray & Collet van Rooyen, 2002:193).

Attitudes that people adopt on the ways in which to solve their problems, determine whether social change will likely occur and be sustained (Brueggemann, 2006). Usually "… people's mind sets and attitudes about life are influenced by their perceptions of the realities they are confronted with, and the lens through which they see life then often determines how they address problems" (Pretorius & Nel, 2012). However, on the one hand the predominantly problem-based approach led to an undermining and disbelief of the voices of the target population in deciding on their well-being. On the other hand, the problem-based focus tended to promote the idea that it was the professionals who needed to decide and create the environments suitable for the development target projects (Pretorius & Nel, 2012; Kretzmann & McKnight, 1993). This resulted in self-disbelief and loss of self-esteem, with people placing all their hope and trust in the professionals and other outsiders. Target groups begin to see themselves as victims or as having special needs, being unable to take responsibility and dependent on outsiders to craft their destiny (Pretorius & Nel, 2012; Russell & Smeaton, 2010; Mathie & Cunningham, 2002; Kretzmann & McKnight, 1993). All of this has a negative effect on people and their community sense of ownership and participation in matters affecting their lives and improving their well-being and self-reliance. Such an outcome will not likely create sustainable results.

Critics of the problem-based approach raise concerns of: 1) over-analysis leading to project paralysis; 2) exclusion of target groups from project participation, causing loss of trust; 3) doubtful project sustainability due to over-concentration on the problem; 4) misuse of projects as a strategy for developers to get funding and other resources; and 5) fundings managed and controlled by managers and professionals without participation of the project target group.

Design and implementation focus on the problem can result in the whole development being based on "analysing, maintaining and nurturing the undesirable" (Pretorius and Nel, 2012). An approach which treats professionals as being in full control of the project can create loss of trust and perceptions that only external experts, project leaders and professionals can provide real help and leadership (Kretzmann and McKnight, 1993; Pretorius and Nel, 2012; Russell and Smeaton, 2010;). Ife and Tesoriero argue that in a problem-based approach "the principle of valuing local is not always acknowledged and honoured" (Ife and Tesoriero, 2006). Pretorius and Nel conclude that an approach to development that undermines the principle of valuing local people results in their disempowerment, inhibits the whole process of development and maintains dependency on outsiders (Pretorius and Nel, 2012). When local people start believing that their needs and problems can only be addressed by outsider professionals, they become needier and further removed from a capacity to deal with their own needs (Pretorius and Nel, 2012; Green, Moore and O'Brien, 2006; Mathie and Cunningham, 2002).

A problem-based approach can hinder project sustainability because the focus is on problems and deficiencies (Brueggemann, 2006; Braun, 2005; Kretzmann and McKnight, 1993). It "can point to so many problems and needs that people feel overwhelmed, and therefore nothing is done" (Haines, 2009). All this hinders sustainable development as people become hesitant to explore all available resources (Pretorius and Nel, 2012).

The problem-based approach can also be used as a strategy by professionals to obtain funding and other resources by showing donors deficiencies of people and communities. The consequence is that needs analyses are conducted year after year to "gather evidence that will convince donors and prove to them that problems are worse than previously - hence the need for an increase of donors' investment in the community" (Pretorius & Nel, 2012). Donor funding may also be attached with conditions that could create and reinforce dependency mind-sets and undermine local leadership and ownership of development intervention (Ife, 2002; McKnight, 1993).

Most proposals for development projects funding will have been written by professionals. The funding is then managed and controlled by managers and professionals, with no participation by the intended target group of the project. Unfortunately, funding awarded for a project does not serve the purpose for which it is intended, nor build capability and capacity in the community, if its disbursement is too narrow in the interests of the professional managers. In such cases, more than half the project funds are spent on management salaries and administration costs, thereby jeapordising achievement of the project objectives. Consequently, there is a need to address such problems to ensure sustainability of projects (Kretzmann & McKnight, 1993).

Success and sustainability in development projects clearly needs to maximise target groups, people and community participation, so that those involved are free to raise their concerns and take ownership of their project (Ife & Tesoriero, 2006). Development organisations, including NPOs and government, need to go beyond consideration only of the problems and deficiencies, and make a paradigm shift to a focus on the possibilities, capabilities and assets that development target group possess (Pretorius & Nel, 2012; Braun, 2005:133). Hitherto, microcredit has been implemented within a need and problem-based approach. This approach is where professionals and project designers and implementers believe that people are poor because they lack access to financial means such as credit. However, even though people are poor, they are endowed with God-given assets that can be used in solving their problems. The evidence accessed in this study shows that problem-based project access to credit, does not by itself solve the problems of the poor. The solution indicated is to broaden the problem-based approach by integrating it with a people centred approach, wherein asset-based community development and sustainable livelihoods are combined.

2.1.3.2 ***People-centred Approach***

A people-centred approach to development enables the target group involved to take action that increases the actualisation of their ultimate human needs, thereby enhancing the quality of their own lives and those of their families and communities (Schenck, Nel and Louw, 2010:6). When microcredit borrowers are organised in groups, this will strengthen and reinforce a sense of belonging, networking and bonding, which are fundamental to building trust within groups and communities (Schenck et al, 2010; Block 2009, Brueggemann 2006, Mcknight 1995 & Burkey, 1993). People's culture, indigenous knowledge, existing resources, skills and ways of people participation should be respected and encouraged, as these are fundamental in people-centred approach to development (Ife, 2006). Raising consciousness of the poor as to their available resources, community building capabilities, inclusiveness aptitude, self-reliance, cooperativeness and consensus are of the utmost importance (Schenck et al, 2010; Ife, 2006; Ife & tesoriero, 2006).

A people-centred approach to using microcredit as a tool for development should be understood as a "process which empowers borrowers to advance their capacities to take responsibilities to mobilise, allocate and manage available resources, in order to produce sustainable and equitable improvement to the quality of their lives" (Korten, 1990:66). The implication here is that borrowers are in control of their own development and they must be able to make choices and decisions about what a better life means for them (Theron, 2005:116). Theron and Mchunu conclude that "citizens should be allowed space to actively engage in their own development" (Theron and Mchunu, 2016:1-26). Microcredit borrowers should, for example, be allowed to take part in deciding on matters such as the frequency and amounts of loan repayments, savings plans and training.

Participation within a people centred approach can be seen as crucial for human growth, in that it enables the development of self-confidence, responsibility, cooperation and taking initiative (Davids, Theron and Maphunye, 2009). Without such an approach to development, all the effort and resources put into a project aimed at alleviating poverty could be wasted. Participation within a people centred development allows the people to learn and take control of their own lives and solve their own problems, which is the essence of development (Davids et al., 2009). Microcredit as a tool for development should be designed and implemented within this approach. ABCD and SLA both facilitate a people centred approach to development; both will be dealt with fully in the study theoretical and conceptual framework evaluation in Chapter Four.

Table 1: Differences between Problem Based, SLA & ABCD Approaches

Approach	**Problem Based**	**People Centred**	
		SLA	**ABCD**
Orientation	External	External/Internal	Internal
Assessment	Needs, problems and what is missing	Assessment of human rights policy and practice	What has worked, community strengths and assets
Relation between community and institution	Community as passive recipients of aid and programs	Co-designers	Co-designers and citizens
Development of solution	Experts, external driven	Local knowledge and area-based solution	Citizens driven and internal solutions
Capacity building	External, professional and institutional	Economic development in response to specific shock and on-going poverty	Citizens and associations
Social capital	Not a deliberate strategy	Linking capital between NGO and community	Creation of bonding, bridging and linking capital

Source: The World Bank Participation Sourcebook, 1996 adapted from Russell (2009).

The rationale of a people centred development project, incorporating ABCD and SLA, is that the microcredit borrowers involved take ownership of the programme. This allows for the borrowers to discover and use their available assets as a starting point of the programme, prior to focusing on access to credit. The aim is that borrowers will make voluntary savings, accumulate assets, monitor their micro-enterprises effectively, make scheduled loan repayments on time, and participate in group meetings. Borrowers in such a project can call on programme managers to provide training that covers all aspects of the project, as well as share personal experiences that help other group members. In so doing, borrowers would be able to define what a microcredit programme really means to them. Implicit in all this is that borrowers are in control of the programme and their resources, and have access to information required to improve the quality of their livelihoods. This process will also ensure that the borrowers will hold themselves and the programme managers accountable for the delivery of the agreed services and achieving the targeted outcomes of the programme (Coetzee & Graaff, 2001:25). In a people centred approach, the central pillars include internal growth, participation, ownership, use of people strengths and assets, outcomes definition and control of the vision of its future (Nerfin, 1987:172; DHF, 1975:7). (Davids, et al., 2009; Eade, 1997; Nerfin, 1987:172; DHF, 1975:7).

2.2 Poverty

Poverty is a multidimensional phenomenon which is caused by culture, gender, social status, age and economic contexts (Emmanuel, Frempong, Opareh and Rose, 2015, World Bank, 2008). It is argued that "...poverty is a universal problem, yet the nature, level and experience may differ between different communities, countries and cultures... [thus]... poverty equals human suffering..." (Matanda, 2016:19; Schutte 2000:3). Poverty is definable as a sub-culture of social life into which the poor are forced and ultimately locked, because they have to live within a socio-economic environment that induces constraints and barriers about which they can do little or nothing (Schutte, 2000:3). However, Schutte goes on to note that when the constraints and barriers of social exclusion and the deprivation trap are removed, the poor "...will progress to a new set of needs more in line with the mainstream way of living in the society..." (Schutte, 2003:3). Whilst poverty can be explained in many ways, in this study it is contextualised by taking into account three key concepts applicable in current research: 1) social exclusion, 2) well-being and ill-being, and 3) the deprivation trap. These three concepts, with the deprivation trap as a focal point, are described below – together with the capability approach relative to poverty alleviation. People are excluded from financial services such as banks and are deprived of opportunities, and the effect can be felt in their wellbeing.

2.3 **Social Exclusion**

Social exclusion is a process of denying the participation of individuals in the full social and economic rights to which they are entitled (Barry & Hallett, (1998) cited in Davis & Wainwright, 2005:262). While there is a close relationship between social exclusion and poverty, the idea that social exclusion is just a euphemism for poverty is questionable (Davis and Wainwright, 2005:262). In this study, the concept of social exclusion is linked to the notion of deprivation and the sense of well-being. Chambers defines deprivation as a trap that keeps people from improving their lives, including a sense of isolation, powerlessness and vulnerability, together with physical weakness and poverty Chambers, 1983:112). Social exclusion is a dynamic and multi-dimensional process that creates and sustains levels of inequality and poverty, as it hampers the individual attainment of sustainable livelihoods, human development and individual participation (Piron & Beall, 2005:9).

Of fundamental importance in responding appropriately to the issue of poverty, is the need to understand its root causes and continuance, as well as the manner in which it ties in with the lives of the oppressed and with those who are discriminated against (Davis & Wainwright, 2005:263; Lister, 2000:38). People who are excluded may "...feel alienated from society and excluded from job opportunities and decision-making and may turn to violence and crime as a way of feeling more powerful..." (Islam & Sharm, 2011:39). For instance, in South Africa it has been suggested that social exclusion refers to the fact that, despite the presence of welfare and 'general wealth', a significant group remains excluded from the mainstream benefits of society – and is prevented from enjoying the levels of prosperity present in the rest of the country, due to the prevalence of massive and increasing levels of social inequality; this is over and above the significance of such inequality being in itself a cause of poverty (May, 2000:45). This degree of social exclusion can be also found in other African countries, such as Ghana, where a small percentage of people control a huge amount of the country's resources.

Exclusion traps people in a deprivation cycle of powerlessness that results in an on-going poverty-stricken existence (Swanepoel & De Beer, 2006:7). The socially excluded tend to be denied access to the opportunities available for acquiring an education, access to improved health and increased incomes, yet there are occasions when they can manage to escape poverty through their own efforts and good fortune. Even though a country's economy may grow and the levels of general income in the country may rise, those who are excluded from such development will probably be left behind, with the proportion of those who remain in poverty thus increasing (Islam & Sharm, 2011:39).

In terms of social exclusion, although the basic needs of the poor with low incomes may be met, issues other than financial poverty may still remain, thus rendering them still vulnerable to extraneous threat (Davids et al. 2010:39). Access to microcredit can be seen as a way to include the poor in the financial stream. Despite social exclusion not being the same as poverty, the two forces might yet feed off each other; a person who is socially excluded, although maybe not poor in terms of income, may nevertheless find that the two phenomena are closely linked (Flotten, 2006:69). Exclusion may be the result of poverty, or it may lead to poverty, but the most challenging aspect relates to the ways in which social exclusion and poverty are interrelated and under what circumstances they interrelate (Flotten, 2006:69). Social exclusion may be measured by using such poverty indicators as: a) the number of individuals with a low income; b) the level of anxiety among the elderly; c) the numbers of unemployed youth; d) the level of participation in civic organisations; e) access to education; f) consumption and production activities; and g) social and political activities (Flotten, 2006:70-71). The choice of social exclusion indicators depends on the activities that define the meaning and level of the participation of people in their communities (Burchardt, Juliana, & Piachaud, 1999:223). These activities include the degree of security available, the maintenance of a reasonable living standard, engagement in activities that value others – and having access to an education, so that one can develop the necessary skills and knowledge to be able to pursue productive employment and be empowered with decision-making capability. Social exclusion measurement is meaningful in microfinance because of financial exclusion of the poor and the need for skills training.

Employment is the main social exclusion indicator, followed by access to financial services, investment and banking services (Ravillion, 1992:13). Coupled with lack of income, exclusion equates to abject, if not absolute, poverty (Swanepoel & De Beer, 2006:7). Social exclusion is therefore a form of capability deprivation, which occurs when people lack the abilities, they need to make lifestyle choices (Sen, (2000), cited in Wheelahan & Moodie, 2011:20). Thus, social exclusion may be both a cause and a result of capability deprivation (Sen, 2000:5). Social exclusion, for example, could exclude people from education and training, meaning that they are then at a general disadvantage, leading to their continued exclusion (Wheelahan & Moodie, 2011:20). This study assessed whether microcredit had improved the livelihood of the beneficiaries. Yet for beneficiaries to improve their livelihood through being engaged in microenterprises, it is fundamental to be equipped with knowledge and skills necessary to use in their microenterprises resulting in livelihood improvement.

2.4 Well-being and Ill-being

The concept of well-being exists as: a) material well-being: having enough assets, food and work; b) well-being of the body: good health, appearance and physical condition; c) social well-being: the state of being able to care for children, maintain self-respect and dignity, live in harmony and peace with one's family and community; and d) security well-being: the civil right to peace, personal physical security, a secure environment, ability to abide by an ethos of lawfulness and access to justice, confidence in the future, benefitting from security in old age (Swanepoel & De Beer (2006:8). The sense of well-being therefore lies at the core of an individual's life; fulfilment thereof directly relates to societal structures, policies and living conditions. The lack of education and skills, for example, can lead to a state of vulnerability, affecting the sense of individual well-being and culminating in an overall, irreversible cycle of poverty (Ganyaza & Seager, 2005:5). Well-being is strongly related to life satisfaction as it includes both feeling good and functioning well, both as a person and collectively as a community (Huppert, 2014; Seligman, (2011) cited in Kern, Waters, Adler & White, 2014:2; Huppert & So, 2013).

By contrast, the concept of 'ill-being' exists when the poor face difficulties of inclusion and integration in the economic world, lacking power to participate in the world economy. The consequence is poverty, with those involved lacking the advantages required to achieve and maintain a sense of self-satisfaction and well-being, resulting in feelings of misery and emptiness (Spies, (2004) cited in Maarman, 2009:319-320). Furthermore, failure to satisfy basic needs such as sanitation, food, transport, safe drinking water, shelter, education, information and entertainment, lands the poor in a deprivation trap, leading to a low capacity for coping with challenges. The poor thus become incapable of satisfying their basic needs, with their social situation determining, at least in part, their level of poverty (Ganyaza & Seager, 2005:3; Verner & Alda, 2004). It is argued that poverty is the deprivation of individual well-being which results in an individual's ill-being (Ludi & Bird, 2007:2), Haughton & Khandker, 2009:1: World Bank cited in Haughton & Khandker, 2009:2). Chambers explains that powerlessness, physical weakness and illness, lack of material possessions, insecurity and bad relations result in ill-being, which results in being in a deprivation trap (Chambers, 2006:4). Unemployment, for example, acts as a depressant likely to reduce one's sense of happiness and well-being (Kingdom & Knight, 2004:5).

There is, however, some agreement that the poor could adopt new behaviour patterns by seizing available opportunities when presented, which could lead to improvement of their well-being (Haralambos (1989) cited in Schutte, 2000). This to say that as microcredit is the available opportunity presented to them, it is fundamental that the poor beneficiaries adopt new behaviour patterns such saving, building assets, and repaying their loans regularly. This will occur if a component of skills training is integrated into the programme to empower beneficiaries with personal knowledge and skills, whilst engaging in income generating activities, so as to take control of resolving their marginalisation, meeting their human needs and combating their poverty (King & Palmer, 2006:63). Furthermore, starting up and growing income generating activities will enable sustaining gainful employment, providing a sense of achievement and life satisfaction (Seligman, (2011) cited in Kern, Waters, Adler & White, 2014:2; Huppert & So, 2013). Education in training is thus essential for achieving a sense of well-being; it opens up a pathway to promote learning and creativity, which leads to enhanced social cohesion and promoting citizenship – ultimately resulting in increased life satisfaction (Waters, (2011) cited in Kern, Waters, Adler & White, 2014:1; Seligman, Ernst, Gillham, Reivich, & Linkins, 2009). Therefore, when analysing well-being, there should be a shift of focus from income as the means of living as the only factor, to also include opportunities (e.g. education) and capabilities (Stiglitz, Sen, & Fitoussi, (2009) cited in Kern, Waters, Adler & White, 2014:1-2; Sen,2009:253; Robeyns, 2005:95).

2.5 Deprivation Trap

In this study poverty is conceptualised as a deprivation. This deprivation consists of five clusters of interrelated challenges: i) poverty, ii) isolation, iii) physical weakness, iv) vulnerability, and v) powerlessness (Chambers, 2014:11-113; Swanepoel & De Beer, 2011:6; Chambers, 2006:3; Chambers, 1983:112). It is this interrelated relationship of the clusters that results in the poor being trapped in a cycle of poverty – better referred to as the 'deprivation trap' (Swanepoel & De Beer, 2000:9). In this deprivation trap, poverty contributes to: i) the sense of isolation, as it often results in physical weakness from a lack of food; ii) vulnerability, due to a lack of assets to meet costs such as schooling; iii) powerlessness, because low status accompanies lack of wealth, resulting in the poor being left without a voice (Swanepoel & De Beer, 2006:5-6). Thus, the impact of deprivation keeps people from improving their lives (e.g. acquiring good shelter, health insurance and employment), because they are poor and cannot afford to satisfy even their basic needs (Swanepoel & De Beer, 2006:5). Isolation is defined by Swanepoel & De Beer (2000:12) in terms of low levels of productivity, due to weakness of labour, inability to cultivate larger agricultural areas, the payment of lower wages to women than to men and the withdrawal of labour due to illness. Deprivation through lack of resources, such as access to proper education, training and credit, can leave people feeling vulnerable and even further isolated from the job market (Swanepoel & De Beer, 2006:6–7).

Access to credit and training is a fundamental component in quality of life, as it leads to empowerment with a necessary capability to 'break out' from the deprivation trap, take control of personal circumstances and become self-reliant (European Commission, 2008:65; Send 2001:6). Access to credit and training are seen in the context of empowerment of the poor to tackle the interrelated relationships between the five clusters in the deprivation trap. This is indicated in Figure 1 below, located in the center of the deprivation trap, growing strength achieved through education develops the means of breaking out of the cycle of poverty.

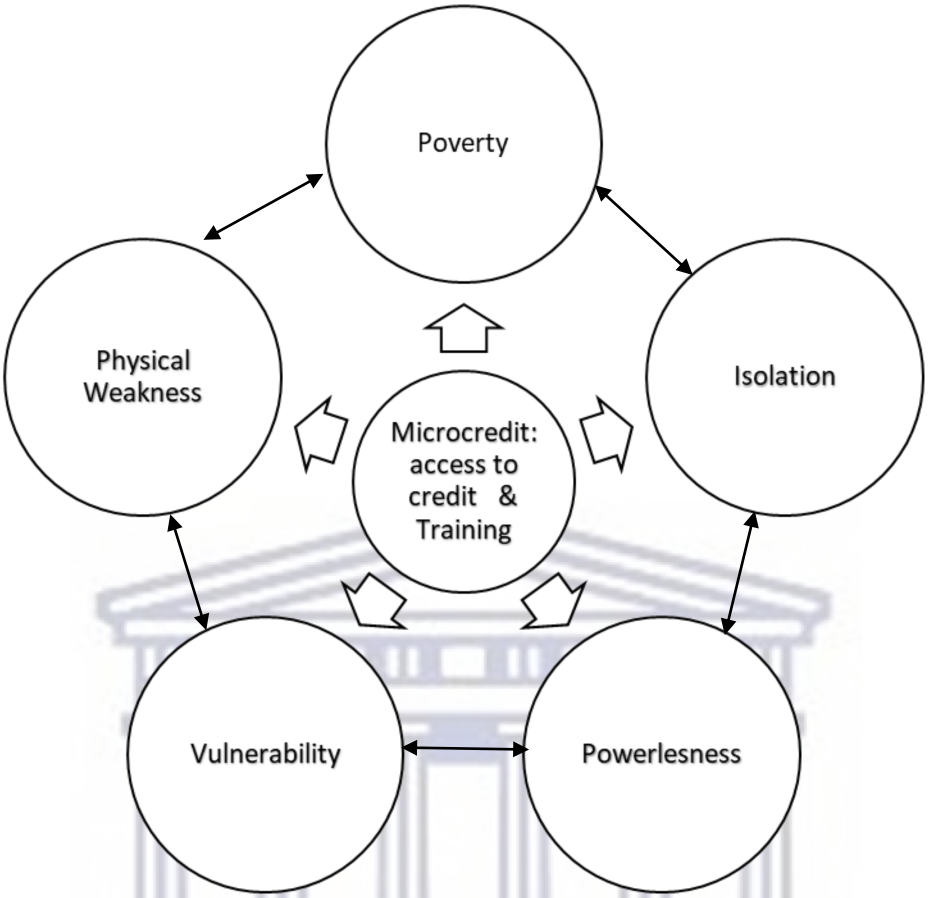


Figure 1: Access to Credit and Training to Exit the Cycle of Poverty

Adapted from Swanepoel & De Beer (2011:6)

The Self-Supported Assistant Programme (SSAP) assessed in this study was designed to address the challenges faced by the poor that affect their livelihood improvement, through access to both credit and training to equip them with the knowledge and skills needed to engage in income generating activities.

2.6 Capability Approach to Poverty

Capability refers to a person's ability to achieve a given function (doing and being) resulting in the ability to function in a different way (Sen & Nussbaum, (2000) cited in Stewart 2013:1; Robeyns, 2003:63; Saith, 2001:8). Capabilities result in "…freedom to lead the life that the person has reason to value…" (Robeyns, 2003:63). Thus, the capability approach can be a framework within which to evaluate policies to determine their impacts on people's capabilities; evaluation studies, in turn, should consider people's capabilities as a factor which could influence the evaluation findings (Robeyns, 2005:94; Robeyns, 2003:63).

Capability is the main tool with which an individual's well-being should be assessed, as well as the potential to achieve certain functions (Sen (1993) cited in Martinetti, 2000:4). Such functions could be elementary (e.g. personal health) or complex (e.g. social integration), making the capability approach appropriate for the understanding and measuring of poverty and its effects on individual capabilities and capacities.

The capability approach could serve as a pathway to increase the life satisfaction of microcredit beneficiaries, promote learning and creativity and enhance social cohesion and civic citizenship (Waters, (2011) cited in Kern, Waters, Adler & White, 2014: 2; Selihman et al. 2009). The capability approach is a framework applicable in evaluations of aspects of individual well-being and social arrangement and the design of policies and proposals about social change in society. Furthermore, this approach is applicable to a wide range of subject fields, most prominently in development studies, welfare, social policy and political philosophy (Robeyns, 2005:93-94). The notion of capability goes head-to-head with poverty, signifying a self-help conceptualisation of poverty in terms of enabling individuals to meet their basic needs and deprivation challenges. Although the capability approach is not a theory that can explain poverty, inequality or well-being, it does provide a tool and a framework within which to conceptualise and evaluate these phenomena (Shubhabrata & Ramsundar, 2012:1; Robeyns, 2005:94; Sen, 1999:87–88; Ravillion, 1995:4–5). Poverty is a shortfall in basic capability, whereby individuals are unable to achieve a certain minimal level of functioning, including securing shelter and sufficient nourishment (Sen, 1993:41). Thus, the level of malfunctioning involved relates to the lack of basic needs (Sen, 1993:40). The fundamental tenet of the capability approach is to conceptualise and measure the sense of well-being in terms of a person's capabilities and not in terms of primary goods (Sen, 1999:74).

Through the lens of capability approach, this study assesses the extent to which the SSAP fostered the development of borrowers' abilities to 'unlock' capabilities as they engage in income generating activities that enable them to improve their livelihood (see Chapter Five). Sen agrees that "…an assessment should focus on what people are able to do and be, on the quality of their lives, and on removing obstacles in their lives so that they have more freedom to live the kind of life that upon reflection they have reason to value…" (Sen, 1993, 1995, 1999). Thus, the core characteristic of the capability approach focuses on what people are effectively able to do and to be (Robeyns, 2005:94).

The capability approach contains two dimensions: 'capability' and 'functioning'. Capability relates to a set of capabilities that an individual can choose to acquire in order to achieve and reflect the freedom to choose between different ways of living (Sen (1992) cited in Robeyns, 2003:11; Sen, 1993:31). Functioning refers to 'being' and 'doing' actions that constitute a person's life and achievements – and what a person manages to do and be (Sen, 1993:31; Sen, 1985:10). Functioning includes "… working, resting, being literate, being healthy, being part of a community, being respected…" (Robeyns, 2003:6-7). In this study, functioning relates to the use that a beneficiary will make of the credit, knowledge and skills acquired through the training component of microcredit in relation to his or her livelihood improvement.

Development of skills that support capabilities requires an understanding of the nature of the work involved and the kind of qualified person needed (Muller, 2009:217). Thus, beneficiaries' livelihood improvement should be understood, together with: a) asset accumulation, savings, loan repayments, skills gained; and b) the frequency of loan repayments, loan monitoring, and loan interest rates. Since the capability approach begins with a person, rather than with a set of specific skills, the SSAP should start with the capabilities that are the assets with which an individual can be endowed with, which each borrower needs to achieve.

The contribution that the capability approach makes to this study lies in its interpretation of values and its emphasis on human well-being, freedom, development and human agency, as well as its practical focus on what people are not only truly able to do, but also what they could become – together with the emphasis placed on people's quality of life and sense of well-being and dignity (Nussbaum, 2003:33). Access to credit, knowledge, skills and capabilities have two major functions in that: i) as human capital they influence productivity, because education and training increase productivity – and human capital is the main asset of the poor; and ii) as a driver of development, where credit, knowledge, skills and capabilities are highly relevant to the fulfilment of individual competencies and capability functions (Mtey & Sulle, 2013:1). In this study, the notion of capability is linked to SLA and ABCD, and dealt with in chapter four as theoretical discourse.

2.7 NGOs and Development

Scholars have argued that over the past fifty years, there has been a tremendous growth of NGOs and other grassroots organisations in developing countries (Banks, 2012:2; Green and Haines, 2002:201). This is due, according to Banks, to limited government finances, corruption and poor governance, which has led to the government's failure to lead development of its citizens (Banks, 2012:3).

This growth of NGOs and other organisations has been an enabling factor for an alternative approach to enhancing development (Green & Haines, 2002:201). The rise of NGOs to facilitate development started due to citizens increasingly losing trust in government service delivery and ability to protect the interests of its citizens (Teegen et al., 2004:465). NGOs found a new niche to effective and efficient service delivery, brought in a new mechanism to foster social capital formation, were better organised, influential and able to integrate their strategy into governmental socio-economic systems (Teegen et al., 2004:465). The failure of the state resulted in NGOs starting a development alternative offering "… innovative, people-centered approach to services delivery and empowerment…" (Banks, 2012:3). NGOs come with more effective approaches in addressing poverty through microcredit (Lewis & Kanji, 2009; Bebbington et al 2008). According to Bebbington (2008) NGOs offer grassroots linkages, a key strength in design intervention using innovative approaches that focus on people participation and centre development. Such approaches empower the disadvantaged groups and help them gain their voice, which results in people taking ownership of their life. Empowerment as a bottom line is the greatest asset of NGOs in meeting the needs of the poor, by aiming to assist them in articulating those needs themselves through participatory, people-centred and right based approaches…" (Drabek, 1987).

NGOs, such as ENA in this study, are "… intermediary organizations engaged in funding and offering support to local communities and stress of self-reliance enabling sustainability …" (Green & Haines, 2002:211; Korten, 1997:148). NGOs are defined also as "… any non-profit, voluntary citizens group that is organised on a local, national or international level, task-oriented and driven by people with a common interest…" (Teegen et al, 2004). NGOs perform a variety of services and humanitarian functions, bringing citizens' concerns to governments, monitor policies and encourage political participation at the grassroots level…. provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreement…" (Teegen et al., 2004). For the purpose of this study

NGOs are "… officially established organizations, run by employed staff and volunteers that are well-supported by government or more often by donor agencies, and which are relatively large and locally based…' (Fuimaono, 2012:17).

NGOs have the ability for effectively and efficiently accomplishing the tasks that many governments are unable to perform, especially in reaching out to the vulnerable, poor and excluded population with services delivery (Saibul, 2010). This has the advantage of enabling NGOs to be in a strong position of influence at grassroots levels of community planning, policy making and implementation (Bromideh, 2011:198). NGOs are also believed to have influenced the shift from "controlled development project approach to a relationship with grassroots and community" (Mathie and Cunningham, 2003). Such relationship encompasses a "… process of community-driven development that promotes interaction with other actors in the community, resulting in sustaining local development…" (Fuimaono, 2012:17; Mathie & Cunningham, 2003:11). Thus, interaction with others creates a synergy relationship in which social capital is core to human relations. This human relations aspect is important, as when borrowers are in a group of say five or six people, such networks, norms and social trust are bonding factors that facilitate cooperation and coordination for mutual benefit (Krishna, 2004:292).

2.8 **Microcredit: A Tool for Poverty Alleviation**

Controversy over microcredit lies in the scarcity of donors' funds, disagreements over their application, stakeholders' appropriate roles and the vision for microcredit use (UN Food and Agriculture Organization (FAO), 2000). The debates on microcredit include financial sustainability, impact assessment and the social targets of the poorest of the poor.

State failure to deliver on poverty alleviation resulted in NGOs forming a development alternative offering and "… innovative, people-centered approach, capabilities and SL and ABCD approaches to services delivery and empowerment…" (Banks, 2012:3). NGOs started a paradigm shift, integrating these approaches in microcredit for effective poverty alleviation and livelihood improvement (Lewis & Kanji, 2009; Bebbington et al 2008). With poverty being a major problem in sub-Saharan Africa, microcredit became the tool to alleviate poverty and underdevelopment (Guerin, 2006; Mayoux, 2002; Derbile, 2003; Ledgerwood, 2000; Khander, 1998).

Through the lens of empowerment, the underlying logic of microcredit is that the provision of credit to the poor will result in improving financial and non-financial outcomes. These outcomes include food security, nutrition, health, housing, education and social cohesion, job creation, assets accumulation, savings, increased skills levels (Odell, 2010; Hossain & Knight, 2008; Hietalahti & Linden, 2006; Beck, Demirguc-Kunt & Levine, 2004; Afrane, 2002; Khandker, 2001; Wright, 2000; Barnes & Keogh, 1999, Schuler, Hashemi& Riley, 1997, UNICEF, 1997, Barnes, 1996). This will occur as microcredit is framed within development approaches that maximise people and community participation that is aimed at actively creating spaces in which people are free to raise their concerns and enable ownership (Ife & Tesoriero, 2006). The contribution of microcredit lies in its interpretation of values; its emphasis on human well-being, freedom, development and human agency – and in its practical focus on what people are not only truly able to do, but also what they could become – together with regard to the emphasis placed on people's quality of life and sense of well-being and dignity (Nussbaum, 2003:33). Access to credit, knowledge, skills and capabilities has two major functions: i) as human capital influencing productivity, because education and training increase productivity – and human capital is the main asset of the poor; and ii) as a driver of development, where credit, knowledge, skills and capabilities are highly relevant to the fulfilment of individual competencies and capability functions (Mtey & Sulle, 2013:1). In this study, the notion of capability is linked into the SLA and ABCD approaches examined in Chapter Four.

The extent of the value of microcredit as a cure for poverty, social exclusion and deprivation can be open to question. Money spent in a microcredit project could perhaps be used more effectively for other interventions (Karnani, 2007). Funding a single intervention using microcredit is likely to be less effective as an anti-poverty measure than simultaneous efforts combining microcredit, education and health (Lipton (1996). Furthermore, measuring the effects of microcredit on human well-being and livelihoods can be challenging because it is fraught with methodology difficulties in establishing causality between the effects of loans and the measurement of selected outcomes (Bateman 2010; Odell 2010; Roodman 2009; Goldberg 2005).

Another point at issue concerning the effective value of microcredit on poverty alleviation is that it benefits the poor and not the poorest (Copestake, Bhalotra& Johnson, 2001; Zaman, 2001; Morduch, 1998; Mosley & Hulme, 1998; Hulme & Mosley, 1996). Further, even though seen as an anti-poverty tool, microcredit is not "… a solution for all poverty problems because it responds only to profit-oriented activities of the enterprising poor", and that the "… consequences of misapplying microcredit to the non-enterprising poor, the poorest and the most vulnerable would be a mistake", with beneficiaries being in cycles of poverty (Moreno, 2004:34). As such it will be difficult for the non-enterprising poor to improve their livelihoods.

The problem-based approach to development has been the first design for implementing development interventions such as microcredit. The rationale of this approach is that people, groups and communities are helped and relied on by professionals to solve their own social problems (Brueggemann, 2006).

Moving on from the problem-based approach, NGOs who implement microcredit programmes needed to provide grassroots linkages, their key strength, enabling design interventions using innovative approaches that focus on people participation and community centred development (Bebbington, 2008). Such approaches would "… empower the disadvantaged groups with a necessary capability to 'break out' from the deprivation trap, take control of their circumstances and become self-reliant and help them gain voice and in ensuring they get ownership of their life" (European Commission, 2008:65; Send 2001:6). Empowerment as a bottom line is the greatest asset in articulating human needs through participatory, people-centred and right based approaches (Drabek, 1987).

Evidence from various countries shows, that microcredit programmes do not always work well. Data from India, Bosnia, Morocco, Pakistan, Nicaragua and Nigeria shows that thousands of beneficiaries are over-indebted, with serious implications for people's livelihoods improvement and increasing concerns regarding positive effects of microcredit. There is suspicion and concerns regarding ethics as microcredit is increasingly becoming more about commercialisation, making money from the poor and talk of mission drift (Yunus & Weber, 2010; Karnani, 2009; Chang, 2007; Fernando, 2006). In addition to such challenges to the positive claims for microcredit, there are indications that much of the available research has focused on how to improve the industry rather than how to improve its effects; most of the existing good research in the discourse of microcredit has deepened the controversy (Hulme, 1997; Rooyen**,** Stewart & De Wet, 2012). In India and the Philippines, random control trails in 2009 failed to show positive evidence that microcredit alleviates poverty (Karlan & Zinman, 2010; Banerjee, Duflo, Glennerster & Kinnan, 2009).

Within the context of microcredit worldwide and ENA microcredit in particular, it is essential to assess the effects of microcredit on beneficiaries' livelihood improvement, both in general and in Ghana. Microcredit uses vary, depending on their context and their availability to a wide range of people (Odell, 2010:12; Goldberg, 2005). There is thus a need to identify the type and model of microcredit implemented by ENA, the results achieved and their circumstances. Whilst most of the microcredit evidence emanates from Asia, where microcredit originated, there is an increasing need to know and understand the evidence from sub-Saharan Africa, one of the poorest regions of the world. In this region, development aid is proportionally large, there is still a majority of non-profit service providers in the microcredit industry , microcredit works differently in different regions, population density, attitudes to debt, group-cohesion, enterprise development, financial service providers and financial literacy all vary (Fischer & Ghatak, 2010; MIX & CGAP, 2011; Armenda de Aghion & Morduch, 2005; United Nations, 2008:1).

Despite the problems identified, the results of several studies on the relationship between microcredit and poverty reduction in selected dimensions of poverty are encouraging. However, the question remains: under what circumstances is microcredit empowering and when does it become a burden? (Goldberg 2005; Roodman & Morduch 2009; Bateman 2011; Odell 2010; Qureshi 2009:10). One reason why the results of microcredit impact studies are so mixed is that microfinance interventions differ from programme to programme, a heterogeneity reflected in the context within which the financing happens (Kristen, 2011). Results can differ because of the particular paradigms that a researcher uses (Mayoux, 2005).

The integration of ABCD and SLA will result in people-centred development in that microcredit borrowers will take ownership of the process of the programme. Borrowers will use their available assets as a starting point in the programme instead of focusing on access to credit. Borrowers will become co-designers of their intervention, using local knowledge and area based-solutions, instead of outsider knowledge and solutions. There will be a linking of capital between NGO and community, creation of bonding, bridging and a linking of capital with citizen driven internal solutions.

The extent to which microcredit contributes to the improvement of livelihoods depends on the areas of investment opportunities and returns. Microcredit can be viewed as the delivery of micro (small) credits to small and micro entrepreneurs to strategically assist the working poor (ILO, 1998). This is the reason why NGOs', multilateral and bilateral aids have been channelled into the industry in developing countries, with varying degrees of success (Afrane, 1997). The main idea behind microcredit is the availability of capital to traditionally vulnerable populations (Seddo, 2014:132).

2.10. Chapter Summary

This chapter has reviewed the various concepts relevant to the study's literature. The chapter placed microfinance within development theories. Three theories were discussed: 1) Modernisation, 2) Dependency, and 3) Alternative Development. All three theories have had enormous influence on microfinance development, approaches and practices. Development within modernisation and dependency theories have brought about the most abusive forms of development. Alternative development has brought about a paradigm shift, with emphasises on people-centred approaches, in which participation is a fundamental aspect of the process of development. This would bring about positive change in the intervention in target populations.

The chapter has shown that people-centred development occurs when there is integration of Sustainable Livelihood Approach (SLA) and Asset Based Community Development (ABCD). Both tools are needed in using people-centred microcredit programmes for poverty alleviation. It would enable grassroots mobilisation of available local resources and their management in such a way that the people involved are able to uplift themselves out of deprivation and poverty. Microcredit as tool for poverty alleviation should integrate both SLA and ABCD. This integration will ensure that people use their set of capabilities in order to achieve and reflect the freedom to choose between different ways of living. This will ensure the elimination of social exclusion, isolation and vulnerability, and improve people's well-being. The next chapter deals with the literature review on microfinancing.

3 CHAPTER THREE: MICROFINANCING IN GHANA: RELATED LITERATUREREVIEW AND THEORETICAL PARADIGM

3.1 LITERATURE REVIEW

3.1.1 Introduction

Since the introduction of subsidised credits in the 1950s, Ghana has developed a number of schemes and organisations to make microfinance and microcredit accessible to the poor and unemployed (Asiama & Osei, 2007:1). The objective of this study was to assess and evaluate the effectiveness of the Self-Supported Assistant Program (SSAP) of Engage Now Africa (ENA) in Ghana, in improving the livelihoods of participants in terms of: a) asset accumulation, savings, personal capabilities and loan management; and b) the effects of demographic, socioeconomic and financial variables on improving the lives of beneficiaries in terms of accumulating financial and human capital assets. The non-governmental organisation (NGO) - ENA's - SSAP was used as a model in establishing the extent to which microfinance programmes and the provision of microcredit has improved the livelihoods of Ghana's poor people.

The contribution of ENA's SSAP to the livelihoods improvement of participants in the programme has been reviewed within the context of empirical literature on microfinancing the poor in Ghana. This covers literature on the growth and effects of microfinancing and microcredit programmes. It also covers research on the challenges faced by programme participants in improving their livelihoods in terms of financial literacy, interest rates, loan management and the accumulation of savings and assets.

3.1.2 Microfinancing the Poor

Microfinance programmes and the provision of microcredit came to general prominence in the 1970s (Robinson, 2001; Sinha, S., 1998:2). In the 1980s, microfinance institutions (MFIs) such as Grameen Bank in Bangladesh and the Bank Raykat Indonesia, began to show that they could, with commercial funding, sustain the provision of small loans and savings services on a large scale (Robinson, 2001). In the 1990s the growth in MFIs accelerated (Robinson, 2001; Dichter, 1999:12). In 2005, Kofi Annan, the then Secretary General of the United Nations (UN), in proclaiming the International Year of Microcredit, declared:

> Microfinance has proved its value, in many countries, as a weapon against poverty and hunger. It really can change peoples' lives for the better – especially the lives of those who need it most.
> (UN Homepage, 2005:1).

This microfinance literature review identifies: a) the challenges faced by the poor in facing exclusion from the formal banking sector; b) their opportunities and means for gaining access to finance, income, assets growth and improved livelihoods; c) the need for financial literacy and programme management by participants; d) the determinants of individual, group and community human capital and social welfare enhancement; and e) the varying approaches to microfinance and microcredit, and their respective merits and demerits. The review then goes on to explore the evidence on the effectiveness of microfinance programmes and microcredit in achieving their aims, with specific reference to Ghana, and to the ENA's SSAP in Ghana,
Small loans financing the poor through access to microcredit financial resources not otherwise available to them, should not be seen as an end in itself, but as a means for them to improve their wellbeing and livelihoods. In particular, "… microcredit enables borrowers to mobilize, harness their resources and optimally exploit the opportunities available to them…" (Habte, 2016:68-69). Empirical studies show that microcredit can result in positive changes in the livelihoods of borrowers through its effects on production and consumption, as well as in the social effects that empower them and promote a culture of entrepreneurship (Habte, 2016:69; Ziaul, 2014; FAO, 2000).

The poor and their households are not always aware of all their social, human, physical, natural and financial resources. Microcredit providers therefore need to show these people how to discover and unlock these resources so that they can be used, together with access to finance, to improve their livelihoods (DFID, 1999). By using all available assets, and by learning how to use them constructively, borrowers will be better able to increase their income and, in turn, grow their assets, savings and net worth (FAO, 2000). The acquisition of new assets and the merging and improvement of existing assets, alongside increasing income, will help ensure household consumption stability, strengthen economic and food security, and improve livelihoods (Habte, 2016; FAO, 2000). Furthermore, the effect of microcredit on household livelihood improvement has been found to have positive effects on improving environmental sustainability, by relaxing dependence of the poor on natural resources and by promoting diversification of alternative economic activities (Habte, 2016).

The ability of a household to pursue livelihood strategies depends on its available resources (Scoones, 1998). The argument is that microcredit loans should be seen as an additional, not a sole, financial resource that is allocated and used for the activities of a household in the improvement of its livelihood (Dunn, 1996). The African Institute for Mathematical Science (AIMS) maintains that the amount of a microcredit loan allocated to an individual household should depend on a combination of factors, such as social and economic constraints, intra-household decisions-making dynamics, and available economic opportunities (AIMS, 2001).

The United Kingdom (UK) Department for International Development (DFID) identifies households as having five livelihood capital assets: i) human, ii) financial, iii) physical, iv) natural, and v) social. These assets, used in a diversity of combinations by households in achieving their livelihoods outcomes, represent the resources on which their members can rely to produce income, cope with stress and shocks, manage risk and meet household basic needs (DFID, 1999). Microcredit makes available an additional purchasing power permitting households and individuals to exceed the limitations of their current economic situations (Habte, 2016; Gulli, 1998).

Habte (2016) argues that this additional purchasing power through household access to finance resources will result in accumulating assets, personal savings and loan repayment capability. In turn, the accumulation of human, physical and social assets, provides for an increase in household capabilities, to improve their livelihoods by enhancing their long term productive potential. It is through access to credit resources that poor people will be able to manage their natural resources in a more sustainable and efficient manner, so that they can reduce working capital constraints as and when financing allows them to purchase inputs for their microenterprises (Habte, 2016). In India, the impact of microfinance and microcredit, with its easy repayment terms, has helped entrepreneurs to initiate and diversify their business activities. This in turn has enhanced their sources of income, improved their standards of living, and to great extents helped vulnerable households in building up their capacity to manage their risks (Rajendra & Raya, 2010). Thus, on the one hand microcredit can enable households to have control over their assets and environment, resulting in being better able to defend themselves against failure and poverty. On the other hand, access to finance enables the poor to engage in potentially profitable economic activities aimed at improving their livelihoods. This empowerment process allows the poor to take ownership of a process taking them out of the vicious cycle of poverty, into positive livelihoods outcomes (Mango, 2014:558).

3.1.2.1 **Indicators of Livelihood Improvement**

The success of microfinance programmes is measurable by improvement in: 1) Natural Capital (land, water and biological resources); 2) Financial Capital (money and liquid assets); 3) Social Capital (rights and/or claims to/from group membership; and 4) Physical Capital (infrastructure and resources created through economic production) (Columbia University, 2007).

3.1.2.1.1 Assets Accumulation

A key characteristic of poor people all over the world is that they lack assets in the form of education, skills, savings, and physical collateral that can be used to secure loans and household durables (Adjei, Arun and Hossain, 2009). Assets enable people reduce their vulnerability to financial shock and be less subject to business fluctuations in the short and medium term (Hulme & Mckay, 2005). Yet, the challenge they face is that of their assets being diluted through demand for too frequent loan repayments instalments.

Assets accumulation through microcredit is influenced by the levels of training, skills and experience of those handling and growing these assets and their related income (Bali Swain and Varghese, 2010b). Assets growth underpins the enhancement of household stability, personal efficacy, social influence, participation in community services, the well-being of children, future orientation and overall livelihood improvement (Shobe & Deborah, 2011). A lack of skills obstructs microcredit borrowers in building up assets and likely leads to failure of the microenterprise.

The prevailing anti-poverty paradigm is that well-being is almost exclusively dependent upon income alone; a paradigm that combines income with assets building initiatives could improve the well-being of poor households (Shobe & Deborah, 2011; Sherraden, 1988:1991). Assets have a positive effect on personal well-being, including future orientation (Sherraden, 1991). Thus, improving personal well-being and ending poverty has as much to do with tangible assets growth and accumulation as it does with income alone, presenting a critical analysis question of the prevailing paradigm that has shaped anti-poverty policies and programmes (Shobe & Deborah, 2011).

The assets paradigm has not yet met its intended goals, in that welfare policy has gone off track in becoming almost exclusively preoccupied with income protection of the poor, whereas a policy such as microcredit should seek to empower as well as protect borrowers through a shift to asset-based policies and programmes (Sherraden, 1991:7). The major reason for this proposed policy shift is that income only maintains consumption, but assets can change the way people think and interact in the world. With assets, people begin to think in the longer term and pursue longer term goals (Sherraden, 1996:6).

The concept of well-being being based on assets is aimed at the ability to think about and plan for the future by using household assets in such a way as to provide individuals with opportunities to shape their future goals, as well as make concrete plans for their personal, social and economic growth (Maria & Deborah, 2001; Sharraden, 1991). As borrowers accumulate assets through their microcredit projects, their futures will be shaped by how they use those assets to grow their financial base, as well as provide against business downturns and personal problems.

Empirical evidence shows that asset building is fundamental in poverty alleviation, with assets growth playing a critical role in improving the livelihoods of poor people. Researchers argue that the existence of a strong relationship between vulnerability and a lack of assets is both a cause and an outcome of the poverty which destroys livelihoods (World Bank, 2000). A Nigerian impact study of microfinance banking, for example, observed that this approach changed the businesses of hairdressers positively in Lagos State, by enhancing their assets accumulation and savings levels, thereby improving their standard of living (Olusanya et al., 2012). A study in Bangladesh found that as result of participation in microcredit, the incomes of women borrowers increased more than the incomes of men- by 18% to 11% (Pit and Khandker (1998:982-988). Likewise, a study in Bangladesh on the effects of microcredit on poverty alleviation, found that women increased their ownership of no-land assets by 27% compared to 15% for men (Khandker and Samad, 2013:13-14). A study conducted in Ghana by Sinapi Aba Trust, a leading microfinance NGO, found that microcredit loans resulted in positive effects in improving the accumulation of physical, human, and financial assets, including savings deposits (Adjei, Arun and Hossain, 2009:271-282). A study of three USAID microcredit programmes in Uganda found that participants there reported acquiring savings skills, ablity to meet basic family needs, and how to grow their business (Barnes, Gaile & Kimbombo, 2001).

However, a study on the impact of microfinance on poor people in Sub-Saharan Africa found that despite all the indications of positive benefits in microcredit for the poor, such as better money management, productive asset investment and increased skills, microcredit does not always benefit the borrowers (Stewart, R.J., Van Rooyen, C., Dickson, K & Majoro, M., 2010). The USAID Ugandan study cited problems of work time lost through attending weekly meetings, the burden of a weekly loan repayment schedule, and the lack of a grace period before starting loan repayments (Barnes, Gaile & Kimbombo, 2001).

3.1.2.1.2 Savings

Assets accumulation is acknowledged as being linked to savings, but there is a range of views on its achievement and their relative values ranging from: 1) the poor cannot save as they are too close to the subsistence level of existence and thus require credit, not savings (Bhaduri, 1977); to 2) poor people lack skills on how to save rather than the possibility of their being able to save (Adams, 1984); and 3) savings and not loans are most critical for the poor, whereas the relatively poor off may be a more suitable target for loans (Adams and Von Pischke, 1992); as well as 4) the poor need both loans and savings (Armendariz & Morduch, 2010); and 5) savings are needed to absorb shocks such as illness, household disruption and livelihoods risks (Ranjula Bali Swain (2007).

Savings are a necessary requirement for a borrower to be able to access a loan for the growth and sustainability of his business (Yeboah, E.H., 2010; Field, Pande & Park, 2012). Savings may be: a) mandatory, i.e. required in terms of the loan; or b) voluntary, i.e. money that the borrower puts aside for future business and personal use to enhance capabilities and cope with uncertainty shocks (Robinson, 2001; Ledgerwood, 1999; Haile, Bock & Folmer, 2012; Garikipati, 2006). One way or another, savings are necessary to enable borrowers to build assets over time, develop self-discipline and improve their livelihoods (Shami et al., 2014:387; Wisniwski, 1998). Meanwhile, a counter-argument is that compulsory saving is a way for microcredit lenders to acquire cheap capital through this form of financial collateral from borrowers, as such savings may be confiscated in case of default (Bali Swain, 2007).

It is argued that many microcredit borrowers do not save, either on a compulsory or a voluntary basis, because of challenges that include: a) time spent in meetings with the group's leader to assess their savings; b) more book-keeping for the group leader; c) literacy constraints; and d) organisational legal restrictions (Bali Swain; Isern et al., 2007). An effective strategy for savings should be put in place for microcredit borrowers to be enabled to have quality savings.

Kaushik Basu, K (2001) argues that if microcredit borrowers should save, in the long run they will escape from the trap of poverty. Savings enable low income households, such as microcredit borrowers, to build assets for use as collateral in securing loans (Wright, Hossain, and Rutherford, 1997). Accumulated savings can provide for smoothing income over economic shocks (Collins et al., 2009). Small amounts of savings can help stabilise families, and at higher levels, savings can provide families with better futures (Maria & Daborah, 2001; CFED, 1996:10). Savings through microcredit programmes should be seen as an instrument that gives borrowers new life perspectives, hope and motivation to prepare and plan for the future.

Savings and micro-enterprises development are both key factors for microcredit borrowers, and both are correlated. Credit is needed to start and develop a microenterprise, and a microenterprise is a source of employment, savings and livelihood improvement (Robinson, 2001). Savings will also enable the accumulation of assets, which is in turn linked to the development of the borrowers' skills needed to enhance microenterprises (Mutua & Kimanthi, 1994). Although saving is determined by income, it is also determined by the ability and willingness to save, as well as by intervening factors such as the socio-demographics of age, gender, education level. Ability to save refers to those who can save, whereas willingness to save is related to the degree of optimism or pessimism held by borrowers in the prevailing economic conditions (Katona, 1975). Thus, an ability to save does not necessarily guarantee savings, because savings also depend on an individual's willingness to save, personality characteristics, perceived locus of control, and future orientation (Lunt & Livingstone, 1991; Perry & Morris, 2005; Webley & Nyhus, 2006).

Empirical evidence from Sub-Saharan Africa and other developing countries reveals that savings are influenced positively by the available income a person has (Schmidt-Hebbel, Webb, & Corsetti, 2002). In Kenya, household incomes were found to be a statistically significant predictor of savings among rural farmers, entrepreneurs, and teachers (Kibet, Mutai, Ouma, Ouma, & Owuor, 2009). In Uganda, higher permanent and transitory incomes, significantly increased the level of net deposits among households that reported owning bank deposit accounts (Kiiza & Pederson, 2001). Income was also a significant predictor of improved savings in India (Agrawal, Sahoo, & Dash, 2007; Athukorala & Sen, 2004), Morocco (Abdelkhalek, Arestoff, de Freitas, & Mage, 2009), Pakistan (ur Rehman, Bashir, & Faridi, 2011), and the Philippines (Bersales & Mapa, 2006). Aside from income, age, including the age of the head of a household and the other household members, is an important predictor of savings, according to neoclassical economic theories. Economic researchers commonly use a dependency ratio of those under age 15 and over age 65 in a total household as an explanatory demographic variable. Households with more children than others may save less until the children leave home, which would then raise the per capita income of the household. In countries such as Kenya, Indonesia, India, China, Morocco and Pakistan, an increase in the dependency ratio has been found to decrease household savings, whilst a decrease in the dependency ratio increased household savings (Kibet et al., 2009; Johansson, 1998; Ang, 2009; Abdelkhalek et al., 2009; ur Rehman et al., 2011).

However, other researchers have found no significant relationship between savings rates and the dependency ratio in developing countries (Cornia & Jerger, 1982; Deaton, 1992; Schmidt-Hebbel et al., 2002). Mason (1987, 1988) challenged findings that dependency ratio has a strong negative effect on saving, qualifying the negative effect of the dependency ratio on savings by introducing the general household membership age factor. He demonstrated that in some cases, the effects of the dependency ratio depends on the age of the dependents. In the Philippines, for instance, researchers found that the percentage of young dependents had a negative effect on savings, whereas, the percentage of the elderly had a significant positive effect on savings (Bersales & Mapa, 2006).

In general, poverty in extended families can impede savings and assets accumulation (Caskey, 1997; Chiteji & Hamilton, 2005; Heflin & Patillo, 2002). Some scholars have attributed assets poverty to other factors beyond individual control, such as cultural origins (Al-Awad & Elhiraika, 2003), gender biased-cultural norms (Chowa, 2008), financial socialisation in families, schools, or communities (Chiteji & Hamilton, 2005; Chiteji & Stafford, 1999; Cohen, 1994), and race (Oliver & Shapiro, 1995; Shapiro, 2004). In other words, class-related factors can explain savings behaviours of low-income households, whilst in Kenya and the Philippines, education levels have been found to be a significant predictor of savings (Kibet et al., 2009; (Bersales & Mapa, 2006), but not in India (Agrawal et al., 2007). Occupation, which can be due to a person's level of education, was also found to be a significant predictor of savings rates in rural Kenya (Kibet et al., 2009).

In Uganda, increases in the availability of credit resulted in higher savings levels (Kiiza & Pederson, 2001). Generally, households with access to credit consistently hold higher net balances of savings than households without access to credit, however in rural Kenya improved access to credit has resulted in savings reduction (Kibet et al., 2009).

3.1.2.1.3 Capabilities

Sen argues that poverty should be seen as the "… deprivation of basic capabilities rather than merely as a consequence of low income…" (Sen, 1999:20). In this perspective, microcredit as a development tool should increase the capabilities of borrowers. Ledgerwood (1999) agrees that microcredit has become a development tool which enables the enhancement of human skills and helps the poor to effectively use their finance. Marketing and business training are key factors in the success of microenterprises as they enhance the effects of microcredit on profitability (Shamar & Buchenrieder, 2002).

Empowerment is fundamental for survival and well-being improvement and is reflected in a person's set of capabilities (Sen, 1993; 1990). When people are empowered, they can make decisions affecting the lives and lifestyles (Zaidi et al., 2007). In what he calls the Human Development and Capability approach, Sen refers to empowerment as what a person is free to do and achieve in whatever goals or values he or she regards as important (Sen, 1985b:206). The ability to make decisions regarding their lives will enable microcredit beneficiaries to achieve a given function (doing and being) that results in their ability to function in a different way (Stewart, 2013:1; Robeyns, 2003; Saith, 2001). Authors agree that poverty should be seen as deprivation of basic capabilities rather than as a consequence of low income (Sen 1999:20; Maritinetti 2000). Poverty is viewed as a shortfall in basic capability, whereby individuals are unable to achieve a certain minimal level of functioning, including securing shelter and sufficient nourishment (Sen, 1993:41). Thus, the general view is that equipping borrowers with skills will influence asset accumulation (Cabraal, Russell & Singh, 2006). Skills training that includes "… financial literacy, mechanisms geared towards facilitating savings and appropriate incentives…" is a strategy that ensures savings and assets accumulation (Sherraden, 1991).

A general argument is that the development of borrowers' skills through businesses development, financial literacy and others training is important in achieving sustainability of micro and small enterprises, which in turn develops into achieving the sustainability of the programme (Morduch & Hayley, 2002; Abed, 2000; Cohen & Nelson, 2011). The challenge that borrowers face in developing their enterprises is twofold. On the one hand there is a shift in microcredit as it becomes more commercialised and competitive, with higher interest rates that put borrowers in difficulty for loan repayments, building assets and savings. On the other hand, the social mission of microcredit in reaching and serving the poorest is remaining an issue that is not yet fulfilled (Shami et al., 2014:387). Microcredit is not a miracle cure that can eliminate poverty in one fell swoop, but when combined with other innovative programmes that can unleash people's potential, microcredit is an essential tool in a poverty free world (Alhassan & Goedegebuure, 2015:9; Chowdhury, 2009:5). In a nutshell: financial services (such as credit) alone are not a solution and are inadequate to lift up the poor above poverty (Freedom from Hunger, 2014). Skills training is one key innovative component which, when combined with microcredit, will effectively unleash the potential of microfinance borrowers (Alhassan & Goedegebuure, 2015:9).

The assumption here is that if people are well-trained and equipped with the necessary skills, they can attain a better socioeconomic status and become able to enjoy better health, employment prospects, and of course can contribute to the increase in national income (Hadi et al., 2015; OECD, 2012). The above argument could be the reason why the 1990 UNDP's Human Development Report (HDR) focused on human empowerment by proposing poverty alleviation and improving human welfare as foundational components for both human empowerment and national development (Delors et al. 1996).

The human economy theory puts forward the notion that a pre-condition for changes to occur relies on individual freedom to act (Ginzberg, 1971). Freedom to act is necessarily linked to the available resources in the hands of people (Hadi et al., 2015; Ginzberg, 1971). Human resources are potentially without limit and can be strengthened through training (Ginzberg, 1971). There is a belief that microcredit borrowers may be limited by the prevailing circumstances they may go through, but if properly empowered and adequately equipped with the necessary knowledge and skills, they can do the impossible and achieve the intended outcomes of their participation in their programmes. When people have poor skills, they face a much greater risk of experiencing socio-economic disadvantage and a higher likelihood of unemployment and dependency on social benefits (OECD, 2012).

The human capital theory supports the notion that training raises productivity by imparting useful knowledge and skills, hence raising the beneficiaries' opportunities for future income and accumulating assets and savings (Becker 1964). The best way to empower microcredit borrowers is, therefore, by giving them training in various areas that relate to their microenterprise, such as financial literacy and business management (Wamaungo, 2011).

Training is a social activity that involves people working cooperatively, using their social and human capital and serving each other, key factors for microcredit beneficiaries for starting and growing their microenterprises (Agbekoa, Block, Omtad, & Velde, 2017; UNESCO, 2001**).** Microcredit should provide training which results in equipping beneficiaries with necessary skills which will allow them to achieve the intended outcomes of their participation in their programmes (Bali, Karlan & Valdivia (2009). Similarly, it is believed that microcredit should combine the provision of credit with other important inputs, such as financial literacy training and business development services (Morduch, 2000).

In this study, training includes financial literacy which is conceptualised as human capital. Training is said to impact on the assets that the poor possess (Carney, 1998; Ellis, 2000). When a microcredit programme includes investment in training, it enables borrowers to acquire skills that are necessary in pursuing their occupations (Carney, 1998; Ellis, 2000).

Training is viewed as determining the quality of life of beneficiaries, together with the level of their microenterprise productivity and sustainability (Adjei, Arum & Hossain, and 2009:10). It is argued that training is among the most important tools in improving the people's basic knowledge, skills and competencies, which are necessaries in improving their quality of life at all levels of development (Adjei, Arum & Hossain, 2009:10). In Ghana, it is argued that people place a high value on training, so skills training should be a core component for any microcredit programme (Adjei, Arum & Hossain, 2009). Training will also be profitable to the beneficiaries in such a way that increases their choices such as making choices over the control or use of loan, and improve their livelihood, as well as empowerment (Adjei, Arum & Hossain, 2009; Barnes et al., 2001a, 2001b). Microcredit institutions need to design and implement measures that protect their beneficiaries through skills training, promotion of measures that include credit use, savings and assets building for income generation (Hashenni, 2001 & 2006). These measures will also reduce vulnerability to crises such as assets sales to repay debts (Ledgerwood, 1999).

Other authors agree that with the human capital theory, when individuals are endowed with knowledge, skills and competencies, they are enabled to perform better in executing relevant tasks (Ployhart & Molitemo, 2011; backer, 1993; Kraiger et al., 1993). Thus, authors are in broad agreement that skills training improves microenterprises performance and, therefore, loan repayments (Karlan and Valdivia, 2011; Lensink et al., 2011; Edgcomb, 2002).

Worldwide evidence, such as from Peruvian villages, shows that "… skills training had helped poor people to improve their savings, loan repayments, retentions rates and their business knowledge…" (Shami et al., 2014:386), whilst in Bangladesh skills development has enabled women to be successful with their microenterprises (Jia, P. Parvin & Rahman, 2012). In Malaysia and South Africa, the integration of skills training in microcredit programmes has been found to be an effective approach which results in equipping borrowers with necessary skills to improve their livelihood (Hamdan et al., 2012 & Mensah, 2010). Empirical studies have so far failed to prove that microenterprises training systematically improves business performance (McKenzie and Woodruff, 2012; Karlan and Valdivia, 2011). Access to credit finance should be complemented with a determination of the skills needed to achieve the intended results (Chowdhury (2009).

An empirical finding from a study conducted by Adjei, Arum, & Hossain, (2009) in Ghana found that beneficiary participation in microcredit programmes had enhanced their human capital skills (Mosley & Rock, 2004; MkNelly & Dunford, 1998). Authors have argued that well skilled microcredit borrowers generate higher returns from their loan investments, improved their microenterprises performances, built assets and repaid their loans on time (Lensink et al., 2011; Hossain, 1988; Coleman, 1999). A high level of training is associated with a higher standard of livin. Since skills acquired through training are durable assets and proxies for high standards of living, it is not surprising that borrowers with high levels of skills tend to accumulate more assets than their illiterate or not skilled counterparts (Adjei, Arum, & Hossain, 2009). This implies that intensification of skills training is a necessary component of microcredit programmes and helps beneficiaries to be equipped with the needed knowledge, skills and capabilities to run microenterprises that will enable full realisation of their programmes goals.

An examination of the effects of skills training on loan repayments by 229 microcredit borrowers in Ghana revealed that those who participated in skills training had shown a 51% average increase in loan repayments (Agbeko, Block, Omtad, & Velde, 2017). Borrowers with many years of business experience have, likewise, been found to have better loan repayments rates than those with less experience. However, as mentioned above, some authors find that evidence pinpoints failure to empirically establish any causality between skills training and loan repayments performance, or to the effectiveness of loan monitoring component (McKenzie and Woodruf, 2012; Karlan and Valdivia, 2011; Kuzilwa, 2005). These counter-findings support the argument that microenterprise skills are innate and therefore cannot be achieved by training (Yunus, 1999).

In another study conducted by Bali, Swain & Varghese on self-help groups in India, it was found that if the NGOs implementing microcredit programmes include skills training as a component of their programme, it increases the business return from 23% to 34% as it strengthens the skills of microcredit borrowers in savings and assets accumulation (Bali Swain & Varghese, 2010b). Meanwhile, the National Council of Applied Economic Research (NCAER), argues that more than 80% of microcredit borrowers face problems in developing the skills they need because of a lack of skills training harmonisation in the microcredit programmes (NCAER, 2008). As the quantity and frequency of training which can be provided may vary, giving different results, it is essential to distinguish the types of skills training that the microcredit programme provides to ahieve the best results (Bali Swain & Varghese, 2010b).

3.1.2.1.4 Frequency of Loans Repayments

Microcredit loan contracts generally involve fixed weekly or monthly repayment schedules, starting immediately following or soon after loan disbursement. Whilst this approach allows lenders to lower borrowing costs and induce repayment incentives in borrowers, it can also become a commitment imposing considerable burdens on borrowers (Tsukada, 2014). In addition, the amount of each repayment is usually fixed and non-negotiable during the repayment period. As the market in which borrowers are running their microenterprises can fluctuate, deciding on a fixed repayment, starting quickly, can place a burden on a borrower which he or she may not be able to meet. Flexible loan contracts that offer financial services tailored to the needs of borrowers can increase the numbers of successful borrowers and improve their welfare, which is the main objective (Tsukada, 2014).

The argument in favour of fixed repayments is that, this strategy will help borrowers to build their financial discipline and ability to save and repay the loan on time (Tsukada, 2014). However, the need to accumulate savings for fixed repayments is sometimes difficult for the poor because of savings constraints, sudden needs expenditures and the consumption of tempting but not essential goods (Tsukada, 2014). Thus, there is a general view that microcredit repayment frequency can work as a saving commitment device (Tsukada 2014; Fisher and Ghatak 2010). Many microcredit organisations opt for group lending, with peer screening, monitoring and enforcement, providing better security against default (Ghatak, 1999; Besley and Coate, 1995; Stiglitz, 1990; Varian, 1990). Peer screening works at the group formation stage when potential borrowers are grouped with others records, so that if one borrower defaults, their debt burden is borne by the other group members (Tsukada, 2014). Hence, with group members knowing each other's level of reliability, risky borrowers will be avoided and the group will emerge as an equilibrium structure. The need for social capital in microcredit is therefore essential, as it enables bonding, networking and ties that are essential in operating income generating activities. Peer monitoring and peer enforcement are other mechanisms that will increase high repayment rate.

Changing markets and variations in income can put unexpected constraints on a microcredit borrower's ability to both save money and meet loan repayments when due. A flexible form of payments schedule can lessen the problem and attract more borrowers when facing income uncertainty and possible default when they encounter negative shocks (Tsukada, 2014). A better way for scheduling loan repayments would therefore be for microcredit lenders to underpin a borrower's commitment to savings when income levels are high, such as in the harvest season, allowing withdrawals only in lean seasons (Tsukada, 2014). Microcredit loans could also allow for the suspension of repayments during the low-income periods.

Increasing flexibility in loan repayments, as advocated by researchers, affects four areas of microcredit financing: 1) income; 2) self-control; 3) consumption; and 4) administration. With income, a greater repayment in timing flexibility with, say, initial repayment deferral and/or monthly instead of weekly regular repayments, could enable borrowers to hold and invest funds in other income producing assets. For example, a hardware store owner could stock higher quality, slower selling light fixtures with higher profit margins (Field, Pande, Papp & Park, 2012). On self-control, some authors suggest that the poor can be more susceptible to temptation spending on non-essential goods (e.g. alcohol, tobacco and ready-made foods), with negative effects on savings, accumulation of assets and loan repayments (Banerjee, & Mullainathan, 2010). In this case, less frequent repayments could increase both overall household expenditure and spending on temptations goods. On Consumption smoothing, there is evidence showing that avoiding large fluctuations in consumption is costly for the poor (Morduch, 1995). Meanwhile, "… less frequent repayment can reduce the cost of smoothing consumption in the event of negative health and business shocks…" (Field et al., 2012). The reduction of cost by smoothing will reduce variances of household expenditure and make it easier for the poor to meet their repayments obligations. Households may search for alternative ways to meet financial obligations, such as liquidation of microenterprise assets or removing children from school, in an effort to smooth consumption. Yet this will directly affect the living standard of the beneficiaries as well as his/her livelihood improvement. Finally, the time burden will be reduced by the number of repayments meetings that beneficiaries are required to attend. The assumption is that these four dimensions of influence will interact; less frequent repayments could increase beneficiary income, but at the same time increase defaults through its impact on fiscal discipline.

3.1.2.2 **Programme Challenges**

Major challenges in the success of microfinance programmes and loan repayments include: a) high interest rates, b) poor monitoring, c) non-profitable microenterprises, d) poor management procedures and e) unwillingness to repay loans (Warue, 2012; Okpugie, 2009; Kohansal & Mansoori, 2009; Olomola, 1999; Balogum & Alimi, 1998; Vandel, 1993). Other studies found that unrealistic terms and repayment schedules, lack of loan monitoring, family sizes, family living expenses, decision-making, times of disbursement and a lack of exposure to good management techniques are factors that influence loan repayments capacity (Bichanga & Aseya, 2013; Kasozi, 1998; Okorie, 1986; Berger & De Young, 1995; Akinwumi & Ajavi, 1990). Illiteracy and inadequate skills, including the keeping of records and checking business performance, are among causes of non-repayment (Alex, 2014). When borrowers do not know how to read, write and do simple calculations, the result is not knowing how to control their businesses.

Empirical evidence reveals that a low education level has a negative impact in determining loan repayments (Abafita, 2003; Abreham, 2002; Jemal Abafita, 2003; Million, Nyikal &

Wania, 2012; 48. Samuel, 2011; Sylvester, Okpara & Chukwudi, 2013; Tnsue, 2011). Authors further pinpoint that as a borrower's education level increases, it enhances his or her ability to repay their loan. Family size for many borrowers impacts on their loan repayment capability. In many studies, findings revealed that a family with a high number of dependents affects their loan repayments negatively (Olagunju & Adeyemo, 2007; Afolabi, 2010; Berhanu & Fufa, 2008; Tnsue, 2011, Abebe, 2002).

Evidence from Kenya shows that loan defaults there are rising, with some 10%-20% of defaulters in microcredit institutions, in comparison with commercial banks with a 5% default rate (Kiraka et al., 2013). This default problem affects not only the improvement of borrower wellbeing but also the sustainability of microcredit institutions. The challenge is that when loans are disbursed, it is not always clear how the money will be utilised, and the monitoring of loans by lenders is therefore challenging (Kiraka et al., 2013; Bichanga and Aseyo, 2013). Thus, the success of microcredit lending is largely dependent on the management monitoring of credit to minimise loan default rates.

Families with low numbers of children's are usually able to meet their loan repayment obligations better than households with many children (Olagunju, & Adeyemo, 2007). Empirical argument is that interest rates affect loan repayments. In Iran, high interest rates influenced the repayment performance of farm loans in 2008 (Kohansal and Mansoori, 2009). Likewise, the level of income coming from microenterprises activities is a significant factor that influences and enhance loan repayment (Samuel, 2011; Tnsue, 2011; Jemal Abafita 2003). Another study revealed a significant association between training and the loan repayment performance of borrowers; when the lending institution provides training, the borrowers will be able to well understand all the rules and regulations related to loan repayment (Jote, 2018). Empirical literature shows also that demographic factors play a positive role in loan repayments (Kipkoech and Wepukhulu, 2018). Yet, contrarily there is evidence of no relationship between the demographic characteristics of borrowers and their loan repayments performance, and that marital status, age, education level and gender does not impact on default of loan repayments (Kipkoech and Wepukhulu 2018). In another study, a low-income level was connected with a high default rate (Oni & Oyewele, 2005; Lawrence, 1995). Meanwhile, Kiliswa and Bayat found that females are associated with less likelihood of defaulting (Kiliswa & Bayat, 2014).

3.1.2.3 **Default**

Loan repayments can be a major problem among microcredit borrowers not having enough income to make payments when due, and so defaulting (Muthoni, 2016; AMFIK 2013). . Loan default is defined as a loan that is repaid later than the agreed due date (CGAP, 1999). Warue (2012) views loan default as when a loan chances of recovery are minimal and a loan repayment becomes a challenge Yegon et al., (2013) refers to default as loss arising from a borrower who does not make payments as promised. In Africa, authors argue that loan default is a major problem (Muthoni, 2016; Buss, 2005). Generally, loan default is a problem that affects both the borrower's livelihood improvement and the MFI's lending capacity as the flow of repayment declines (Godquin, 2004). Education levels, family size, interest rates, income from microenterprises, skills training, loan misuse, as well as socio-demographic and economic characteristics of the borrowers, can all have a major impact on loan repayments (Girma Gudde Jote, 2018). Inherent borrower characteristics and the structure of their microenterprises can determine loan repayments (Derban et al (2005). Authors argue that loan repayments are a major problem that impacts on both the borrowers improving their livelihoods and the lending institutions to sustain their programmmes (Sharma & Zeller, 1997; Marr, 2002; Maata, 2004; Godquin, 2004). Loan default has been and is a main cause of the failure of microcredit programmes (Yaron, 1994; Woolcock, 1999; Marr, 2002; Maata, 2004). When a loan is not repaid, a borrower may borrow from other sources in order to meet his repayment obligations. Loan default can thus occur due to over-indebtedness, which may be driven by adverse shocks to income or expenses that a borrower encounters, thereby making loan repayments difficult (Schicks, 2010).

3.1.2.4 **Loan Terms & Conditions**

Financial literacy training enables microcredit borrowers to strengthen and improve their financial knowledge (Wamaungo, 2014). Financial literacy training is one of the principal means available to foster a deeper and more harmonious form of human development and thereby reduce poverty, exclusion, ignorance, oppression and improve living standards (Delors et al., 1996).

Even though microcredit has registered much success in helping to reduce poverty, empirical evidence has shown challenges and weaknesses (Valdivia et al., 2008). This has resulted in debates among microcredit providers and academics on whether access only to a loan is enough to improve the living standards of poor people (Hadi et al., 2015). Thus, the focus is no longer only on credit for investment in microenterprises; there is a strong trend to adopt innovations which have led to a combination of microcredit with non-financial services such as financial literacy training (Ledgerwood, 2013; Valdivia et al., 2008; Dunfors, 2002). Financial literacy, market information and business skills training have a positive influence on the performance of microenterprises (Bichanga and Aseyo, 2013; Godquin 2004; Elaine and Barton 1998). Recent trends in finance and economics have made financial knowledge not just a convenience, but an essential tool for survival (Matewos Kebede Refera, Navkiranjit Kaur Dhaliwal and Jasmindeep Kaur, 2015). A lack of financial knowledge leads to poor financial choices and decisions, resulting in undesired financial and socio-economic consequences, both for individuals and institutions providing microcredit loans (Matewos et al., 2015).

Financial literacy training is one of the principals means available to foster a deeper and more harmonious form of human development and thereby reduce poverty, exclusion, ignorance, oppression and improve living standards (Delors et al., 1996). Lack of access to resources such as financial knowledge and skills goes beyond financial hardship and affects socio-economic opportunities for participation in matters concerning their lives and security (UNDP, 2008).

Traditionally, poverty has been viewed as a lack of income, but it has come to be recognised that poverty should include issues related to dignity and autonomy (Hussain & Mahmood, 2012; Cagatay, 1998). Human dignity will only be achieved if people are both empowered with the necessary knowledge and skills and free to use their knowledge and skills to decide the type of life they want to live. Training is the vehicle needed for change and development (Wamaungo, 2011).

Financial literacy training is viewed in microcredit as a strategy that will empower borrowers with the freedom to improve their livelihoods and alleviate poverty (Leowarin, 2010). Consistent financial illiteracy has been one of the challenges facing the poor (Hadi et al., 2015; Sachs, 2005). Financial literacy remains important, and financial capital entails a new strategy and planning for the poor (Sachs, 2005). Microcredit borrowers need to be knowledgeable and skilled in running a productive and sustainable microenterprise, with observed positive results in their households' welfare. Microcredit should therefore be always required as a development tool, based on a strong training component which includes financial literacy, business acumen and creative awareness.

The need for microcredit borrowers' personal financial management skills has been gaining recognition following the increasing complexity of financial systems and consequent lessening ability of borrowers to cope with programme challenges (Zakaria & Sabri, 2013). It was these increasing difficulties in the ability of individuals to withstand the shocks resulting from financial crises which triggered renewed interest in the need for financial literacy (Lusardi and Mitchell, 2013; McCarthy, 2011; Nalini, 2011; Miller et al., 2009). Demand for financial management capability in individuals and households has been among the reasons underpinning financial literacy enhancement initiatives. Financial management capability enables people to save for income and consumption smoothing in the mitigation of risks including price volatility, sickness, death of the bread winner, loss of jobs and retirement (Matewos et al., 2015).

3.1.2.5 **Financial Literacy**

Financial literacy is the ability to process economic information in order to make informed decisions about financial planning, assets accumulation, personal savings and debt management, to enable individuals and households to improve their livelihoods (Matewos et al., 2015; Lusardi and Mitchell, 2013). Improvements in financial literacy training and expertise are important due to the low level of financial literacy in developing countries (Socol, 2014; Lusardi & Mitchell, 2013; Xu & Zia, 2012; Nalimi, 2011). Integration of financial literacy training into poverty reduction programmes, such as microcredit in microfinance, employment creation, entrepreneurship, and financial inclusion will enhance the welfare of people (Engelbrecht, 2011).

Incomplete credit markets in developing countries, force many to rely heavily on accumulating personal savings in order to finance their investments, but behavioural phenomena, including self-control problems or limited aspirations, may lead to suboptimal savings and underinvestment relative to desired level (Gine et al.,, 2014:196). This view is reinforced by findings that financial literacy improves the understanding of investment options, which could reduce risk and optimise earnings from the meagre financial resources of the poor (Subha & Priva, 2014). Improving financial management capability contributes to asset accumulation, and decreases over-indebtedness, as a result of informed use of selected beneficial financial services (Sekita, 2013; Behrman et al., 2012; Caskey, 2006). When integrated in poverty reduction programmes such as microcredit, financial literacy seeks to strengthen and change behaviours that result in incomes increases, better management and protection of scarce assets and an effective management of microenterprises (Matewos et al., 2015). In the context of microcredit, the improvement of financial literacy is even more crucial for people who live in a developing world in which the landscape of financial products and services is changing rapidly, and people live more and more on the margin (Gray et al., 2009). Studies suggest that accumulation of assets and wealth has a positive impact on financial literacy, since the acquisition of financial knowledge can motivate the need to manage one's own assets and wealth (Delavande et al., 2008; Peress, 2004).

Empirical evidence shows that a low level of financial literacy hampers personal financial decision-making abilities (Brascoupe & Weatherdon, 2013). The ability to make informed judgements and to take effective decisions on the use and management of money requires the knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and achieve financial wellbeing (OECD, 2013; Atkinson and Messy, 2012; Marcolin & Abraham, 2006; Noctor et al., 1992).

In Sub-Saharan Africa, a study conducted by Xu & Zia (2012) found that a large proportion of the population in countries such as Mozambique, Malawi and Nigeria lack awareness of basic financial products and concepts such as savings, interest rates on borrowings, loans and insurance (Xu & Zia, 2012:9). Similarly, in Uganda, FINSCOPE (2013) found an overall low level of financial literacy, where the majority of adults lack basic concepts of operational finance and are unable to comprehend issues such as interest rates, discounts and money lending, hindered access to finance (Uganda FINSCOP Survey III, 2013). Low levels of financial literacy are correlated with low levels of financial inclusion in Africa. Financial literacy is therefore correlated with socio-economic welfare improvement (Fatoki & Oni, 2014; Subha & Priya, 2014; Kefela, 2011; Holzman, 2010). Literature evidence shows that improving financial literacy, and thereby financial capability, benefits people (Cole et al., 2014; Navickas et al., 2014; Juen et al., 2013; Sayinzoga et al., 2013; Kanpon et al., 2012; Klapper et al., 2012; Lusardi and Mitchel, 2011; Tustin, 2010).

A study conducted by Capuano & Ramsy (2011) noted that benefits of financial literacy have been found to include increased individual savings, improved financial efficiency and planning, financial wellbeing, active debt management, greater competitiveness, innovation and quality products, market discipline, coverage of risk (Capuano & Ramsey, 2011:3). As microcredit integrates with financial literacy training as a programme component, the participants are expected to be able to make optimal financial and economic decisions on savings, investments, assets and loan repayments by being equipped with knowledge and skills to manage properly their money (Matewos et al., 2015).

A study in Ukraine found considerable evidence that financial literacy has a strong impact on savings, whilst a lack of financial knowledge and skills translated into a lack of savings (Jappelli & Padula, 2011; Bank et al., 2009; Lusardi & Mitchell, 2009, 2008, 2007, 2006; Alessie et al., 2008; Banks & Oldfield, 2007). Based on empirical evidence, people who have knowledge and skills regarding financial literacy are more likely to save and accumulate assets. In other studies on the determinants of financial literacy in India, Indonesia, Australia, Sweden, Italy and the United States (US), age, gender, level of education, occupation, race and ethnical background and wealth were found to be significant (Cole et al., 2008). In Australia, evidence shows that people aged 50 to 60 are less likely to be financially literate, while in Sweden, people aged 35 to 50 have higher level of literacy than those who are older than 65 (Almenberg & Save-Soderbergh 2011; Worthington, 2004).

Gender has also been found to predict financial literacy, with empirical evidence showing that men are more likely to perform better in literacy tests than women (Almenberg & Save Soderbergh, 2011; Monticone, 2009; Cole et al., 2008; Mandell, 2008; Lusardi & Mitchell, 2008, 2006; Worthington, 2004; Chen & Volpe, 1998; Goldsmith & Goldsmith, 1997; Volpe et al., 1996). Financial literacy has been found to be a critical factor in increasing asset accumulation and wealth (Lusardi & Tufano, 2009; Guiso & Jappelli, 2008; Lusardi & Mitchell, 2008; Alessie et al., 2007, 2008; Lusardi & Mitchell, 2007; Worthington, 2004; Bernhein, 1998). Financial literacy and asset accumulation are mutually determined and correlated over the life of consumers such as microcredit beneficiaries (Jappelli & Padula, 2011). Financial literacy has an effect on the savings decisions of individuals and households, on loan repayments and default, and on helping microcredit beneficiaries to understand components such as interest rates on deposits (Ali & Zhang, 2016; Monticone, 2010). In a study on financial literacy and human capital, findings reveal that the stock of financial literacy can determine the expected household return on investments in risky assets (Delavande et al., 2008).

Empirical literature shows that less literate people are less likely to save, whilst individuals with more financial literacy knowledge and skills are more likely to save, accumulate assets and have higher incomes (Lusardi & Mitchell, 2009; Alessie et al., 2008). Factors involved include a lack of numerical skills that impacts on financial security, and low financial literacy that raises planning costs and creates economic barriers in obtaining information required for savings and investment (Alessie et al., 2008; Banks & Oldfield, 2007).

Thus, an integration of financial literacy training with microcredit in a microfinance programme is important in economic empowerment and knowledge enhancement of the poor. A combination of microcredit and financial literacy training enables knowledge enhancement and skills development with a financial component for target group empowerment (Hadi et al., 2015).

3.1.2.6 **Interest Rates**

Many microcredit operations that have emerged in developing countries have been seen not only as a vehicle that provides financial services to the poor, but also as a profitable business opportunity with high interest rates (Subrata Kumar Mitra, 2009). The author argues that the majority of microcredit borrowers are poor and illiterate, and cannot be expected to understand the financial jargon used and the effective cost. To help borrowers understand the true costs, those providing microcredit have a moral responsibility to disclose and explain the effective interest rates and costs to the beneficiaries (Subrata Kumar Mitra, 2009). Hiding effective interest rates from poor and illiterate borrowers by using creative accounting practices is highly unethical. Subrata noted that "…many microcredit states to charge only 15% flat rate of interest, yet the effective interest rate including processing fee, compulsory savings etc. goes well over 100% per annum…" (Subrata Kumar Mitra, 2009).

CGAP (1998) stated that the provision of loans to borrowers provides them with opportunities to create, own and accumulate assets and smooth consumption costs (CGAP, 1998). In this regard, microcredit institutions need to meet the financial requirements of the poor at a low interest rate and cost. Muhammad Yunus, the father of modern microcredit, expressed his dissatisfaction with the growing commercialisation of microcredit lenders charging high interest rates, by noting that poor people should not be considered as an opportunity to make profits (Subrata, 2009). Microcredit lenders should only charge cost of funds plus a small margin for operating expenses; those who charge more than 15% over cost of funds have just left the microcredit area and joined the loan-shark area (Subrata, 2009; Yunus, 2007).

Some microcredit institutions justify high interest rates on the grounds that the provision of financial services to the poor is difficult because the poor usually live in remote and inaccessible places without a basic infrastructure, making contact difficult contracts expensive to administer (Subrata, 2009). Thus, the argument is that unless the cost of a microcredit operation is put on to borrowers/beneficiaries, the institutions providing microcredit will fail to be sustainable. The Asian Development Bank justifies its high rates by maintaining that the interest charged on loans is their main source of an income needed to cover huge costs (Fernando, 2006).

Higher interest rates increases the borrowing cost and discourages investment (Ali & Zhang, 2016). It is argued that high interest rates have become a major burden on borrowers, delaying loan repayments, affecting microenterprise decisions and, as evidenced in Tanzania, resulting in default risk (Abbas & Honghui, 2016). Frequency of loan repayments is a basic element in microcredit, for when a loan is not repaid as scheduled, it can create an unsustainable operation through diminished cash flow for the lender. Meanwhile, empirical evidence points to the difficulties which microcredit beneficiaries can experience with the frequency of loan repayments (Collins et al., 2009; Gugerty 2007; Ashraf et al., 2006). For example, people are sometimes unable to resist an immediate temptation, even if they value future consumption, and they end up with a smaller amount of savings than originally planned (Tsukada 2014). A rigid microcredit repayment schedule can provide beneficiaries with opportunities to commit themselves to savings-like behavior (Tsukada, 2014).

As a strategy for decreasing the number of defaulters, a rigid repayment schedule has been found to be helpful. Based on this argument, a study in India on behavioural weakness in borrowers participating in microcredit programmes showed that a rigid schedule with frequent repayments should be supported as a useful commitment device (Tsukada 2014; Bauer et al. 2012). However, a borrower might take the opportunity to pocket his or her earnings rather than repay the loan, and a lender may not be able to force the borrower to repay because the cost of verifying the income is too high. By using local information, social networks and pressure, group beneficiaries have a reason for discouraging one of their number from engaging in such defaults (Tsukada, 2014).

Microcredit studies have shown that group members, through social interaction, are enabled to observe, help one another and prevent fellow group members from defaulting through social sanctions (Tsukada, 2014). In this study, this social interaction is linked in with the Sustainable Livelihoods Approach (SLA) and the Asset Based Community Development (ABCD). Not only access to finance but also human, social and physical resources are needed to increase assurance of loan repayments, build assets and save.
In the context of SLA and ABCD, studies in Peru, Thailand and Guatemala showed that: a) in Peru social connections increase peer monitoring and have a positive impact on high repayment rates; but b) in Thailand strong social ties had adverse impacts on repayments probability; and c) in Guatemala, existing social ties had little impact on repayment rates (Karlan 2007; Ahlin and Townsend 2007; Wydick 1999). Meanwhile, in South Africa and Armenia evidence shows a positive relationship between social connections and repayments performances (Cassar et al., 2007). So, frequent meetings can facilitate informal risk-sharing among group members; with borrowers who meet weekly achieving higher repayment rates than those who meet on a monthly basis (Tsukada 2014; Freigenberg et al. 2011).

However, although available evidence indicates that the intensity of monitoring and the potential for social sanctions is positively related to lower loan repayment default rates, random study comparison of weekly to monthly repayment groups found no significant difference in the repayment rates between the two groups, indicating that a weekly repayment schedule may not be essential in providing an effective commitment device (Tsukada 2014; Field & Pande 2008). Monthly meetings would, of course, mean lower time and financial costs for all concerned.

Empirically, there are also disadvantages in scheduling frequent loan repayments in that it does not take account of seasonal variations in income in rural areas (Tsukada 2014; Khandker 2012). Borrowers usually face income uncertainty at times; whether predictably or unpredictably, making it difficult to comply consistently with a fixed and frequent repayment schedule (Tsukada, 2014).

Countering the cash flow problems of a fixed repayments schedule could be achieved by allowing for flexibility in timings and amounts of payments. A study in Bangladesh found that allowing microcredit borrowers to reschedule their own repayments during times of natural disaster significantly reduced their reliance on informal moneylenders and enabled consumption smoothing (Shoji, 2010). In Thailand on the other hand, the Bank for Agriculture and Agricultural Cooperatives (BAAC) put in place a strategy to renegotiate loans when beneficiaries faced repayments difficulties due to flooding, drought or other natural cause (CGAP/IFAD, 2006). In Bolivia and Peru, it was found that microcredit institutions offer loan products where repayments are set according to income cash flows (CGAP/IFAD, 2006). A study which assessed the effects of a two-month grace period before starting repayments, found that postponing repayments enhances the long-term development of a business by allowing a larger investment during the initial period (Tsukada 2014; Field et al. 2011). However, the findings also revealed that grace periods can increase variances in investment returns, therefby leading to high default rates.

3.1.2.7 **Loan Monitoring**

Microcredit loan monitoring has long been recognised as a key element in loan repayment performance (Agbekoa, Block, Omtad, & Velde, 2017). It is seen as an instrument for preventing diversion of loan monies, and improving relations between microcredit institutions and borrowers. Monitoring mitigates information asymmetry between lender and borrower (Behr et al., 2011; Kohansal and Mansoori, 2009; Edgcomb, 2002). Theoretically, it is argued that monitoring microenterprises results in an improvement of business and, therefore, an improvement in the loan repayments rates (Agbekoa, Block, Omtad & Velde, 2017). However, although widely recognised in theory, there is still doubt and insufficient empirical evidence that such monitoring is an effective tool for improving loan repayment rates (Agbekoa, Block, Omtad, & Velde, 2017).

Monitoring microenterprise loans involves the lender's loan officers continuously monitoring their borrower's business performance, as well as providing tailored and informal on site business advice and helping with access to business related networks (Agbekoa, Block, Omtad, & Velde 2017). Poor monitoring practices can therefore be a major cause of loan defaults, with negative effects on savings and assets accumulation (Ledgerwood 1999; Balogun and Alimi, 1988). At the individual level, effective monitoring will require loan officers to acquire specific microenterprise and coaching competencies. On an institutional

level, there is a need for organisational structures with precisely designed strategies to facilitate the process of monitoring (Agbekoa, Block, Omtad, & Velde 2017).
The inclusion of business monitoring with microcredit in microfinancing both deepens the relationship between borrower and lender and helps prevent loan diversion (Edgcomb, 2002; Elaine and Barton, 1998; Mensah et al., 2013; Kohansal and Mansoori, 2009). Business monitoring is arguably an instrument for motivating borrowers to repay their loans promptly, as it helps mitigate information asymmetry between lender and borrower and improve loan repayment rates (Mirpourian et al., 2015; Behr et al., 2011; Lensink et al., 2011). Microfinancing projects therefore need to include a business monitoring training component in order to reduce the risk of repayment failure, by including operational screening and applying loan terms repayment discipline (Kuzilwa, 2005; Tsukada, 2014).

A study in Ghana on the effects of monitoring 229 microcredit loans repayments found that: a) monitored borrowers had an average repayment rate of 68% compared to 33% for those who were not monitored; and b) that education and training, business experience and gender may also influence the efficacy of monitoring repayments (Agbekoa, Block, Omtad, & Velde 2017).

Loan monitoring has been evidenced as helping to prevent loan diversion and deepen the relationship between the beneficiaries and microfinance organisations, as well as motivate beneficiaries to repay loans promptly (Mirpouria et al, 2015; Mensah et al., 2013; Kohansal and Mansoori 2009; Edgcomb, 2002; Elaine and Barton, 1998). Likewise, evidence had put forward that monitoring mitigates information asymmetry between the lender (microcredit implementer organization such as Engage Now Africa) and the beneficiaries; therefore, improving loan repayment rates.

3.2 **Approaches Paradigm**

3.2.1 **Introduction**

This section consists of the conceptual approaches adopted for this study, namely: 1) the Sustainable Livelihoods Approach (SLA); and 2) Asset Based Community Development (ABCD). The integration of both approaches is relevant in that they emphasise the microcredit borrower's household **as a** unit of analysis, mobilisation and allocation. Furthermore, both approaches view microcredit as the provisions of additional financial resources that enable borrowers use their endowed assets, capabilities and resources to achieve the outcomes of improved livelihoods in a sustainable and meaningful way.

3.2.2 **Needs Based Approach**

The Needs Based Approach (NBA) to the problem of sustainable livelihoods is a traditional way of working with communities, which focuses on identifying problems and needs within the community. In Africa, NBA has been dominant in the development field since the 1950s. Until the late 1970s in Sub-Saharan Africa, external experts often developed interventions based on consultations with the communities, during which they articulated their needs and problems (Booy, Sena and Arusha, 2000; Russell and Smeaton, 2010). NBA still dominates the development field, resulting in poverty influenced mind-sets and a dependency on external agencies (Wilkenson-Maposa, 2008; Mathie & Cunningham, 2005, 2003). This approach to development imposes interventions on communities, thereby marginalising the poor and powerless (Green & Haines, 2008).

NBA can have a restrictive effect on people when they and their needs and problems are viewed as the focus of intervention. People start to believe that their problems cannot be solved by themselves but only by experts', outsiders, funders and developers (Green & Haines, 2008; Yeneabat & Butterfield, 2008). With NBA, the leadership approach is on individualistic, authoritarian, top-down command and control practices (Rankin & Engelbrecht, 2014; Davids, 2005). Yet, when leaders do engage with people in a participatory, positive and caring way, people will likely collectively transform their life and communities (Whitney et al., 2010). Leadership transforming in a participatory way will drive relationships which set in motion enthusiasm, confidence, energy and performance.

The needs of people are assessed through identifying and quantifying their deficiencies and then developing solutions to meet them. In this process, where the participation of intended microcredit programme beneficiaries is ignored, policies are developed within a top-down approach, and the participation of those beneficiaries is overlooked (Khadka, 2012; Bhattachan, 1997; SAPPOS, 1991). Such a non-participatory, top-down approach is against the spirit which sees people as citizens with rights, entitlements and capabilities, rather than as beneficiaries simply with needs (Khadka, 2012; Moser, 2004). NBA development practitioners often have the attitude that people are unable to think rationally, even though they are willing to change, and that they therefore need external direction (Bhattachan, 1997:108). Such a patronising attitude is linked to dependency on outsiders who believe that only their readymade solutions can solve the issues faced, whilst beneficiary communities view themselves as passive receivers of services (Khadka, 2012; Kretzmann & McKnight, 1996:1).

Outsider experts, with their externally sourced policies and solutions to local problems, can destroy indigenous development practices. In Nepal external sourced solutions to local problems have destroyed indigenous development practices mostly carried out by local people in compliance with local needs and local resources (Khadka, 2012; Shrestha, 2000:155). Kretzmann and McKnight (1993:4) maintain that the Interference of outsiders reinforces the notion that only outside experts can provide real help, so a development programme based on NBA interferes in local issues and encourages local people to deal more with outsiders than with their own kind, and further weakening neighbour=to-neighbour links, networking and social bonding (Kretzmann & McKnight, 1993:4).

NBA is generally a deficit model focusing on community needs, deficiencies and problems. Microcredit financing based on this approach ignores what already exists with people and in their communities. This creates a skewed view of focusing only on needs and problems, while ignoring the strengths, assets, capabilities and resources that people and communities possess (Kretzmann and McKnight, 1993; Saleebey, 2009). It further creates a psychological effect on people whereby they start believing that their issues will only be solved by outsiders (Yeneabat and Butterfield, 2010). This also will result in people thinking that they do not have assets and strengths, are empty vessels and cannot do anything for themselves, thereby creating dependency (Russell and Smeaton, 2010; Durie and Wyatt, 2013).

NBA can, however, have positive results in communities where organisations respond to needs and problems in a collaborative way with community members (Brueggemann, 2014; Kirst-Ashman and Hull, 2012; Khadka, 2012). If projects do not draw on the asset base of community members, but focus only on needs and problems, and rely heavily on external support, people could underestimate their own assets, develop deficit mind-sets, and dependency on expert input could grow (Kramer et al., 2012; Khadka, 2012; Eliasov and Peters, 2013). But where development practitioners and policy makers believe in and emphasise self-help programmes with outsider support, the results are more effective and efficient in reducing poverty, while traditional self-help groups with no support from outsiders become threats to society (Bhattachan, 1997).

3.2.3 **Sustainable Livelihoods Approach**

Various authors have argued that the Sustainable Livelihood Approach (SLA) is constructed on an earlier Participatory Methods Development Theory and some aspects of Integrated Rural Development Planning, as well as on the Rapid and Rural Participatory Appraisal approach (Hart, 2018; De Haan & Zoomers, 2006:122-123; De Satge, 2002:3; Hussein, 2002:42). These approaches enabled people to have a new understanding of poverty and the improvement of livelihoods, its risks and vulnerabilities (De Haan & Zoomers, 2006:122-123; De Satgé, 2002:3; Hussein, 2002:42). The focus is on microcredit borrowers being able to conceptualise their development factors and process, instead of being dependent on outsiders (Morse & McNamara, 2013:18; De Haan & Zoomers, 2006:125-126). SLA, when applied, will help microcredit borrowers to use (activate) their assets and capabilities in developing strategies to sustain their improved livelihoods.

In the early 1990s, SLA was highly supported by the Department for International Development (DFID) and the British State Development Cooperation Agency (De Haan, 2012:346; Mago, 2014). SLA enabled an understanding of how many factors, including household assets, vulnerability context and institutions, have an effect on livelihoods outcomes and show the relationship between these factors. Microcredit programme focus is on the individual borrower's household, seen as the basic unit of production and consumption, endowed with various assets such as human, social, natural, financial and physical. Thus, SLA considers the household as a "site in which particular social and economic interdependencies occur between groups of individuals with diverse preferences" (Ellis, 2000).

Habte (2016) argues that, in general poor people are involved in many innovative activities for their survival. The resources and entitlements available to the poor will determine to a large extent their coping capacity and mechanisms. Thus, SLA focuses not only on the needs of people, but rather builds on the existing assets of the poor, both at the individual, households and community levels (Fouracre, 2001). SLA stresses the importance of what people already have rather than what they lack (Chn, 2002).

The importance of livelihood assets has been emphasised by Sen's capability approach, and by Bebbington, who put clarification on the meaning of assets (Sen, 1985; Bebbington, 1999). Accordingly, assets "are not only resources that people use in building their livelihoods, but also, they are resources that give them the capacity to be and act…" (Habte, 2016). Moser and Dani (2008) viewed assets as endowments of capabilities and resources used to sustain and enhance people's livelihoods. It is said that "… the type and amount of each asset that a household holds are a function of past investment and accumulation strategies and activities, which in turn are shaped by social, economic, cultural and political opportunities and constraints…" (Habte, 2016). Therefore, in the context of SLA, the provision of microcredit ensures access and entitlements that strengthen a household's existing assets. Within this perspective, microcredit is linked to SLA in helping an assessment of how microcredit supports and strengthens borrowers' assets (Mago, 2014).

3.2.3.1 **SLA Benefits**

SLA identifies who must contribute what, by when and at which level, so as to achieve sustainable improved livelihoods (Hart, 2018; Morse & McNamar, 2013:18; De Haan, 2012:347-349; De Haan & Zoomers, 2006:122; De Satgé, 2002:3; Hussein, 2002:48). The fundamental issues are: 1) the manner in which microcredit borrowers live, inclusive of the strategies that they apply; 2) microcredit borrowers are the central point in planning, in order to assess their assets, capabilities and existing activities in improving their livelihoods; 3) vulnerability context analysis enables thinking on the effects of different dimensions on achieving sustainability; and 4) exploration of networks in societies provides opportunities to explore within society (De Satgé, 2002:9-10; Hussein, 2002:48).

The benefits obtainable in SLA are designed to add value through: a) improved internal coherence and analytical strength of programmes, such as microcredit, in conceptualising situations and enabling connection and linkage relationships; b) effective and holistic use of resources towards attaining specific skills and expertise; c) participatory methods that increase partnership and collaboration; and d) improved access to donor funding through well designed loan monitoring and investment indicators (Morse and McNamar. 2013:18; De Haan, 2012:347-319; De Haan & Zoomers, 2006:122; De Satgé, 2002:3, 17-18; Hussein. 2002:48).

3.2.3.2 **SLA Critiques**

SLA critiques by various authors can be summarised as identifying an underplaying of structural constraints by: a) encouraging the poor to use what they have in a better way, instead of acknowledging the uncontrollable extraneous factors (stresses and shocks) over which they have no control; b) romanticising the poor by arguing that they are in fact ‘richer’ than they seem to be in taking action against their circumstances; and c) the complexity of livelihoods enquiry that relates to quality and skills to operationalise an ‘outsider’ dependent livelihoods framework for interventions towards sustainable wellbeing (Hart, 2018; Mazibuko, 2013:184-185; Morse & McNamar, 2013:43-44; De Haan, 2012:348; De Haan & Zoomers, 2005:33, 2012:348; De Satgé, 2002:19-20).

3.2.4 **Asset Based Community Development Approach**

Asset Based Community Development (ABCD), also known as Asset-Based and Citizen-Led Development, is a people centred approach to community development based on the community’s physical and human capital assets. ABCD evolved from the earlier top-down, external expert dependency driven problem or needs based approach (NBA), because of its failure to develop community self-sufficency and asset growth (Mathie, Cameron & Gibson, 2017:54; Mathie & Cunningham, 2003:474; Chambers & Conway,1991:37; O’Leary, 2005:3).

According to Hart (2018), ABCD is a strategy that counters the former predominantly problem-based development approach with an alternative focus on the capacity of community members and their association (network and partners) (Hart, 2018). As discussed in Chapter Two, McKnight and Kretzmann (1993) challenged this problem and needs-based top-down approach led by outsider experts. By contrast, ABCD is a bottom-up and empowerment focused approach, which values collaboration and partnerships that make it relationship driven, thereby enabling people and their communities to drive their own development. With ABCD, microcredit borrowers can themselves identify and mobilise their existing and available assets to solve their own problems, in partnership with government, NGOs and other stakeholders (Mathie, Cameron & Gibson, 2017:2; Nel, 2015:512; MacLeod & Emejulu, 2014:437; Pretorius & Nel, 2012:10-11; Eloff & Eborsohn, 2001:151).

Fundamental to ABCD is the fact that it focuses on what assets poor people already have, not on systems that rely on personal deficiencies, inadequacies and needs that result in their disempowerment. ABCD is therefore a foundation upon which microcredit borrowers can take action, and which empowers them to challenge structures in the programme and the manner in which resources are allocated (Hart, 2018). ABCD views communities as having access to assets enabling effective development (Nel, 2015:512; MacLeod & Emejulu, 2014:436-437; Fuimao, 2012:27, 31; Pretorius & Nel, 2012:10). This access to assets links ABCD to SLA in identifying the asset categories: natural, social, physical, human and financial (DFID, 2000:5).

Hart (2018) summarises the ABCD principles and practices as: a) appreciating and mobilising individual and community skills, knowledge and assets; b) engaging in a community rather than externally driven development; c) recognising social capital and the key role played by formal and informal associations and networks and extended families at community level; and d) a participatory development approach based on empowerment and ownership, placing priority on collaborative efforts for economic development and effort to strengthen society (Hart, 2018).

The main criticism of ABCD, however, is overemphasis of the contributions of community members and associations towards development, with neglect of the professionals in their role in the development (Emmet, 2000). Inconsistency in linking assets mapping and mobilization with other macro structures (economic and political) can bring a lack of impact between macro structures and the communities (Ennis & West, 2010:477). ABCD, does not necessarily focus on and solve questions of gender, social inequality and power oppression relations which have a negative effect on people and communities (Mathie, Cameron & Gibson, 2017:1-2; Mathie & Cunningham, 2003:475; Green & Goetting, 2010:8). It should be noted that ABCD is not an end in itself, but rather a progressive evolution from initially ambitious towards more ambitious initiatives that includes government, NGOs and the private sector (Hart, 2018; Mathie, Cameron & Gibson, 2017:3).

3.2.5 ABCD and SLA in an Integrated Framework

ABCD and SLA "… capture the diversity and differences that characterise the reality of people's everyday lives and places the focus not on what people lack, but rather on how they cope and survive, in spite of constraints, lacks and shocks…" (Nel, 2015).

The integration of ABCD with SLA is an illustration of a paradigm shift from a deficiency, needs and problem-based orientation to a strengths and assets approach in working with people (Nel, 2015; Davids et al., 2005; Kretzmann & McKnight, 1993). The fundamental reason for integrating ABCD with SLA is that people, no matter how poor, are endowed with strengths, assets and energies that are contributing factors to self-reliance, self-sustainment and improvement of the quality of life (Nel, 2015). Development interventions such as microcredit, when based on an integrated ABCD and SLA framework, will strengthen the coping mechanisms that people use, in their approach to improving and sustaining their livelihoods. This integration is well illustrated by Nel (2015: 513).

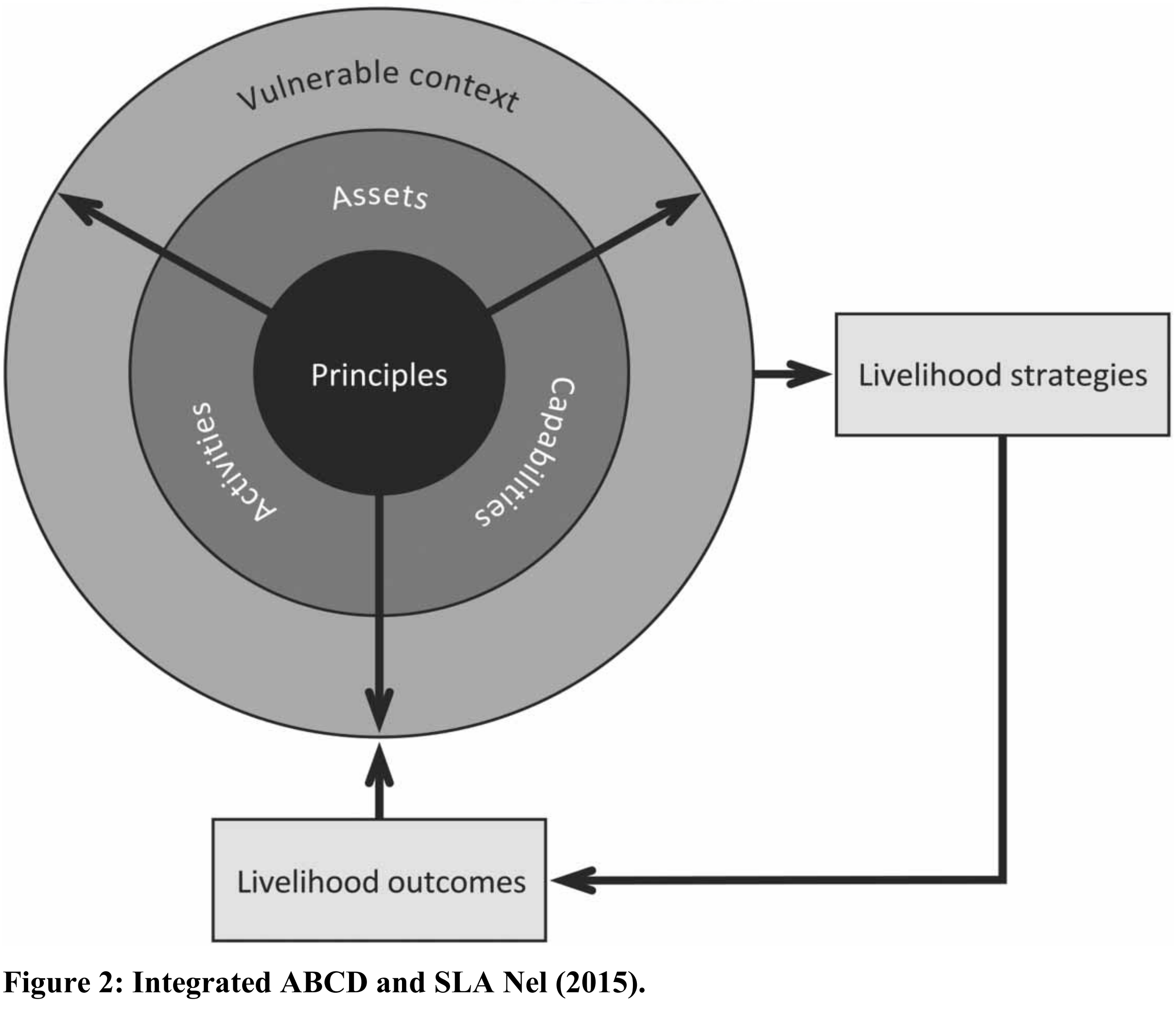


Figure 2: Integrated ABCD and SLA Nel (2015).

ABCD and SLA are similar in their focus on assets and participation, for both of them depend on access to necessary input (Hart, 2018). Authors argue that any differences between ABCD and SLA, lie in the view SLA may be seen as a top-down, outsider, meso-exo level, mostly quantitative approach to development, while ABCD is a development approach driven by community members themselves at insider micro level in a mostly qualitative manner (Hart, 2018; Smith & Vanclay, 2017:69; Nel, 2015:512). The five categories of human assets- physical, human, social, financial and natural - are internal inputs that each microcredit borrower (insider) provides, which together with the outsider, provides transforming structures and processes, necessary to achieving livelihood outcomes (Hart, 2018: ; Smith & Vanclay, 2017:69; Mazibuka, 2013:184-185; More & McNamar, 2013:43-44; De Haan, 2012:348; Fuimao, 2012:36; De Haan & Zoomers, 2005:33, 2012: 348; De Satge, 2002:19-20). The integration of SLA and ABCD addresses the shortcomings of insider-outsider partnerships (Nel, 2017:5; 2015:512; Pretorius & Nel, 2012:13).

3.2.5.1 **Principles**

Integration of ABCD with SLA relies on principles of people-centredness, participation and self-reliance, with a focus on sustainable assets growth. These principles involve microcredit programme participants applying their perceptions and experiences. It also involves them being active core participants in their development interventions, in a process that involves collective activity in achieving goals jointly determined with outsider experts (Nel, 2015; Schenk et al., 2010:91). People build communities on resources, assets, strengths, capabilities, capacities and aspirations, not by dwelling on deficiencies, needs and problems (Nel, 2015).

3.2.5.2 **Process**

In order to achieve sustainable outcomes, microcredit borrowers need to analyse the assets they own, the capabilities they possess, and the vulnerabilities with which they live. This process should not be facilitated by non-community professionals but by microcredit borrowers who have been trained in financial literacy and critical analysis (Nel, 2015; Henderson & Thomas, 2002).

People's livelihoods encompass the assets, activities and capabilities which are the prerequisites for living (Chamber & Conway, 1992). Meanwhile, a livelihoods framework offers conceptual tools, such as assets, activities and capabilities, which are factors enabling microcredit borrowers to improve their livelihoods (Nel, 2015). Livelihoods analysis is the process of identifying the resources and strategies of the poor, the context within which they operate, the institutions and organisations with which they interact, and the sustainability of the outcomes which they achieve (Wet et al, 2003:4; Nel, 2015).

Assets are the tangible and intangible building blocks of livelihoods. Tangible assets are resources such as land, livestock, tools and stores, whilst intangible assets include human capacity, values and access to tangible assets. In general, both SLA and ABCD comprise a range of physical, human, natural, social and financial assets (Nel, 2015; Green & Haines, 2008; Mathie & Cunningham, 2008, 2005; Zohar & Marshall, 2004; Carney, 2002, 1998; Goldman, 2000). Meanwhile, social capital is the vital link offering access to all other assets (Mathie & Cunningham, 2005).

Microcredit as a tool for development, should be facilitated by professionals in a way that people are given space to take ownership of their development process, and identify and mobilise existing (often unrecognised) assets whereby they can respond to and create local economic opportunities (Nel, 2015). Resources that are undiscovered do not only include personal attributes and skills, but also relationships among people and networks. Microcredit borrower groups, considered as local associations, are seen as the driving force or vehicle through which all of the community's assets can be identified and connected in ways that multiply their power and effectiveness (Nel, 2015; Methie & Cunningham, 2005:2). Authors argue that when borrowers discover their assets, various methods and tools are applied through ABCD and SLA, which benefit the individual group members (Nel & Pretorius, 2012; Pretorius & Nel, 2012; Schenck et al., 2010; Green & Haines, 2008; Mathie & Cunningham, 2008; Ashford & Patkar, 2001; Kretzmann & McKnight, 1993).

People often engage in social, cultural and economic activities that enable them to improve their living standards (Mosoetsa, 2011; Schenck et al., 2010; Morse et al., 2009). In general, the assets that people use are drawn from the activities in which they are engaged. For microenterprises to be sustainable, borrowers should be facilitated to become aware of their available and undiscovered assets and capabilities, and be involved directly in activities that are linked with their assets and capabilities to improve their livelihoods (Green & Haines, 2008; Matie & Cunningham, 2008, 2005; Kretzmann & McKnight, 1993).

3.2.6 Exploring Vulnerability

According to Chamber & Conway (1992), exploring vulnerability is undertaken in the context of the trends, shocks and stresses within which people's assets, activities and capabilities exist. Microcredit borrowers should be aware of their vulnerability context, and be able to determine the trends, and forecast what could happen in the future. This forecasting is linked with the sustainability of their activities, assets and capabilities, which may change over time, whilst others such as cash and social networks can be volatile (Nel, 2015). The ABCD approach, together with SLA, is aimed at ensuring that microcredit borrowers are capable of discovering and assessing their available assets, capabilities and activities within the context of vulnerability (Green & Haines, 2008; Mathie & Cunningham, 2003; Kretzmann & McKnight, 1993).

3.2.7 **Approaches Factors**

The input, activity and output factors involved in NBA, SLA and ABCD, range from the distanced external to the involved internal aspects of the provision of microcredit in microfinancing the poor, as shown here in Table 2.

Table 2: Comparative Factors

S/N	Approaches	Key Variables	Measurable Indicators	Claimed Causality	Limitations
1	Needs Based	People are passive recipients of aid. Solutions to problems come from experts in externally driven solutions. Focuses on people's needs, deficiencies and problems.	Types of service provided to solve needs. Number of people with needs and deficiencies.	Can have positive results in communities when external organisations respond to needs and problems in a collaborative way with community members (Brueggemann, 2014; Kirst-Ashman and Hull, 2012; Khadka, 2012).	Does not recognise people strengths, assets, capabilities and communities' resources. Does not create ownership but creates dependency on external experts. Ignores what already exists in communities and what assets and skills people have.
2	Sustainable Livelihoods	Asset possession: physical, human, social, natural and financial.	Ownership of access to productive assets. Productivity enhancement. Increasing and/or diversification of incomes. Access to livelihoods strategies and	Improved internal coherence and analytical strength of programmes, Increased effective use of resources in a holistic manner. Improved livelihoods. Use of participatory methods in programme	Removes structural constraints by encouraging the poor to use what assets they have, instead of simply acknowledging the uncontrollable extraneous factors (stresses and shocks) over which they have no control.

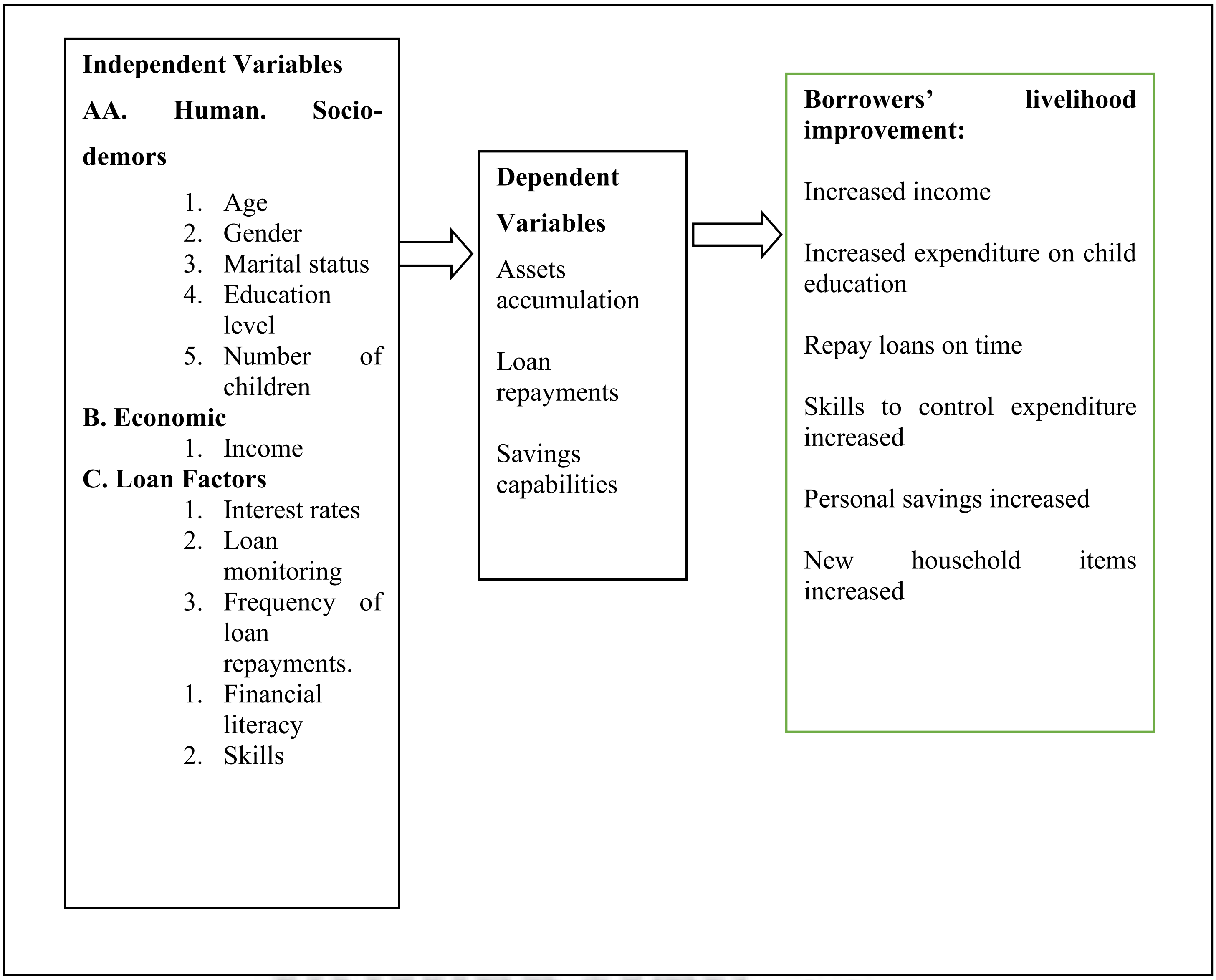
			support. Productive knowledge,	implementation.	

3	Asset Based Community Development	People centred development, empowerment and ownership. Identifying and building from existing assets. People identifying their own priorities and managing their own resources and welfare, Bottom-up qualitative approach to people themselves drive the development process from inside-out.	Livelihood assets improvement Savings/financial. Capabilities/skills. Income. Household assets: natural, physical, human, social.	Enables people to lead their own development by co-investing their own assets, and leveraging them with resources from external agencies (Matie & Cunningham, 2008, 2005; Kretzmann & McKnight, 1993).	Focus on inside rather than outside the community, building relationships rather than providing services. Localises the problem while neglecting the influence of larger, systematic or structural factors.

Source: Own Compilation

3.3 **Conceptual Framework**

A conceptual framework contains ideas about relationships between variables in the study. (Mohamed, 2003). This study has adopted the conceptual framework shown below in Figure 3. This demonstrates the relationship between the dependent variables (assets accumulation, loan repayments, savings and capabilities) and the independent variables.



Source: Own Research

Dependent Variables

This study advocates that microcredit programmes should ensure that borrowers are able to utilise the complementary values in both SLA and ABCD to combine external inputs from programme managers, loan officers and finance professionals with internal input from borrower communities to enhance livelihoods (Smith & Vanclay, 2017:69; Mazibuko, 2013:184-185; Morse & McNamar, 2013:43-44; De Haan, 2012:348; Fuimao, 2012:36; De Haan & Zoomers, 2005:33, 2012:348; De Satgé, 2002:19-20). Integration of SLA with ABCD can provide qualitative and quantitative information as baseline data for development planning and programme implementation. Evaluation geared towards asset capture and longer-term dynamics are much better than a measure of income alone (Asayehgn Desta, 2014:116). Authors maintain that having same sources longitudinal data collected over time may be crucial (Hulme and McKay, 2005; Asayehgn Desta, 2014). In analysing the status of poverty, ABCD uses natural, physical, human, social and financial assets extensively encompassed into SLA (Ellis, 2000; Carney, 1998; Scoones, 1998). Integrating SLA and ABCD finds its meaning in the effectiveness of any policy on poverty, such as microcredit, needing to be articulated around a definition which could allow an evaluation of poor borrowers, and design an intervention that could alleviate poverty and foster long sustainable development (Asayehgn, 2014:118).

3.4 **Conclusion**

The literature reviewed in this study, identifies the development of microfinance and the provision of microcredit, and its effects on the livelihoods of the poor, with specific reference to Ghana and the effectiveness there of ENA's SSAP. Whilst microcredit is shown to provide a tool for poverty alleviation and development, not all the many development approaches used produced positive results. This led to a problem-based approach.

The literature pinpointed that when the banks exclude the poor from accessing loans because of a lack of collateral and high costs, it puts them into a deprivation trap of poverty, isolation, physical weakness, vulnerability and powerlessness (Chambers, 1983:112, 2006:3, 2014:11-113; Swanepoel & De Beer, 2011:6). Microcredit as a provision of credit to those without collateral) was seen as a solution.

However, microcredit as a tool for poverty alleviation needs to provide development that results in people empowerment, community participation and social inclusion. , The Sustainable Livelihood Approach (SLA) and Asset Based Community Development (ABCD) provide such a people centred approach (this is discussed indepth in Chapter Five).

In the literature interrogated in this study, it was noted that access to microcredit alone is not usually enough to improve the livelihoods of those who use it. Microcredit needs to be integrated with other approaches, such as the capability approach: i.e. a person's capability to function in a different way and lead the life that the person has reason to value (Sen & Nussbaum, (2000) cited in Stewart, 2013:1; Robeyns, 2003:63; Saith, 2001:8). The capability approach provides a framework within which to evaluate policies, to determine their impacts on people's capabilities. Evaluation studies should consider people's capabilities as a factor which could influence the evaluation findings (Robeyns, 2005:94; Robeyns, 2003:63).

Financial literacy training is a fundamental factor in a microcredit capability approach, as it will equip beneficiaries with needed knowledge and skills to run their microbusinesses and improve their livelihoods. A key characteristic of poor people all over the world is that they lack assets in the form of education, skills, savings and collateral that can be used to secure loans and household durables. Assets accumulation is linked to savings, however, there is a view that the poor cannot save as they are too close to the subsistence level, lack the necessary skills, and therefore need credit and not savings (Bhaduri, 1977; Adams, 1984; Adams and Von Pischke, 1992). Armendariz and Morduch, meanwhile, argue that the poor need both credit and savings (Armendariz & Morduch, 2010).

Savings can absorb household livelihood shocks and are therefore important (Ranjula Bali Swain, 2007). When the poor are equipped with knowledge and skills, they will be better able to save and make the required loan repayments. Loan monitoring therefore becomes an important tool in: a) the effective provision of microcredit financing; b) the creation of savings and the accumulation of assets; c) the prevention of loan diversions; and d) and mitigating information asymmetry and improving the relationship between microcredit institutions and beneficiaries.

Through the lens of the capability approach, this study assesses the extent to which ENA's SSAP has fostered the development of borrowers' abilities to 'unlock' their capabilities to engage in income generating activities enabling them to improve their livelihoods.

Interrogation of the literature on microfinancing, the use of microcredit and the effectiveness of ENA's SSAP in its implementation in Ghana, identifies a range of views from sceptical to supportive. Whilst opinions vary on the extent, there is a broad consensus that this non-collateral extra-banking approach to micro-enterprise funding for the poor provides an effective means of uplifting them financially, enhancing their livelihoods and benefitting the economy and national welfare. There is also general agreement on the need for a self-sustained community driven approach, in partnership with external expertise and support. The need for financial literacy and skills training for those who use microcredit is also widely recognised. Whilst the overall benefit potential of microfinancing microcredit is accepted in most of the literature reviewed, it is considered that there is still – and will likely continue to be – room for improvement in its implementation.

4 CHAPTER FOUR: RESEARCH STUDY DESIGN AND METHODOLOGY

4.1 Introduction

This chapter presents the evidence derived from the literature review, together with the developmental and theoretical paradigms in Chapters Two and Three, for the designing of the research methodology for this study. This research is needed to obtain the results, conclusions and proposals called for in this study on enhancing the livelihoods of the poor in Ghana who are generally excluded from obtaining finance that: a) requires collateral security; and b) is too small an amount to warrant the operating costs of the banking sector. Such financing is provided through microcredit loans in microfinancing programmes. The four Ghana Regions identified for provision of the data required to answer the questions raised by the study objective are then reviewed.

4.2 Research Methodology

The methodology of this research concerns the design and method of the procedures and techniques used to identify, select, obtain, process, analyse and evaluate data and information relevant to the study objective.

4.2.1 Research Design

This research model was designed to answer the study research question by determining and evaluating the effectiveness of the Self-Supported Assistant Program (SSAP) of Engage Now Africa (ENA) in improving the livelihoods of participants in Ghana. This research was designed to identify and evaluate the benefits of the methods of microfinancing the poor through the provision and use of microcredit. Appropriate techniques were used, adopting systematic enquiry and research that enabled moving from *here* to *there*. In this context, *here* means the preliminary set of questions that need to be answered, and *there* refers to the answers obtained, thereby allowing for its planning, structure and correct analysis of results in such a way as to maximise the validity of the findings obtained (Yin, 2003:19; Mouton, 1990:15;73).

This research was a case study by nature. The case study adopted in this study focused on the experience of ENA microcredit programme beneficiaries with regard to the effect of microcredit in improving their livelihood. The case study methodology was adopted as to explore and describe in-depth the effect of the microcredit programme in improving the livelihood of beneficiaries. Yin (2016:68) agrees that a "… case study method is that it deals directly with the individual case in its actual context…". A case study approach refers to "… a strategy for doing research which involves an empirical investigation within its real context…" (Robson 2002:145). Kumar (2008) also defines the case study as an analytical and explanatory method that aims to study the phenomenon or units of analysis holistically. Noor (2008:1602) is in accordance as he notes that a case study is concerned with how and why an incident occur, understanding the investigation of appropriate realities and the differences between what was planned and the actual occurrences. The fundamental of a case study method deals directly with the actual context of the unit of analysis (sample). The abovementioned contributes to a better understanding of primary research problem on the ENA microcredit beneficiaries' livelihood improvement. Yet, some scholars had put forward critics with regard to the application of the case study approach. This includes a lack of scientific rigour and reliability, as well as the notion that a case study does not provide data generalisability (Starman, 2013).

However, emphasis has been made by authors about the strengths of the design including its ability to provide the researcher with in-depth and detailed understanding of study objects by a detailed description providing a holistic image of the study problem which is under investigation (Mouton, 2016:108, Babbie, 2010:336; Noor, 2008:1603; Yin, 2009:93). Creswell (2013:76) concurred that exploratory designs are used in studies where scarce knowledge exists regarding the study objects of investigation.

A case study methodology can either be explanatory, or descriptive and as an investigative approach, it is done within a natural setting (Ridder, 2017; Zainal, 2007). A case study is always known to be conducted within natural settings. In the case of this study, field work was conducted during the ENA microcredit beneficiaries' trading hours and in their trading environments. This strategy ensured that the researcher had direct observation, interviews and survey. The above is supported by Yin (2018) who agreed that the application of direct observation, administration of questionnaires and interviews gives a case study strength, resulting in in depth evidence, since it is within its nature to permit for multiple research approaches to be used within one case. Therefore, to arrive at a sound conclusions for this study, the researcher applied an exploratory and descriptive case study design, with a survey as a data collection tool, to gain insights from the sampled key ENA microcredit beneficiaries' participants. This was in regard to their experiences and perceptions of the effect of microcredit in improving their livelihoods.

The research was designed to: a) achieve solutions to the research questions; b) suitably control data variables; and c) bring about reasonable and relevant conclusions (Adelifa, 2008:101; Megan, 2013:1; Herek, 2012:1). The research method in this study aimed to provide a design that took control of factors which could hinder the validity of study results (Polit and Hungler, 1999:155). Research in this study has been both explanatory and conclusive (Malhortra and Birks, 1999). The exploratory element sought to provide clear insight into and comprehension of the problems involved in the provision of microcredit in microfinancing programmes. The conclusive element has assisted with evaluation of findings and selection of best actions to be taken under specific situations. The various research design classifications are depicted in Figure 8 below:

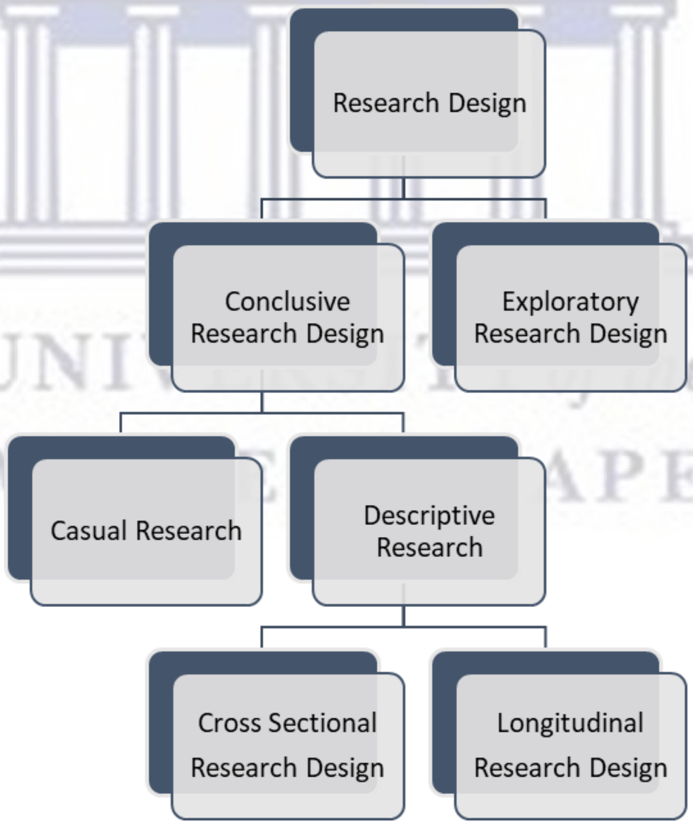


Figure 3: Research Design Classifications ***Source: Malhortra N.K and D.A, Birks (1999).***

Figure 3 portrays the classification of the research design. There are two type of research designs - the conclusive and exploratory. The conclusive design includes the casual and descriptive research. The descriptive research is constituted of the cross sectional and longitudinal research. This research was cross-sectional in nature in that it explores and describes the experience of ENA microcredit beneficiaries in improving their livelihood.

4.2.2 **Research Method**

The research method employed in this study followed a logical design sequence of problem identification, definition, investigation, exploration and evaluation, using both casual and descriptive research data assembly and analysis, with solutions through methodical discovery, to provide a greater understanding of the phenomena of the study (Leedy, 1997:05; Babbie & Mouton, 2001).

Both quantitate and qualitative approaches were used in selecting a cross-section of microcredit programme participants in four of Ghana's sixteen regions, and in evaluating data collected from them on: a) loan amounts, usage, repayment frequencies and management monitoring; b) financial knowledge and expertise, and the need for training borrowers; and c) the demographic and socio-economic effects on the accumulation of savings and lifestyles improvement of programme participants. The research was *exploratory* in nature, providing insights and perspectives on the provision of microcredit in Ghana. It was also *conclusive* in evaluating results and choosing the better actions in specific situations, and *descriptive* in its in-depth descriptions of social phenomena and related statistical analysis. Thus, this research had explored and described the effect of microcredit on beneficiaries' participation in improving their livelihood, and this research was both explanatory and descriptive.

A *cross-sectional* approach to general data collection and analysis was employed, requiring less time and a lower cost than other methods, together with a proven capability in measuring the impact of microcredit relatively accurately. On matters such as loan management and assets growth, *longitudinal* research was used to obtain repeat observations of the same variables over a prescribed period of time.

In order to assess the impact of microfinance services in Ghana, a questionnaire was designed to capture key information from selected microcredit users on variables related to the objectives of the study. The questionnaire was divided into nine core sections: i) socio-demographic; ii) economic; iii) asset accumulation; iv) voluntary savings; v) operating capabilities; vi) financial training; vii) loan interest rates; viii) loan monitoring; and ix) frequency of loan repayments. The questionnaire was developed to capture information not readily observable which was needed to answer the research question (Dunn & Huss, 2004; Remenyi, 1998:150; Oppenheim, 1993:260). Focus Group discussions were held with key informants, such as the programme participants and loan officers, which enabled the researcher to complement the quantitative data that was collected through the questionnaire (see Appendix II for details).

4.3 Study Data Sources

4.3.1 Research Parameters

The West African country of Ghana is bordered to the south by the Gulf of Guinea, inland to the north by Burkina Faso, Ivory Coast to the west and Togo to the east. Formerly the British colony of Gold Coast, Ghana gained independence in March 1957. Following a December 2018 referendum, Ghana's ten administrative regions were increased to sixteen. Each region is a politically separate entity, with its own distinct features of culture, economy and languages.

Ghana is a generally low-lying country, rising to not more than 3 000 feet (900 metres) above sea level. From central to south-eastern Ghana, the waters in the 8 502 km^2 Lake Volta, the largest artificial body of water in the world, are backed up behind the Akosombo Dam (*aka* the Volta Dam) in the south-east of Volta Region. Power from this dam generates much of Ghana's electricity. Ghana's population is a 49% / 51% ratio split between male and female respectively, totalled 24 658 823 in 2010; it is now estimated at 30 955 204 in 2020 (GSS, 2010; 2020). Meanwhile, Ghana's population comprises some 8,2m children up to the age of nine, 6,9m teenagers, 12m adults under fifty, and 3,7m seniors aged fifty and older (Wikipedia, 2020).

Education in Ghana ranges from basic (ages four to fifteen), to secondary (for three years, either academic or vocational), then tertiary in universities and polytechnics (Wikipedia, 2020). However, the education system faces access and participation challenges such as low enrolment of girls, poor achievement levels, not enough trained and qualified teachers, large classes and inadequate resources (Aheto-Tsega, 2020). Ghana's official language, and main medium of instruction, is English.

In a land ranging from dry savannah to wet forest, Ghana mines gold (second largest producer after South Africa), diamonds, manganese and bauxite, whilst producing cocoa, oil palm, cotton, sugar cane, yams, grains, kola nuts and timber (Wikipedia, 2020). Although poverty in Ghana decreased from 52,6% in 1991 to 21,4% in 2012, and extreme poverty from 37,6% to 9,6%, agricultural rural areas still account for 70% of poverty in the country (World Bank, 2020).

Qualitative and quantitative research design methodology was used in a triangulation approach to collect data from the four regions: three coastal and one inland on Lake Volta. This provided answers to the research question on the effectiveness the Self-Supported Assistant Program (SSAP) of Engage Now Africa (ENA) in Ghana in the use of microcredit. Data collected from participants in microcredit programmes concerned financial training, loan interest rates, monitoring of loans and their repayments frequency, together with their estimates of the effects of demography and socio-economics on assets accumulation, voluntary savings and human capabilities. Data was analysed for relevance to the study question in terms of quantity, applicability and quality.

The four regions selected to obtain the data needed for the research model evaluation of the study objective of establishing the effectiveness of ENA's SSAP in microcredit financing in Ghana were: Eastern, Greater Accra, Central and Volta.

4.3.2 **Eastern Region**

Located inland in the south of Ghana, between Bono East, Ashanti and Accra Regions, and with Lake Volta along the east side, this Region occupies 8,1% of the country. The 2010 population was 2,6 million, currently projected at 3,3 million, or 10,7% of the total population (GSS, 2020). Dominated by electricity generation from the Akosombo Hydroelectric Project, the regional economy comprises large and small scale diamond and gold mining, agricultural and fishing activities.

Figure 4: Eastern Region (Source: Eastern Region Map)

4.3.3 Greater Accra Region

This high density small sized region, occupies 1,4% of the total land area. Home to 4 million people in 2010, the population is now projected at 5,1 million, or 16,3% of the total population (GSS, 2020).. With few mineral resources, the region's soils have a low organic content, and topsoils are shallow. Ghana's capital city, Accra, a university city and the centre of government, are located here. Terna (*aka* Harbour Town), now Ghana's main seaport and home to a large fishing fleet and an oil refinery, lies 25 kms to the east of Accra (Greater Accra Region, Wikipedia, 2020).

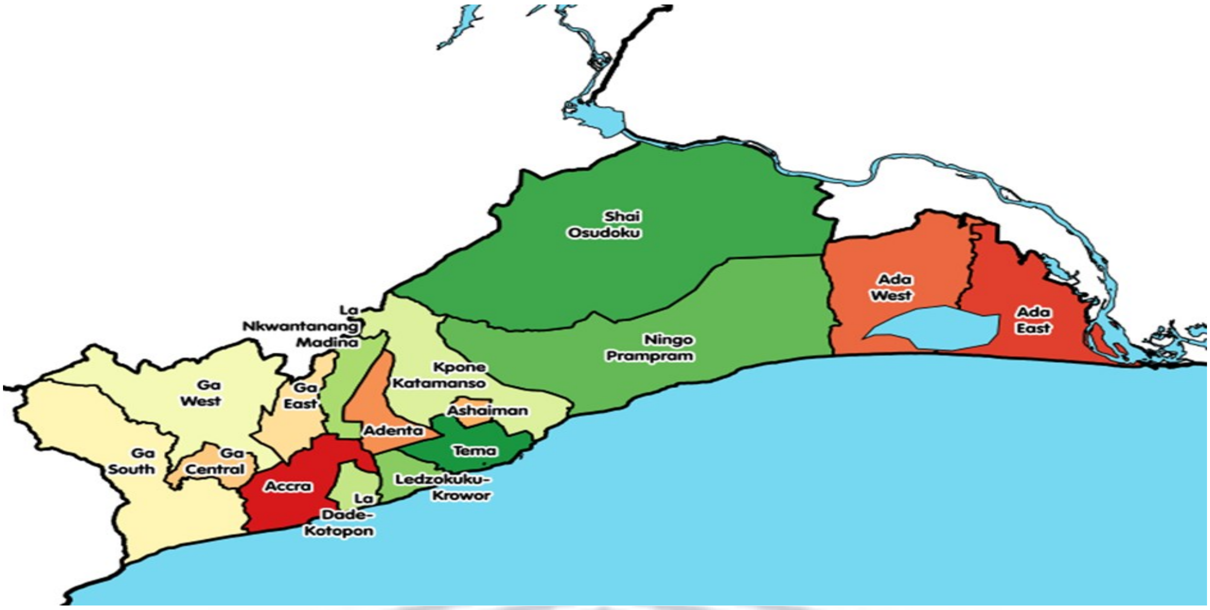


Figure 5: Greater Accra (Source: Greater Accra Region Map)

4.3.4 Central Region

This Region occupies 4,1% of the total land area, with a population of some 2,2 million in 2010, now projected at 2,6 million or 8,4% of the total population (GSS, 2020). Renowned for its higher education institutions, the regional economy is based on tourism and an abundance of industrial minerals (Central Region (Ghana) Wikipedia, 2020).

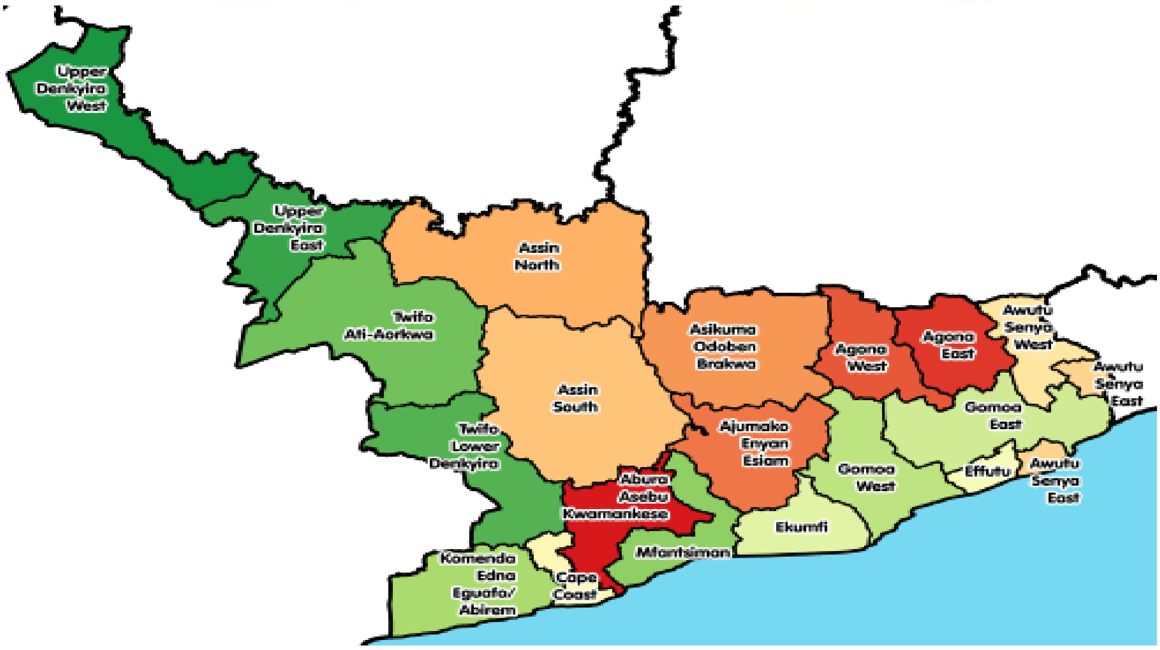


Figure 6: Central Region (Source: Central Region Map)

4.3.5 **Volta Region**

With poverty in Ghana more predominant in rural areas, and accounting for more than 70 % of the total population, 38% of the Volta people live below the upper poverty line of US$224,81 / GHC1 314 (Ghana Poverty and Inequality Report, 2015). Volta (including the newly formed Oti region) occupies 8,6% of the country, with 2,1 million people in 2010, now projected at 2,7 million or 6,1% of the total population. (GSS, 2020). With poverty in Ghana more predominant in rural areas, and accounting for more than 70 % of the population, 38% of the Volta population live below the upper poverty line (Ofori, 2015; Gyan-Baffour, 2002).

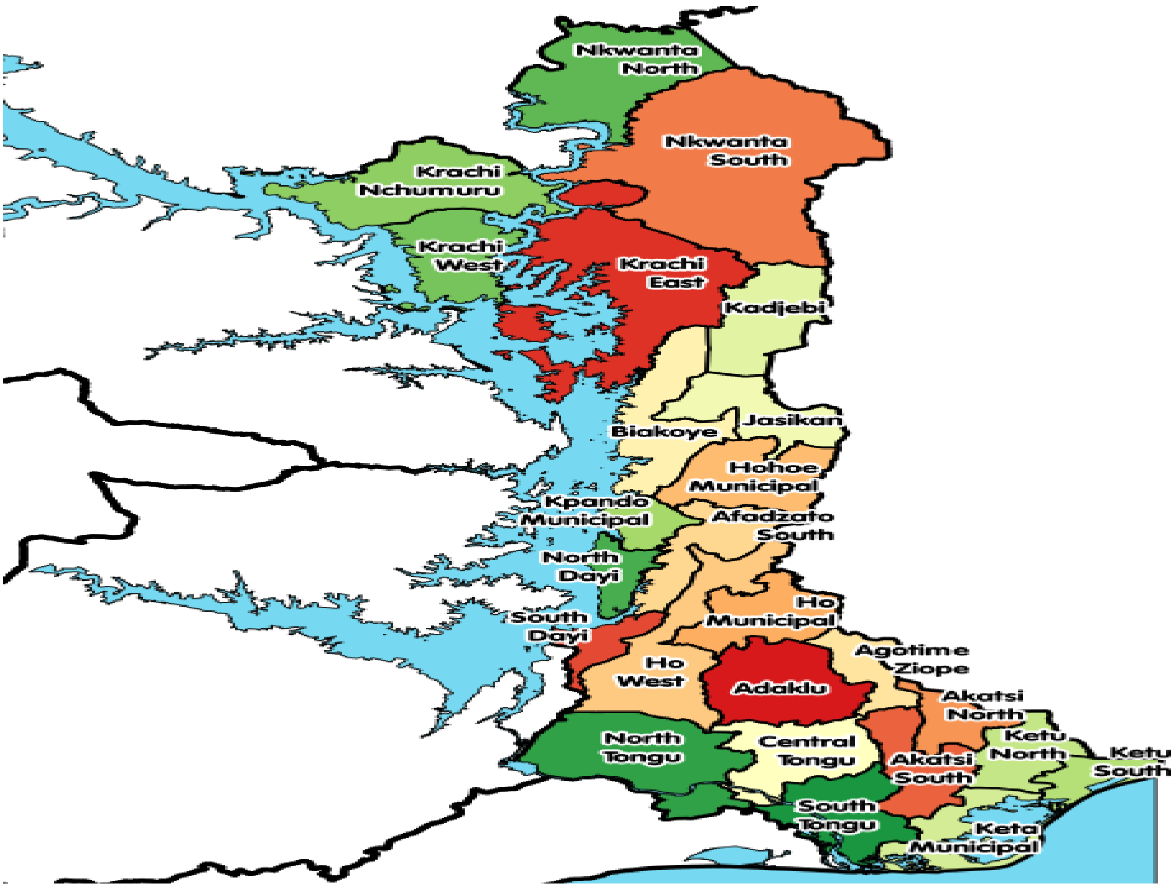


Figure 7: Volta Region (Source: Volta Region Map)

4.4 **Sampling Procedure and Data Collection**

In response to the study question on the effectiveness of ENA's SSAP in microcredit financing, and informed by the review of related literature, stratified random sampling was used to identify and determine the demographics of who to select and include in the information data base needed to provide answers to the research question and meet the study objective. This method was chosen to optimise the degree to which the people and households selected represent the population as a whole, and decrease the probability of sampling error, by organising the target population into homogeneous subsets and selecting the appropriate number from each subset (*see* Babbie and Mouton, 2009:191). Research in this study was structured by: a) clustering microcredit borrowers and their households into Economic Areas (EAs); and b) random sample selection of borrowers in each EA (see Table 3 below).

Data was then collected by means of a questionnaire, using interrelated questions for improved data cross-check verification, and applied by trained field agents. Questionnaires were developed to collect data with major themes. The independent variables included: (1) demographic characteristic of the respondents (age, marital status, gender, education level); (2) loan factors such as interest rates, loan monitoring, frequency of loan repayments, financial literacy, and skills. The dependent variables included: (1) assets accumulation, loan repayments, savings, and capabilities. The variables that constituted the questionnaire was also the basis of the literature in chapter three which dealt with microcredit.

4.4.1 **Pilot Testing**

Data collection tools were tested in the pilot phase to ensure diminished errors and mistakes before the real process of data collection of the study. The pilot phase facilitated instructions that were comprehensible and ensured that wordings were correct in the data collection tools-this increased the reliability and validity of the results (Simon, 2011). A pilot test is a research procedure with the aim of testing the instruments of data collection and other research procedures ahead of carrying out the entire survey, it also enables the validation of the questionnaire (Hassan et al. 2006).

The piloting step took place in Osu, Laterbiokoshi, Accra, and Teshie for the greater Accra and Ho of the Eastern region, which are among the enumeration areas selected for this study. A total number of 75 households were selected, making up 5% of the proposed sample size of 1462 households. The pilot test tested respondent's comprehension, the sampling procedure, the coding and responsibility of the field enumerators, the questionnaire formatting and task performance.

This interview was conducted in English and participants were informed that the interviews will last only thirty minutes. Minor errors were noted during the pilot testing of questionnaires such as inclusion of repetitive words. This was addressed to ensure a smooth flow of data collection and freedom from research errors. The pilot was done prior to conducting the main study, with the purpose of determining clarity of the questions, to ascertain the amount of time it will take to complete the interview, the appropriateness of the interview guide and demographic questionnaire. After the pilot testing, changes were made on the questionnaire which consisted of omitting the repetitive words. In this way the quality of the measure is assured (Neuman, 2000). A pilot test of the questionnaire was first run to ensure the clarity, validity and cross-relevance. Questionnaire wordings and communication were in English, the official language of Ghana. Whilst all respondents had been to English language classes before becoming microcredit borrowers, nevertheless, a translator was in attendance to ensure clear understanding of each question by each respondent.

4.5 DATA COLLECTION ENUMERATOR

A survey was applied to collect data. In this process, a pilot test of questionnaires were fundamental before conducting the survey. This was to ensure minimised errors at the onset of this research. The beneficiaries' data collection instrument was piloted once.

To carry on the pilot, Enumerators were recruited to carry out the data collection process. These enumerators were postgraduate degree holders and students, who had pre requisite knowledge and experience with social sciences research data collection. Before, the pilot, all enumerators were trained to use the instrument for collecting data. This training was to provide a brief to the recruited enumerators on the research and the questionnaire, and to build and strengthen their capacity in data collection. A total of 10 enumerators were recruited to collect data in four enumeration areas (EA), 2 for each EA. Each enumerator recruited for each EA were residents of the EA.

The 45 EAs used in the study were selected randomly from the four regions, using the probability proportion to size. Table 3 portrays the selection procedure. The use of the PPS methodology enabled each household chosen in population of interest, whether from a large or small EA, had a nearly equal likelihood to be selected.

Table 3: Enumeration Areas and Numbers of Samples

Region	EAs	Beneficiaries selected	Sample
Eastern	11	65	715
Greater Accra	17	11	187
Central	8	25	200
Volta	9	40	360
Total	**45**	**141**	**1462**

Sampling refers to a process that enables a selection of population, from which observation is made and from which inferences are drawn (Babbie and Mouton, 2010). This study applied a cluster sampling technique.

The above table depicts the sample distribution among the four regions, the EAs, the beneficiaries selected and the sample for each region. The number of samples was generated from the four regions, namely Eastern, Greater Accra, Central and Volta. Each region had a number of enumeration areas; the eastern region had 11, the Greater Accra 17, the central 8 and Volta 9. From each of the EAs, beneficiaries were selected using random sample selection of the study participants. After selecting a total of 45 EAs for the case study, the next step was to systematically select a total of 141 beneficiaries. Therefore, the sample for this case study was a total of 1462- a total sum of selected beneficiaries for each of the four EAs. The Eastern region had more participation due to the fact that the region had about 65 % of the total ENA microcredit beneficiaries. The first step was to select household from the EA areas through the use of Probability Proportionate to size (PPS). Authors agree that in the use of PPS, a larger population has a higher probability of being selected. Even though the probability of selection is high for a larger population, smaller populations also still have a probability to be selected in the process of sampling (Czaja, 2014; Rosen, 1997). Secondly, due to the fact that the cluster sampling had about 65 % of the total microcredit beneficiaries, the researcher was compelled to use the cluster sampling and systematic random sampling. Therefore, the use of PPS methodology ensured that each beneficiary in the population in microcredit from a large or small EA, had an approximately equal probability of being selected.

4.6 Data Collection Procedure

Data collection took place in one week from 9th to 15th March 2019. A study supervisor was assigned to the researchers to control the collection of data. Each enumerator was sent to a specific EA and was assigned to a specific supervisor to refer to and from whom to get assistance. In all four regions, the process ran smoothly.

Focus Group Discussions (FGDs) were part of the qualitative method of collecting data. A focus group, according to Krueger (2014:1-25) is alike to the in-depth interview, but is done in a group. The group should have defined characteristics, size, composition and interview procedures. The main purpose of the focus group discussions was to obtain high quality data within a social context, in which people/participants consider their personal views and the view of others (Gill, Stewart, Treasure, & Chadwick, 2008:291). Krueger (2014:1-25) agrees that focus group discussions enable a process of sharing and comparing the experiences about specific topics related to livelihood improvement and challenges (Personal saving, children education, increase personal monthly income).

FGDs applied in this research involved discussions that were guided and focused on particular issues and topics that were introduced by the researcher in the predetermined order which were cautiously worded, open- ended questions (Payne & Payne, 2004:105). Focus Group Discussions were suitable for this study for the reasons that Krueger & Casey (2000) pinpointed: 1) it enables an understanding of the differences of perceptions between the groups of beneficiaries involved in the research and; 2) to excavate motivations that underlie the opinions or behaviour of the beneficiaries.

The issues that emerged from the Focus Group Discussions related to the effect of microcredit in improving the livelihood of beneficiaries which was also an issue of interest from the other data collection methods. Ten focus groups were conducted with 20 purposely selected homogenous operators. I developed a Focus Group Discussions guide that encompassed open-ended questions, which enabled the provision of a comprehensive structure for the discussions. The open-ended questions and the cautious selection of operator's members were based on gender, which ensured freedom for participants to express their views and opinions. The specific issues that emerged during the FGDs were adopted.

In this process and discussion, questionnaire reliability and validity of the information collected were ensured through consistency checks on matching of similar information, random sampling, consistency checks, the sequential use of interrelated questions, and by testing the consistency of answers by respondents to similar questions put to them. The Cronbach Alpha coefficient was applied to check acceptability of the level of inter-item consistency achieved (Habte, 2016; Tavakal & Dennick, 2011).

4.7 Data Processing and Analysis

This study adopted two analysis techniques' namely the descriptive statistics and the multinomial logit.

4.7.1 Descriptive Statistics Analysis

Descriptive statistics is a form of analysis used to first categorise and stratify the data collected from respondents identified in the four regions. Multinomial logistical regression analysis ('multinomial logit') was then applied to predict future outcomes relative to alternative approaches to corrective action indicated by problems identified in the current system.

Descriptive statistics refers to a statistical computation describing either the characteristics of a sample or the relationship among the variables in a sample, and summarised as a set of sample observations (Babbie and Mouton, 2009:641). In descriptive statistics analysis, demographic and independent variables of the sample selected are tabulated to provide an overview of the population of microcredit borrowers, which creates a stratification tabulation including their age, gender, marital status, education level and number of children.

In a first analysis, the summary descriptive of key outcomes variables is aggregated, then broken down by the key stratification categories which are then calculated and compared. In this study, a descriptive statistical approach enabled the categorical level variables to be analysed, including the number and relative percentage of respondents in a specific category. This study adopted descriptive statistical analysis to establish the effects of microcredit provision in improving the livelihoods of borrowers, and estimate the effects of demographic and socio-economic characters on such improvement.

4.7.2 **Binary Logit Regression**

The Binary Logit Regression (BLR) model is used as strategy for prediction, such as where it is assumed that individuals are confronted with a choice between two alternatives and that the choice depends on certain identifiable characteristics (Field, 2009:265). The Binary Logit Regression model is a two binary choice model mostly applied in analysing people participation in credit programmes (Li, Gan and Hu, 2011:238). This study utilises the observed information on effects of participants in the ENA SSAP, and the estimated effects of demographic and socio-economic variables on their livelihood improvement. Livelihood improvement through participation in the SSAP is hypothesised to be determined by a combination of factors such as demographics and socio-economics and SSAP loan characteristics. In this study, loan variables were used to estimate the probability of the effects on their participation in improving livelihoods, by using the merits of the BLR model, including good approximation and analytical convenience.

The advantage of using BLR model in this study relies on the fact that strict adherence to the assumptions of equal variance, normality, linearity and covariance of error are not a necessity (Kuunibe, 2013; Hair et al., 2006). Using this model enabled good approximation and analytical convenience, with a maximum likelihood estimator that allowed estimating the probability that an event occurs or not, by predicting a binary dependent outcome from a set of observable independent or predictor variables (Habte, 2016). These variables included family size, education level, age, marital status, gender, and income.

In analysing The ENA SSAP effectiveness in its influence on livelihoods improvement, the logistic formula is derived from the assumptions in this study of the effects of participation in a microcredit programme such as the independence from the property of independent irrelevant alternatives (IIA). This property states that any of the two alternatives *i* and *k*, the logistic probability ratio does not depend on an alternative other than *i* and *k*. The explanation to be given for the above is that relative odds of selecting *i* over *k* are the same irrespective of what other alternatives may be available, or what quantities these other alternatives may possess (Train, 2003). Presuming that (x) = (y/x) epitomises the conditional means of Y given x when the logistic regression is used, the specific form of the regression turns into:

$\pi\,(X)= e^{\alpha+\beta\times} / 1+ e^{\alpha+\beta\times}$ ------- (1)

The logit transformation of equation (1) as defined in terms of x is given as:

g (x)=in[π(x)/1 – π(x)] =α+ βx ---- (2)

This formula ensures that g (x) is linear in parameter and may be continuous assuming the value of the outcomes. If $Y = 1$, then € = 1 – π (x) with the probability π (x) and if y = 0 then € = - π (x) with probability 1 – π (x). This would mean a distribution with mean zero and a variance equal to π (x) [1 – π (x)]. This trails the binomial distribution with a probability given by the conditional mean π (x) (Hosmer and Lemershow, 1999).

From the above, the algebraic form of the conditional mean π (x)

$FC= b_0 + b_{1Pr} + b_2Y_h + b_3E_h + b_4X_h – b_5H_5 + b_6h_e + B_7X_m + e$ ------- (3).

With being FC the effects on participation in SSAP microcredit, P_r is income; Y_h is the number of children/household size; E_n is the marital status; X_h is the educational level; H_s is age; H_e–is gender; X_m is age; b_0 = microcredit loan factors, b_1 = livelihood improvement variables (where I = 1,2, 3) and e is the stochastic term.

4.7.3 Selected Independent Variables

The independent variables applied in this study as measures of microcredit effectiveness in livelihood improvement, identified below, relate to personal, household, educational and financial input factors. Questionnaire respondents were asked to state the extent to which they attributed the effect of each variable on their livelihood improvement through participation in a microcredit programme.

Age: a basic indicator of experience, earning capacity and productivity. Young people (aged 16 to 34) generally are productively engaged in developmental activities that increase and build their incomes, savings and assets. Adults (aged 35 to 54) generally seek to further develop and consolidate what they have built up. Older people (aged 55 and over) are more inclined to limit their activities and consolidate their savings (Mpuga, 2008; Zeller, 1994). Age can also be an indicator of loan repayment capability, with older borrowers more experienced, confident and capable in loan management (Habte, 2016; Fakayode and Rahji, 2009). Age therefore can have a positive correlation with a microcredit borrower's loan management capabilities.

Gender: an important factor in the demand for, and distribution of, microcredit lending. In many communities, particularly in rural areas, men predominate over women in business and its financing, However, this balance is changing through non-banking sector microfinance institutions increased lending to women. Furthermore, there is growing evidence that the loan repayment default rate of women is lower than that of men. Microcredit providers and agencies are stepping in to encourage women by making their access to credit more readily available.

Household size: a significant indicator of living costs relative to earning capacity and loan repayment capability. Large households, particularly those with children and elderly members, can be faced with consumption costs and shocks calling for additional resources, causing a tendency to divert income away from developing a microfinance enterprise, asset growth and loan repayments (Habte, 2016; Chivakul & Chen, 2008; Martey, Etwire, Wiredu, and Dogbe, 2014; Tang, Guan, and Jin, 2010). However, larger households can enhance microenterprise growth through a pooling of knowledge, skills and labour.

Marital status: an important indicator of stability and earning capacity. Generally, less mobile than other people and more concerned with their household welfare, married people normally look to find ways to maintain stability. This can lead to increased participation in microenterprises through access to microcredit (Nnadie and Akwi, 2008). Single people, meanwhile, could be viewed as being less motivated towards assets growth and savings. Female headed households can be less fortunate in owning assets and thus more vulnerable to consumption shocks.

Education level: a prime indicator of intelligence and capability to learn new skills and concepts, and engage in business. Education enables people to perceive, interpret and respond to new knowledge, whilst increased years of schooling has had a positive effect on women's participation in microenterprises credit (Awunyo-Vitor, Abankwah, and Kwansah (2012; Feder et al., 1985). People with some level of education can be expected to have better technical knowledge, know-how and farming skills, with more information on credit markets and facilities and familiarity with bureaucratic procedures (Fakayode and Rahji).

Asset's accumulation: a fundamental indicator in determining poverty alleviation, which plays a critical role in improving the livelihoods of poor people. There is a strong relationship between vulnerability and asset ownership, wherein a lack of assets is both a cause and an outcome of poverty and the destruction of livelihoods (World Bank, 2000).

Voluntary saving: an important indicator of a borrower's intention and ability to succeed in a microenterprise which is affected by the borrower's age, education, household size and community, as well as by the type of contract put forward by the micro lender.

Skills capabilities: a basic indicator of competency, identifying the extent to which a microcredit borrower has the financial literacy and business skills training needed to conduct a microenterprise profitably. A main challenge faced by microcredit borrowers is that a lack of entrepreneurial and business management capabilities hampers their ability to achieve intended outcomes of improving their livelihood and developing their microenterprises (Alhassan & Goedegebuure, 2015).

Interest rate: a key variable in determining the viability of loan affordability in financing a microenterprise. Rates that are higher than the borrower can afford will likely lead to default in repayment, and loss to both the entrepreneur and the microfinance lender. Market sensitivity is a prime factor in the setting of rates. The increased cost of high interest rates inhibits savings and discourages investment. (Abbas & Honghui, 2016; 25).

Loan monitoring: a key control variable in microcredit loan performance and sustainability, and an indicator of the financial health of a microfinance programme (Agbekoa, Block, Omtad, & Velde (2017). An examination of the effects of monitoring the loan repayments of 229 microcredit borrowers in Ghana found that monitored loans had an average repayment rate of 68%, in comparison to 33% for loans not monitored. This improved from 42 % to 93 %. Improvement over time was more pronounced for beneficiaries that were monitored: intensive monitoring improves repayment rates. Similarly, education, training, business experience and gender may influence the efficacy of the monitoring component in microcredit (Agbekoa, Block, Omtad, & Velde 2017). Effective loan monitoring can prevent loan misuse, strengthen the lender/borrower relationship, and prevent misleading information through standardised reporting (Behr et al., 2011; Kohansal and Mansoori, 2009; Edgcomb, 2002).

4.8 Ethical Considerations

This study was conducted in accordance with the University of the Western Cape's (UWC) code of ethical conduct. In so doing,: 1) written permission to conduct the study was obtained from all the relevant authorities and stakeholders, including Engage Now Africa; 2) all information obtained was treated as confidential through number coding of documents to ensure contributor anonymity; 3) the researcher ensured that all documents were kept in a securely locked storage when not in use or were secure password protected when held electronically; and 4) no names of the participants in this study and their respective households or communities are mentioned in this thesis.

Before data collection, all participants were informed of the study purpose and nature. Participants were also informed that their participation was voluntary, without remuneration, and that they had the right to withdraw from the study at any time if they felt the need to do so, with no consequences or penalties attached to their withdrawal. All participants were treated with respect and dignity in all the process.

Whilst no risks were perceived or expected during this study, all participants were debriefed after meetings and group sessions in order to provide assurance on this score. Research was conducted verbally and in writing, in English, the state official language of Ghana.
The study findings were made available to Engage Now Africa and Microcredit group leaders in the communities of the study. This ensured correctness of reporting, accountability, effective communication and experience sharing between all involved in the study.

4.9 Conclusion

Based on the study research question, a stratified random sample survey of microcredit borrowers was successfully designed and undertaken in four Regions of Ghana. Using a survey questionnaire based on internationally proven methodology, the researcher and the trained field staff correctly gathered the data needed to confirm the viability of ENA's SSAP in the profitable provision of microcredit in uplifting the livelihoods of the poor. Analysis and assessment of the data results obtained in this survey established that the survey was well designed for its purpose. Based on the research methods and theoretical approaches outlined, the next chapter presents the empirical findings derived from this research.

5 CHAPTER FIVE: FINDINGS and DISCUSSION

5.1 Introduction

This Chapter presents the data findings and analysis information results of the study. The results of Objective One are presented first, with focus on beneficiaries' livelihoods status per their assets accumulation, voluntary saving, personal capacities and frequency of loan repayments. Then the results of Objective Two are presented next, with focus on_the effects of demographic, socio-economic and financial variables on the livelihoods of microcredit users._Data was collected through a structured and semi-structured questionnaire put to the 1 462 beneficiaries in the four regions selected for the sample survey.

5.2 Objective 1: Livelihoods Improvement

Increasing income through the use of microcredit in a business microenterprise underlies the asset acquisition and financial capital growth needed in livelihood improvement (Adjei, 2015; Barientos, 2013; Chambers and Conway, 1992).

5.2.1 Asset Accumulation

Table 4: Frequency of Asset Accumulation

Less than GH¢2000 - GH¢ 5,000

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	1368	100.0	100.0	100.0

Author's own compilation

100% of the members surveyed agreed that their monthly income levels increased by between less than GH¢2000 - GH¢ 5,000 since their participation in microcredit. This finding supports previous findings stating that as microcredit increased income, it was an effective tool for welfare improvement and poverty alleviation (Thanh & Duong, 2017; Khandker & Koolwal, 2015; Duong & Thanh, 2014; Phan, Gan, Nartea, & Cohen, 2014; Lensink & Pham, 2012; Li, Gan & Hu, 2011; Cuong, 2008; Mahjabeen, 2008; Yunus, 2003; Khandker, 1998). This result may be connected to the studies of Shobe and Deborah (2011) and Sherraden (1991) in agreeing that an increase of financial assets, such as income, results in household stability, personal efficacy, social influence, well-being of children and an overall positive effect on livelihood improvement. This implies that the increase of beneficiaries' monthly levels of income would reduce their vulnerability to shocks and make them less subject to fluctuation in the short and medium term (Abdul & Mahumud, 2012; Hulme & Mckay, 2005; Kay, 2002).

By contrast, this finding is contradicted by Pham et al., (2014) reporting that microcredit does not improve household income. Beneficiary income increase is linked to asset acquisition and financial capital growth, both fundamental in livelihood improvement. Financial capital is one of the five capital elements that encompass people's livelihoods. Authors have documented a strong correlation between asset acquisition, livelihood improvement and its sustainability (Adjei, 2015; Barientos, 2013; Chambers and Conway, 1992).

This result implies that the efforts of Engage Now Africa (ENA) in microcredit should continue to promote asset acquisition. Therefore, ENA's microcredit Self-Supported Assistant Program (SSAP) should be seen as an intervention policy geared towards creating assets for its beneficiaries to reduce their vulnerability, improve their livelihoods and reduce poverty. The provision of microcredit is seen as playing a crucial role in enabling beneficiaries build assets (financial/income) for present and future consumption. An increase in monthly levels of income can be likened to a fight against social exclusion, as financial exclusion traps people in cycles of poverty. Microcredit effectiveness is reliant on income increase, and an increase of income level is viewed within the asset building framework that is necessary in people's livelihoods improvement (Marcia Shobe & Charlotte Deborah, 2011; Micheal Sherraden, 1988:1991). This implies a shift to the asset-based policy and programme on which ENA is focusing. This shift, according to Sherraden (1991), will maintain consumption and enable beneficiaries to start thinking in the longer term and pursue long-term goals and conceptualised livelihood improvement based on assets (Sherraden, 1991:6).

5.2.2 **Voluntary Saving**

5.2.2.1 *Voluntary Saving by Gender*

Table 5: Monthly Earnings Do Not Allow for Voluntary Saving

Monthly earnings do not allow for making voluntary saving	Gender		Total
	Male	Female	
Agree	285	978	1263
Don't agree	8	97	105
Highly agree	0	0	0
Total	293	1075	1368

Author's own compilation

Chi-Square Tests

Test	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
Number of Valid Cases	1462				

Author's own compilation

Out of 1075 females, 978 agreed that their monthly earnings do not allow them make voluntary savings, while 97 disagreed. Out of 293 males, 285 agreed that their monthly earnings do not allow them make voluntary savings, while eight did not agree. The fact that many more females than men agreed that their monthly earnings do not allow them make voluntary savings could be due to the fact that the female members who participated in the microcredit were more than three times the male members who participated. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between monthly earnings on voluntary savings and gender.

This finding is consistent with Solomon (2016), showing that microcredit alone cannot induce beneficiary household savings. The finding agreed that the monthly earnings of more females than men do not allow them make voluntary savings, is consistent with Mayoux (2006), who reported that women generally invest in existing businesses that are low in profit and insecure. Fisher and Sriram (2002) argued that the inability of a microenterprise to yield monthly earnings will hardly pull women and their households out of poverty which is the purpose of loan. Even though monthly earnings do not allow females make voluntary savings, the study found that women tend to spend income on daily household consumption that enables them to withstand shocks. Jonathan et al., (2011) in his study found that women beneficiaries face significant barriers to saving, mostly with running their business. This is perhaps one among many causes that affect their monthly income and voluntary saving. Therefore, ENA should ensure through effective loan frequency monitoring and training, that they know the challenges beneficiaries are facing, and come up with practical solutions that enable them to earn enough income monthly.

Many survey participants stated that their loan amounts received to start or grow their microenterprises were too little, did not take into account the size of their business, which could not allow them to engage in more beneficial businesses and affected their voluntary saving (Ghana, March 2019). This view is also supported by a study conducted in Ethiopia stating that loan amounts were not enough for beneficiaries to undertake meaningful income generating activities and effect voluntary savings (Solomon, 2016). This finding on loan inadequacy could have been caused, as found by Wolday (2001), by the fact that microcredit institutions' products were not based on market analysis that met the needs and preferences of beneficiaries, while keeping the financial institutions profitable. Balogun and Alimi (1988) reported that poor loan monitoring practices were a major cause affecting both business lack of success and voluntary saving. Therefore, ENA should consider monitoring regularly the beneficiaries' business on a daily and weekly basis. Anjichi (1994) maintained that through daily and weekly visits, there is a high probability that beneficiaries will share their challenges with the loan officers. This will result in planning action and advice on how to solve the challenges. The implication of this finding for ENA runs parallel with a report by Bigambash (1997) in a study observing that frequent monitoring visits enable microcredit beneficiaries to share the challenges faced, find ways to solve them, maintain their businesses and increase their intention to make loan repayments and voluntary saving deposits.

Table 6: Regular Loan Monitoring Positive Effect on Voluntary Saving

Regular monitoring has a positive effect on voluntary saving	Gender		Total
	Male	Female	
Agree	8	97	105
Don't agree	0	0	0
Highly agree	285	978	1263
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
Number of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 highly agreed that regular loan monitoring had a positive effect on voluntary saving, while 97 merely agreed. Out of 293 males, 285 highly agreed that their regular monitoring had a positive effect on voluntary saving, while eight agreed. More females thus agreed that regular monitoring had positive effect on voluntary saving than men. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between regular monitoring on voluntary savings by gender. This is consistent with the findings of Ledgerwood (1999) and Balogun and Alimi (1988) that irregular monitoring practices have a major effect on voluntary saving, asset accumulation, loan repayment and eventually loan defaults. This finding supports Mirpourian et al., (2015) stating that regular monitoring is an instrument that motivates microcredit beneficiaries to save and repay their loans promptly.

The implication of this finding on ENA's microcredit operation is that regular monitoring will have a positive impact on beneficiaries' asset accumulation. Monthly income level increases of beneficiaries in this study would therefore be linked to the result of regular monitoring. Likewise, Tsukada (2014) agreed that regular monitoring would diminish the risk of repayment failure, and that regular monitoring, screening and loan terms are enforced. Regular monitoring leads to voluntary saving and repayment discipline, together with asset accumulation. This finding has implications on an institutional level, in a sense that organisational structures should be designed with precise strategies to facilitate the process of regular monitoring, with a positive effect on voluntary saving (Agbekoa, Block, Omtad, & Velde 2017; Mensah et al., 2013; Kohansal and Mansoori, 2009).

Table 7: Lack of Education Affects Voluntary Savings.

Lack of education affects voluntary savings	Gender		Total
	Male	Female	
Agree	0	0	0
Don’t agree	285	978	1263
Highly agree	8	97	105
Total	293	1075	1368

Author’s Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
Number of Valid Cases	1368				

Author’s own compilation

Out of 1075 females, 978 disagreed that a lack of education affected voluntary saving, while 97 highly agreed. Out of 293 males, 285 agreed that a lack of education affectsd saving, while eight highly agreed. More females disagreed that their lack of education affected saving than men. The Pearson Chi-Square value is 12.867 and the Asymp. Sig. (2-sided) 0.000, which indicated that there is a significant difference between a lack of education on savings by gender. Literature pinpoints that microcredit as a tool for development should enable people to increase the actualisation of their ultimate human capital through education (knowledge and skills), enabling them to enhance their quality of life (Schenck, Nel & Louw, 2010:6). Korten (1990) stated that microcredit should empower its beneficiaries to advance their capacities to manage and improve their lives.

In terms of empowerment, this finding raises the question whether ENA's SSAP is implemented within a participation approach, people-centred paradigm of poverty alleviation and development. This finding brings into consideration the asset-based community development and sustainable livelihood approaches which ensures people-centred development. Both approaches are consistent with the fact that microcredit programme beneficiaries should discover and use their available assets as a starting point in the programme. This will occur through training, a fundamental component in quality of life, as it leads to empowerment of the poor with the necessary capability to 'break out' from the deprivation trap, take control of their circumstances and become self-reliant (European Commission, 2008:65; and Send 2001:6).

The male response finding is consistent with the capability approach in the literature stating the importance of a person's ability to achieve a given function (doing and being) resulting in an ability to function in a different way (Sen,1994; Nussbaum,2011; Robeyns, 2003:63; Saith, 2001:8). This finding, is consistent with Robeyns (2005, 2003), Sen (1993) and Martinetti (200) showing that the capability approach should be used as a framework to evaluate policies such as microcredit and individual well-being. The programme should foster the development of abilities to unlock personal capabilities through engagement in income generating activities that will improve their livelihoods. In this perspective, Muller (2009) is consistent that the programme should develop skills that will support the capabilities required for ensuring saving. Thus, loan officers and facilitators should also be empowered with the knowledge and skills required as monitors of loan programme users. Likewise, there is need for a training curriculum that will integrate both the needs of loan officers and users. This finding implies that prior to joining the programme, it is essential to take into account what knowledge and skills people lack, and then integrate them in their microcredit training curriculum.

Table 8: Frequent Financial Literacy Training Increases Voluntary Saving.

Frequent financial literacy training increases voluntary saving	Gender		Total
	Male	Female	
Agree	0	0	0
Don't agree	8	97	105
Highly agree	285	978	1263
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
Number of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 highly agreed that frequent financial literacy training increased saving, while 97 disagreed. Out of 293 males, 285 highly agreed that frequent financial literacy training increased, saving while 8 disagreed. More females highly agreed that their frequent financial literacy training increased savings than men. The Pearson Chi-Square value is 12.867 and the Asymp. Sig. (2-sided) 0.000, which indicated a significant difference between frequent financial literacy training on saving and gender.

This result is in contrast with Raquel, Gema, Kathleen and Julie (2010), who showed that women having lower levels of financial knowledge and financial illiteracy is widespread, and that many women are unfamiliar with even the most basic economic concepts required to make saving and investment decisions. However, this finding ran counter to Cole and Shastry (2008), who stated that financial literacy does not significantly affect saving behaviour.

The general view in literature is that frequent financial literacy training does influence savings behaviour (Olsen and Whitman, 2007). According to William, Benjamin and Ruth

(2012), financial literacy affects not only the individual savings behaviour, but it also impacts positively on household savings behaviour. Beneficiaries with greater financial literacy are less likely to experience a negative income shock and financial crisis (Klapper, Lusardi, and Panos, 2013). By contrast, programme beneficiaries who have low and irregular levels of financial literacy training generally have lower levels of saving. The early finding in this chapter (see Asset Accumulation) is associated with this finding in that frequent literacy training is a determinant of increased monthly income level. The insinuation is that frequency of financial literacy training will help ENA's microcredit beneficiaries attain higher economic status, make better financial decisions and increase saving (William, Benjamin and Ruth, 2012). This increase was as a result of beneficiaries building up financial discipline, and an ability to save and repay loans on time (Tsukada, 2014). Financial literacy should therefore be a core component of every microcredit programme. In this sense, financial literacy training as a component of microcredit programmes is of great importance as it leads to human prosperity. According to Delors et al. (1996), financial literacy is one of the principal means available to foster a deeper and more harmonious form of human development and thereby reduce poverty, exclusion, ignorance and oppression in the improvement of personal living standards. With regard to ENA, financial literacy training should be integrated and become a prerequisite.

Microcredit as a tool to improve livelihoods should integrate financial literacy training as a core pre-requisite in accessing a loan. This view is consistent with literacy influencing livelihoods (John et al., 2002). The implication is that literacy should be a component of income generating activities, thus enable loan users to master reading, writing and calculating in learning to cope with the livelihood operating and development requirements (Raquel, Gema, Kathleen and Julie, 2010). A livelihood comprises the capabilities, assets and activities required for a means of living which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and contribute net benefits to both the short and long terms (Chambers and Conway, 1992).

5.2.2.2 ***Voluntary Savinsg by Age***

Table 9: Monthly Earnings Do Not Allow for Voluntary Savings

Monthly earnings do not allow for voluntary savings	**Age**				**Total**
	17 to 29	30 to 45	45to 60	Above 60	
Agree	172	345	575	171	1263
Don't agree	78	2	6	19	105
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
Number of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 agreed that their monthly earnings do not allow them make voluntary savings, while fewer members aged 30 to 45 disagreed. Across all the age brackets (total of 1368), 1263 agreed that their monthly earnings do not allow them to make voluntary savings, while 105 did not agree. The Pearson Chi-Square value at 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between monthly earnings on voluntary saving and age. That more respondents agreed that their monthly earnings do not allow them to make voluntary savings may be caused primarily by a lack of managerial competencies impacting negatively on microenterprises and affecting profitability and voluntary saving (Kuratko & Welsch, 2004; Rwigema & Venter, 2004; Megginson, Byrd & Megginson, 2003; Longenecker, Moore & Petty, 2003; Elmuti & Kathawala, 1999). For a microenterprise operator to generate enough income that will enable beneficiaries to make voluntary saving, Mintzberg (1999) argued that operators should be equipped with knowledge and skills in functional management areas such as business management, finance, operation, marketing and day to day management.

One participant said that the amount of the loan that is given is too small and cannot allow investment in profitable businesses and could not make enough earnings. The small earnings made are used for household survival. This one finding is consistent with Hwarire (2012) showing that the size of the loan and the start-up conditions play a fundamental role in achieving individual goals, including voluntary saving and loan repayment. This implies that there are constraints on microcredit users, and the implementing organisations should analyse these constraints for microcredit projects and livelihood improvements to succeed. This finding insinuates that microcredit programmers should well-design their product to enable all microcredit users to adequately save, protect themselves against unexpected shocks, and scale up their ability to benefit from their economic opportunities.

Table 10: Regular Loan Monitoring Positive Effect on Voluntary Saving

Regular loan monitoring had a positive effect on voluntary saving	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	78	2	6	19	105
Don't agree	0	0	0	0	0
Highly agree	172	345	575	171	1263
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
Number of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 highly agreed that regular monitoring had a positive effect on voluntary saving, while fewer members aged 30 to 45 agreed. Across all the age brackets (total of 1368), 1263 highly agreed that regular monitoring had a positive effect on voluntary saving, while only 105 simply agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided), 0.000 indicated that there is a significant difference between regular monitoring on voluntary saving and age.

Arguments in literature is that monitoring helps to prevent loan diversion, with a positive effect on voluntary saving (Mensah et al., 2013; Kohansal and Mansoori 2009). Agbekao et al., (2017) argued that monitoring microenterprises resulted in an improvement of business and, therefore, an improvement in the loan repayment rates and saving (Agbekoa, Block, Omtad, & Velde, 2017). This implies that the different ages of beneficiaries recognised the importance of monitoring in influencing their voluntary saving.

Table 11: Lack of Education Affects Voluntary Saving

Lack of education affects voluntary saving	**Age**				**Total**
	17 to 29	30 to 45	45to 60	Above 60	
Agree	0	0	0	0	0
Don't agree	172	345	575	171	1263
Highly agree	78	2	6	19	105
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
Number of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 disagreed that a lack of education affected voluntary saving, while fewer members aged 30 to 45 highly agreed. Across the age brackets total of 1368, 1263 disagreed that a lack of of education affected saving, while only 105 highly agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between lack of person's level of education on saving and age.

This finding is in contrast with Bhatt and Tang (2002) who maintained that microcredit users with a higher level of education made better business decisions, ran better business and were thus better able to save and repay loans. The age bracket of 45 to 60 who disagreed is, however, consistent with Nitin and Shui (2002), who stated that beneficiaries who had many years in the business are expected to have more experience even though they do not possess high levels of education. This experience enables them to generate more business income and make more voluntary savings (Gomez and Santor, 2003). This finding implies that ENA should have a training component helping microcredit users to understand the value of education as human capital essential in improving their livelihoods. This is consistent with Wamaungo (2011) arguing that education is the most effective approach to human development. Hence, microcredit institutions should discover that capital, knowledge and opportunity are three key items that empower people (Saleha, 2009). Microcredit as a tool for poverty alleviation should enable people climb out of poverty through the use of education (Narayan and Petesch 2007). In this sense, ENA combines education with microcredit in line with Hadi et al., (2015) who maintained that both have a fundamental role to play in personal and social development. Thus, the education level should have an effect on voluntary saving, consistent with the fact that education is one of the principle means available to foster a deeper and more harmonious form of human development and thereby reduce poverty, exclusion, ignorance, oppression and war (Delors et al. 1996).

Table 12: Frequent Financial Literacy Training Increases Voluntary Savings

Frequency financial literacy training increases voluntary savings	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	**0**	**0**	**0**	**0**	**0**
Don’t agree	78	2	6	19	105
Highly agree	172	345	575	171	1263
Total	250	347	581	190	1368

Author’s own compilation

Chi-Square Tests

	Value	Df		Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3		.000
Likelihood Ratio	215.523	3		.000
Linear-by-Linear Association	90.568	1		.000
Number of Valid Cases	1368			

Author’s own compilation

More members aged 45 to 60 highly agreed that frequent financial literacy training increased saving, while only two members aged 30 to 45 disagreed. Across all age brackets 17 to above

60 (a total of 1368), 1263 highly agreed that frequent financial literacy training increased savings, only 105 disagreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000 indicated, that there is a significant difference between frequent financial literacy training on saving and age. This finding is consistent with many studies showing a positive relationship between age, financial literacy and saving increases (Cude, 2010; Lusardi et al., 2010; Kindle, 2010; Tamimi and Kalli, 2009; Joo and Grable, 2004; Kim and Garman, 2003; Kim et al., 2003; Volpe et al., 2002). Regardless of age differences, frequenct financial literacy has been demonstrated to have a positive relationship between age and an increase in savings (Cude, 2010; Kindle, 2010; Lusardi et al., 2010; Tamimi and Kalli, 2009; Volpe et al., 2002). This finding is consistent with Capuano & Ramsy (2011) who found that the various benefits of financial literacy include the increase of individual savings.

Considerable evidence exists showing that the frequency of financial literacy among microcredit borrowers has a strong impact on savings. Conversely, a lack of financial knowledge and skills translated into a lack of savings (Jappelli & Padula, 2011; Bank et al., 2009; Lusardi & Mitchell, 2009, 2008, 2007, 2006; Alessie et al., 2008; banks & Oldfield, 2007). Based on this finding, it is argued that frequency of financial literacy has an impact on monthly income increase levels of micro enterprise businesses (see Section 5.2.1: Asset Accumulation).

This finding is in line with the Sustainable Livelihood Approach (SLA) to microcredit finance, referred to in previous chapters, in that financial literacy is a human capital resource that is important in the improvement of living standards. This is consistent with Delavande et al's (2008) study on financial literacy and human capital, where the findings reveal that the stock of financial literacy determines the expected return that households receive on investments in risky assets. Accordingly, financial literacy is a proven critical factor that increases savings, asset accumulation and wealth (Lusardi & Tufano, 2009; Guiso & Jappelli, 2008; Lusardi & Mitchell, 2008; Alessie et al., 2007, 2008; Lusardi & Mitchell, 2007; Worthington, 2004; Bernhein, 1998). Thus, Jappelli & Padula (2011) show that financial literacy increases savings and asset accumulation, and are mutually determined and correlated over the life of a microenterprise. Financial literacy has an effect on the savings decisions of individuals and households, on loan repayment default and in helping microcredit users to understand microcredit component factors such as interest rates on deposits (Ali & Zhang, 2016; Monticone, 2010). Lusardi & Mitchell (2008, 2007 and 2006) showed that less literate people are less likely to save. Further, authors supported the argument that individuals with more financial literacy knowledge and skills are more likely to save, accumulate assets and have higher income, whilst low financial literacy translates into a lack of saving planning (Lusardi & Mitchell, 2009; Alessie et al., 2008). Thus, an integration of financial literacy training with microcredit is important as it will result in economic empowerment and knowledge enhancement of the poor at grassroots. Hadi et al., (2015) argues that a combination of microcredit and financial literacy training enables knowledge enhancement and skills development, with a financial component for target group empowerment. The implication of this finding is that financial literacy empowers beneficiaries and can go a long way to achieving financial inclusion. This finding contributes to the financial literacy literature showing that mandatory financial literacy training improves saving behaviour among microcredit beneficiaries.

5.2.2.3 ***Voluntary Savings by Marital Status***

Table 13: Monthly Earnings Do Not Allow for Voluntary Savings

Monthly earnings do not allow for voluntary savings	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	256	588	79	340	1263
Don't agree	3	99	0	3	105
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
Number of Valid Cases	1368		

Author's own compilation

More married members agreed that their monthly earnings do not allow them to make voluntary savings. All divorced members agreed, but only three single and three separated members disagreed. Out of 1368 members who participated, 1263 agreed that their monthly earnings do not allow them to make voluntary savings, while 105 disagreed. The Pearson

Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicate a significant difference between monthly earnings on voluntary savings and marital status.

One participant said they could not save because their weekly profit is used to buy food and school supplies and transport for six children. This finding is consistent with literature arguing that the contribution of microcredit income may be largely used on household consumption and child support and education (Mayoux, 2000). This shows that income generated from microcredit can be more often used for family consumption needs jnstead of for voluntary saving. A different approach to microcredit financing is needed to find a way for voluntary saving to be feasible.

Table 14: Regular Loan Monitoring Has a Positive Effect on Voluntary Savings

Regular Loan Monitoring has a Positive Effect on Voluntary Savings	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	99	0	3	105
Don't agree	0	0	0	0	0
Highly agree	256	588	79	340	1263
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More married members highly agreed that regular monitoring had a positive effect on voluntary saving. All divorced members also highly agreed, whilst only three single members and three separated members agreed that regular monitoring had positive effect on voluntary saving. Out of 1368 members who participated, 1263 highly agreed that regular monitoring had a positive impact on voluntary saving, while 105 merely agreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated a significant difference between regular monitoring on voluntary saving and marital status. It is expected that loan monitoring had a positive relationship with marital status, meaning that borrowers had used their loans for their intended purposes and the loan officer had monitored their progress. This implied that continuous regular monitoring, with enough loan officers and/or committee and technical support for beneficiaries, had a positive effect on profitability, business activities and voluntary saving.

Table 15: Lack of Education Affects Voluntary Savings

Lack of Education Affects Voluntary Saving	Marital Status				Total
	Single	Divorced	Married	Separated	
Agree	0	0	0	0	0
Don't agree	172	345	575	171	1263
Highly agree	78	2	6	19	105
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More married members disagreed that lack of education affected saving. All divorced members disagreed, whilst only three single members and three separated members highly agreed that lack of person's level of education affected saving. Out of 1368 members who participated, 1263 disagreed that their lack of education affected voluntary saving, whilst 105 agreed. The Pearson Chi-Square value was 88.454 and the Asymp. Sig. (2-sided) 0.000, indicating that there was a significant difference between a lack of education on saving and marital status. This finding contradicts the literature suggesting that a person's educational attainment has a greater positive effect on savings behaviour and income, and is significantly a factor in savings behaviour (Porter, 2018). This finding contrasts with the work of Rahman and Ahmad (2010), who reported that a person's education level has a positive impact which might influence their income level, with an effect on savings in their livelihood improvement. This implies that literacy training programmes should emphasise the value of education and its impact on the lives of microcredit users in pursuit of their income generating activities.

Table 16: Frequent Financial Literacy Training Increases Voluntary Savings

Frequency Financial Literacy Training Increases Voluntary Savings	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	0	0	0	0	0
Don't agree	78	2	6	19	105
Highly agree	172	345	575	171	1263
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More married members highly agreed that frequent financial literacy training increases voluntary saving. All divorced members highly agreed, whilst only three single members and three separated members disagreed. Out of 1368 members who participated, 1263 highly agreed that their frequent financial literacy training increases saving, while 105 disagreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated a significant difference between frequent financial literacy training on saving and marital status. This finding agrees with a study by Volpe et al., (2002) wherein a positive relationship was reported between borrowers' marital status and their financial literacy, influencing the increase in savings when married individuals are more financial literate. This finding is also supported in other literature, in that frequency of financial literacy encourages greater saving and improves financial and economic security (Lusardi, 2008a; 2008b). By contrast, this finding reversed the study of Joo and Grable (2004) and Marzieh et al., (2013), who reported that although married people are more financially literate, this did not result in savings increase and financial wellbeing.

Thus, ENA supports efforts to improve and maintain financial literacy training as a core element in microcredit programmes, whereby access to credit and finance, necessitates improvement of financial literacy. This is consistent with Gale, Harris, and Levine (2012) arguing that financial literacy affects not only the individual beneficiary's welfare and savings behaviour, but also the nature of microfinance products offered in financial markets.

Voluntary Saving by Education Level

Table 17: Monthly Earnings Do Not Allow for Voluntary Savings

Monthly earnings do not allow for voluntary savings	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	16	562	434	85	166	1263
Don't agree	0	6	21	76	2	105
Highly agree	0	0		0	0	0
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary school education agreed that their monthly earnings do not allow them to make voluntary savings. All members with no education disagreed, whilst only two members with university education disagreed. Out of 1368 members who participated, 1263 agreed that their monthly earnings do not allow them to make voluntary savings, while 105 disagreed. The Pearson Chi-Square value was 407.447 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between monthly earnings on voluntary saving and education level.

The finding is consistent with Yeboah and Mirekua (2018) that microcredit borrowers who do not have the technical know-how will not undertake their investment activities properly and, as a result, they tend to generate low income which affects saving, finally leading to default. Literary sources have argued that the education level of borrowers is strongly correlated with voluntary saving. This is because borrowers with lower educational levels are likely to lack the managerial skills to guide them in managing their businesses, and hence have more income from which to make voluntary savings (Yeboah and Mirekua, 2018). This indicates that participants lack the managerial skills which would help them to increase their monthly earnings so that they can make voluntary savings. Thus, ENA should re-focus on the frequency of its training component.

Table 18: Regular Loan Monitoring Positive Effect on Voluntary Savings

Monthly earnings do not allow for voluntary savings		Education Level				Total
	No education	Primary	Secondary	College	University	
Agree	0	6	21	76	2	105
Don't agree	0	0	0	0	0	0
Highly agree	16	562	434	85	166	1263
Total	250	347		581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education highly agreed that their regular monitoring had a positive effect on voluntary saving. All members with no education highly agreed, while only two members with university education agreed that regular monitoring had positive effects on voluntary saving. Out of 1368 members who participated, 1263 highly agreed that their regular monitoring had positive effects on voluntary saving, while 105 agreed. Pearson Chi-Square value was 407.447 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between regular monitoring on voluntary saving and the education level. This result reinforces evidence showing that borrowers with higher education levels make better business decisions, run better businesses and are better placed to save and repay their loans (Bhatt and tang, 2002). The higher the education level, the better the borrowers are enabled to understand the importance of loan monitoring and making voluntary savings. Literary sources suggest that a person's educational attainment has a positive effect on savings behaviour (Porter, 2018). This finding agrees with the work of Rahman and Ahmad (2010) who reported that education levels of a person has a positive impact which might influence their income level with effect on their savings and their livelihood improvement.

Table 19: Institutional Opportunities Impact on Voluntary Savings

Monthly earnings do not allow for voluntary savings	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	16	562	434	85	166	1263
Don't agree	0	0	0	0	0	0
Highly agree	0	6	21	76	2	105
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education agreed that institutional opportunities impact on voluntary savings. All members with no education agreed, whilst only two members with university education highly agreed that institutional opportunities impact on voluntary savings. Out of 1368 members who participated, 1263 agreed that institutional opportunities had a negative effect on voluntary savings, while 105 highly agreed. The Pearson Chi-Square value of 407.447 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between institutional opportunities impact on voluntary savings and the education level.

This finding is consistent with Jonathan et al., (2011) study showing that time and delays in repayment, requires that borrowers make investments and then wait for those investments to mature. Nevertheless, the inflexible nature of the typical microcredit programmes, involving weekly or monthly repayments that begin after the loan is given, may not provide the necessary time for investments to yield a return. Thus, many borrowers set aside part of the loan from the beginning to ensure they can make their repayments. Consequently, the full loan disbursed will not be invested as planned and borrowers will avoid investments that require a long period to yield returns (Jonathan et al., 2011). Microfinance institutions need strategies to ensure the ability of borrowers to make voluntary savings. This is linked with these institutions screening applicants before accessing their loans, as some may be unable to save and repay their loans. Gine, Goldberg and Yang (2011) agreed that lending institutions should be able to withhold credit from past defaulters, and reward good borrowers with expanding credit, based on borrower behaviour.

Institutions should regularly remind beneficiaries of their commitment to save through regular loan monitoring. Jonathan et al., (2011) maintain that regular monitoring will combat any tendency to spend rather than save available limited resources. Regular monitoring becomes the institutional strategy to increase voluntary savings by beneficiaries. Regular monitoring links with Jonathan et al., (2011) in upholding that people get distracted by every day matters and need help in remembering and keeping to commitments and priorities. One unusual approach, which worked, was in a study conducted in Peru, Bolivia and the Philippines, which found that microcredit institutions sending SMS text messages reminding loan clients to save had resulted in progressive voluntary savings (Karlan, McConnell, Mullainathan and Zinman, 2011). ENA could adopt such a strategy as and when each beneficiary has a mobile phone.

Literature sources show that microcredit as a development tool should maximise loan user participation aimed at self-reliance and ownership (Ife & Tesoriero, 2006). When microcredit users are involved from design to implementation, monitoring and evaluation of their programmes, they will raise their concerns on what does not work. It is fundamental to create the space in which to enable loan beneficiaries the freedom to raise their concerns. This finding points to ENA focus on loan client inclusion and participation measures in which their suggestions and feedback regarding microcredit institutions impact on their microenterprises are heard. Borrowers should not be seen as simply empty vessels that need to be filled-up, but as endowed with capabilities and assets that should be integrated in their programmes. ENA donors and managers should not think that access to finance and credit alone is enough to improve the livelihoods of microenterprise borrowers.

5.2.3. Loan Repayments Frequency

5.2.3.1 Loan Repayments Frequency by Gender

Table 20: Loan Repayments on Time Has a Negative Effect on Household Improvement

Loan repayments on time has a negative effect on household improvement	Gender		Total
	Male	Female	
Agree	8	97	105
Don't agree	285	978	1263
Highly agree	0	0	0
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 disagreed that loan repayments on time has a negative effect on household improvement, while 97 agreed; and out of 293 males, 285 disagreed, while eight agreed. The fact that more females disagreed that loan repayments on time has a negative effect on household improvement than men, could be due to the fact that the females who participated were more than twice the male members who participated. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated a significant difference between frequent loan repayment and gender.

This finding is linked to women empowerment. Khandker et al., (1995) support the finding stating that lending to women would lead to their economic empowerment and inculcate in them a culture of hard work and financial discipline, which would in turn lead to high loan repayment rates. This indicates that these females are empowered and equipped with financial discipline that enables them to pay their loans on time, with positive effects on their household improvement. Nitin and Shui-Yan (2002) pinpointed that gender variation is perhaps due to the fact that microcredit historically has been assumed as a development strategy that addresses gender biases in credit markets, and thus it works better with women than with men who use microcredit. Morduch (1999) stated that one of the main reasons for the success of microcredit is because of the targeting of women.

Thus, this finding may be the reason why ENA's SSAP has more females than men. Specifically, females are thought to be better credit risks than men because they consider microcredit not only as a vehicle for income generating activities for their personal use, but also for the use of their households.

Table 21: Loan Repayments Instalments Burden

Loan repayment instalments are a burden	Gender		Total
	Male	Female	
Agree	8	97	105
Don't agree	285	978	1263
Highly agree	0	0	0
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 disagreed that loan repayment instalments are a burden, while 97 agreed, and out of 293 males 285 disagreed while right agreed. More females disagreed that loan repayment instalments are a burden than men. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between loan repayment as a burden and gender.

This finding supports other studies showing that females using microcredit do not see the instalments repayments as a burden, and thus they have better loan repayment performance than men (Mokhtar et al., 2012; Roslan and Abd Karim, 2009; Bennett and Goldberg, 1993). This happens because women use microcredit as a tool to empower themselves and their families economically (Bennett and Goldberg, 1993). Studies conducted by Bert, Isabelle, and Roy (2009) and by Result (1997) support this finding. The authors asserted that women are good credit risks and women are consistently better in promptness and reliability in repayment. Female instalment repayments are not a burden, resulting in higher repayments due to more conservative investments and lower moral hazard risks (World Bank, 2007). The implication of this finding is that ENA can focus on females due to the fact that their instalment repayments are not a burden. Consequently, Armendariz and Morduch (2005) argued that a strategy for microcredit institutions to reduce repayment defaults is targeting women. This finding is significantly associated with gender effects, which are argued to be economically relevant, as women are generally better credit risks than men in microcredit (Bert, Isabelle, and Roy, 2009).

Table 22: Frequent Repayment Schedules Help Borrowers Repay on Time

Frequent repayments schedules help borrowers repay their loans on time	Gender		Total
	Male	Female	
Agree	8	97	105
Don’t agree	0	0	0
Highly agree	285	978	1263
Total	293	1075	1368

Author’s Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 highly agreed that frequent repayments schedules helped beneficiaries to repay their loans on time, while 97 agreed, and out of 293 males, 285 highly agreed while eight agreed. More females disagreed that their frequent repayments schedules helped them to repay their loans on time than men. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between frequent repayments schedules on time and gender. It is not surprising that this finding correlates with the previous finding that shows that loan repayments on time have a positive effect on household improvement. Literature sources support this finding, in that females encounter no repayment problems when compared to males, and females had significant better repayment rates and payments on time of their loans (Hossain, 1988; Khandker, Khalily and Kahn, 1995; Hulme, 1991; Gibbons and Kasim, 1991; Kevane and wydick, 2001). The World Bank (2007:124) argued that repayments among female microcredit users are higher than for men, and that this is due to more conservative investments and lower moral hazard risks. The implication of this finding for ENA microcredit is that targeting females would enable on-time loan repayments and reduced defaults. Armendariz and Morduch (2005:139) support this argument in that one of the techniques that may reduce repayments defaults to be considered is targeting women. The literature sources sustaining this finding is that gender effects are not only statistically significant in microcredit, they are also economically relevant, which indicates that generally women are indeed a better credit risk for microcredit lending.

Table 23: Weekly Loan Repayments Not Favourable

Weekly loan repayments are not favourable	Gender		Total
	Male	Female	
Agree	8	97	105
Don't agree	285	978	1263
Highly agree	0	0	0
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 disagreed that weekly loan repayment is not favourable, while 97 agreed, and out of 293 males, 285 disagreed while eight agreed. More females agreed that a weekly loan repayment is not favourable than men. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between weekly loan repayment not being favourable and gender.

This finding correlates with the two first findings in this sub-section. This finding is also supported in literature in a study which compared weekly and monthly repayments and found that borrowers who chose a monthly schedule were more likely to default and worry about repayments, while those who chose a weekly schedule worried less (Field, Pande, Papp, Park and Rigol, 2012). Authors maintained that females encounter no repayment problems when compared to males, and females had significantly better repayment rates and paid their instalments on time (Hossain, 1988; Khandker, Khalily and Kahn, 1995; Hulme, 1991; Gibbons and Kasim, 1991; Kevane and wydick, 2001). Thus, weekly loan repayment is favourable for females.

This finding suggests that ENA microcredit can still hold on to a weekly loan repayment schedule, as it does not add risk of default, rather it can reduce stress levels. Field and Pande (2008) maintain that a weekly loan repayment frequency would enable frequent meetings schedules resulting in an improvement of trust between loan officers and beneficiaries. This will enable microcredit users stay on track with their weekly repayments. Relating this finding to the ENA programme, it implies that more weekly repayments schedules will improve loan repayment rates, consistent with Jain and Mansuri (2003) that there is an almost universal practice of weekly repayments among microcredit institutions.

5.2.3.2 Loan Repayments Frequency by Age

Table 24: Loan Repayments on Time has a Negative Effect on Household Improvement

Loan Repayments on Time has a Negative Effect on Household Improvement	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	78	2	6	19	105
Don't agree	172	345	575	171	1263
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 disagreed that loan repayments on time have a negative effect on household improvement, while fewer members aged 30 to 45 agreed. Across all ages from 17 to above 60, which totalled 1368, 1263 disagreed that loan repayments on time have a negative effect on household improvement, while 105 agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000 indicated that there is a significant difference between the effect of loan repayments on household improvement and age.

In their study, Mokhtar et al. (2012) found that borrowers aged 18 to 40 have higher rates of loan risk default compared to borrowers aged 45 and above. The authors agreed that lack of experience was the factor that impacted on borrowers aged 18 to 40. Bhatt et al., (2002) maintained that microcredit borrowers with more experience in operating their businesses often have better repayment performances. This finding is consistent with the age of borrowers being found to influence loan repayments (Wongnaa and Awunyo, 2013; Fikirte, 2011; Eze and Ibekwe, 2007; Arene, 1993; Kshuliza, 1993). The higher the age of the borrower, the lower the rate of loan repayment frequency (Shaik, 2014). The youngest beneficiaries were found to have difficulties due to the lack of experience. The implication is that careful screening of loan applicants should be done to find out the types of skills that beneficiaries need. This would enable loan officers help beneficiaries through regular monitoring and training.

Table 25: Loan Repayments Instalments Burden

Loan Repayments Instalments is a Burden	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	78	2	6	19	105
Don't agree	172	345	575	171	1263
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 disagreed that loan repayments instalments are a burden, while fewer members aged 30 to 45 agreed. Across all ages from 17 to above 60, of the 1368 total, 1263 disagreed that loan repayments instalments are a burden while 105 agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between loan repayments instalments as a burden and age. This finding reinforces other finding that the ages of borrowers play a key role in loan repayment compliance (Wongnaa and Awunyo, 2013; Fikirte, 2011; Eze and Ibekwe, 2007; Arene, 1993). Thus, it should be assumed that young beneficiaries had difficulties in pursuing their businesses. Factors that could influence this age bracket of 30 to 40 for whom loan repayments instalments are a burden may include: businesses that do not yield enough return to cover the repayments schedule, thus beneficiaries choose to not repay their loan instalments as agreed (Nawai & Mohd Shariff, 2013). Funds diversion by young borrowers may be a cause leading to misuse of funds utilised for the purposes that were not agreed and intended (Rashid, 2014).

This finding also implies that the people aged 30 to 40 do not perform well in their use of microcredit. The burden of loan repayments instalments will likely end up in default, not being able to get another loan, and being in the poverty cycle. One respondent said that the amount of money received did not allow for buying enough products to correlate with the business needs, and this affects the loan repayments instalments. Another respondent said that the problem is that some people with smaller businesses received the same loan amounts as those with bigger businesses, so loan amounts can be diverted to personal household use, thereby creating problem with repayments instalment.

The type of loan, family expenses and poor credit history could result in loan repayments instalments becoming a burden (Alex, 2014). This finding is supported by what Gorter and Bloem (2002) referred to where individuals decide to use a portion of their loans for personal needs instead of investing all their loans in their businesses. The cause of such misuse lies in institutional failure to screen and monitor the credit histories of would-be borrowers, their types of business, and their book keeping and financial controls before and after loans are disbursed. The implication of this finding is that decision to select applicants for loans should be based upon well-designed criteria of past credit history, type of business linked to the amount needed to start with, and evidence of how the applicant will manage the business.
A study in Kenya found that the burden of loan repayments instalments is caused by microcredit institutions failure to properly screen and regularly monitor their loans users (Warue, 2012). In Uganda, the evidence indicates that inadequate loan support is the cause of the burden on beneficiaries in loan repayments (Sheila, 2011). It is therefore very important that the loan provider ascertains the position in which borrowers find themselves, so that in cases where the need arises, support may be provided (Sheila, 2011).

This finding may be due to low levels of education and literacy, together with inadequate skills (Alex, 2014). Most microcredit loan users are engaged in traditional, low paying businesses and rarely diversify. This indicates that the financing organisation should ensure that young beneficiaries are well mentored through their training programmes. The screening process for loan applicants should first determine the debt position of each loan applicant. This will enable the financing organisation help beneficiaries solve their problems in the achievement of their microcredit participation goals.

Table 26: Frequent Repayment Schedules Help Borrowers Repay on Time

Frequent Repayment Schedules Help Borrowers Repay on Time	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	78	2	6	19	105
Don’t agree	0	0	0	0	0
Highly agree	172	345	575	171	1263
Total	250	347	581	190	1368

Author’s own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author’s own compilation

More members aged 45 to 60 highly agreed that frequent repayments schedules help borrowers repay their loans on time, while fewer members aged 30 to 45 agreed. Across all ages from 17 to above 60, of the 1368 total 1263 highly agreed that frequent repayments schedules helped borrowers to repay their loans on time, while 105 agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between frequent repayments schedules loans being paid on time and age.

This result implies that those aged 45 to 60 have a higher probability of repaying their loans on time. This finding also shows that borrowers aged 30 to 45 pay their loans on time. Therefore, ENA should continue to target those aged 30 to 60 as they can afford a frequent repayment schedule.

Studies have supported this finding in that the age of a borrower has a positive effect on loan repayments frequency, timing and performance (Wongnaa and Awunyo, 2013; Fikirte, 2011; Eze and Ibekwe, 2007; Arene, 1993). Accordingly, frequent repayments will guide borrowers in their on-time repayments process. This finding also indicates that the higher the age of the borrower, the more on time the loan repayments will be. This confirms *a priori* parallels of Olagunju and Adeyemo (2007), who reported that age affects the loan frequency repayments schedule. Further, the authors opined that older borrowers can better obey obligations and loan agreements than younger people who have a high propensity to divert loans to other uses (Olagunju and Adeyemo, 2007). This indicates that ENA's microcredit programme should keep to frequent repayments schedules that enables borrowers sustain their repayments commitments and pay their loans on time.

This finding reversed the study by Mokhtar, Nartea and Gan (2012) stating that microcredit borrowers aged 46 to 55 had a higher probability of having repayments problems. Likewise, the finding contradicts Shaik (2014) in that young borrowers have high default rates when compared with older age groups.

Table 27: Weekly Loan Repayments Not Favourable

Weekly Loan Repayments Not Favourable	Age				Total
	17 to 29	30 to 45	45to 60	Above 60	
Agree	78	2	6	19	105
Don't agree	172	345	575	171	1263
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 disagreed that weekly loan repayments are not favourable, while fewer members aged 30 to 45 agreed. Across all ages from 17 to above 60, of the 1368 total members, 1263 disagreed that weekly loan repayments are not favourable, while 105 agreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between weekly loan repayments and age. This finding is consistent with Godquin (2004), who reported that the age of a microcredit beneficiary does influence repayment positively.

This finding validates the previous finding on frequency of loan repayments, in that weekly loan repayments are one of the examples for frequent loan repayment. This finding indicates that those aged 30 to 60 are good borrowers with regard to weekly loan repayments schedules. Nawai and Mohg Shariff (2013) support this finding by arguing that age does have a positive effect on loan repayments schedules. Therefore, ENA should continue to target the 30 to 60 age brackets, as the finding confirms that weekly loan repayments are favourable to them. ENA microcredit beneficiaries of this age group could be more committed in pursuing their businesses in order to fulfil their loan repayments commitments.

This finding may be as a result of the fact that ENA microcredit beneficiaries are mostly with limited or no alternative sources of income and thus more reliable in weekly repayments as they lack other financing sources, making them dependent on their loans (Kritikos and Vigenina, 2005). In such cases, loans are not diverted into purposes other than investing in microenterprises. This is supported by Njoku (1997), who agreed that diversion of loans contributes to loan repayments defaults that lead beneficiaries not favouring weekly scheduled repayments. Consequently, Fisher and Ghatak (2010) argued that more frequent collection of repayments instalments, such as weekly repayments, is widely associated with better repayment rates. This shows also that age when combined with frequency of loan repayments results in better repayments rates. ENA adopting a frequent loan repayment schedule, such as weekly repayments, is fundamental. This reasoning is supported by the argument that economic realities are such that there is an ever-present temptation to use profits towards day-to-day living expenses instead of making repayments (Katlego and Christo, 2018). This finding thus implies that weekly repayments instils discipline into microcredit users (Fisher and Ghatak, 2010).

5.2.3 Loan Repayments Frequency by Marital Status

Table 28: Loan Repayments on Time Have Negative Effects on Household Improvement

Loan Repayments on Time Have Negative Effects on Household Improvement	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	99	0	3	105
Don't agree	256	588	79	340	1263
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
N of Valid Cases	1368		

Author's own compilation

More married members disagreed that loan repayments on time have a negative effect on household improvement. All divorced members disagreed, while only three members who are single and three who are separated disagreed that loan repayments on time have a negative effect on household improvement. Out of a total of 1368 members who participated, 1263 disagreed that loan repayments on time have a negative effect on household improvement, while 105 agreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between loan repayments on time on household improvement and marital status.

Shaik and Tolosa (2014) indicate that being married and divorced have the same status on repayments and livelihood improvement. On time loan, repayments by married microcredit beneficiaries are associated with a positive effect on their household improvement (Saad and Duasa, 2010). Hoque (2008) maintains that microcredit improves capacity to cope with economic difficulties because there is a positive influence on well-being. Thus, household improvement is seen in income increases that meet daily expenditure and consumption.

Table 29: Loan Repayments Instalments is a Burden

Loan Repayments Instalments is a Burden	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	99	0	3	105
Don't agree	256	588	79	340	1263
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
N of Valid Cases	1368		

Author's own compilation

More married members disagreed that loan repayments instalments are a burden. All divorced members disagreed, while only three single members and three separated members agreed. Out of 1368 members who participated, 1263 disagreed that loan repayments instalments are a burden, while 105 agreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between loan repayments instalments as a burden and marital status.

This finding is consistent with a study by Ozdemir and Boran (2004), showing that married microcredit borrowers are likely to repay their loan instalments on time. Thus, this finding again proves that married beneficiaries are good borrowers that the socio-economic factors of loans users are better and, as found by Eze and Ibekwe (2007), the socio-economic factors of beneficiaries often govern their loan repayments timing and performance. Literature sources reinforce the view that married borrowers, especially female, are more responsible with their loan repayments (Hirut, 2010). Yaron (1994) and Musyoki and Kadubo (2012) pinpointed that repayments are fundamental as an indicator of microcredit institutional attainment of self-sustainability. Marr (2002) concluded that repayments become a critical issue in microcredit since high loan default rates are the main cause of failure. ENA as a microcredit implementing organisation should ensure that repayments rates are always high, so as to maintain operations and not end up in failure.

Table 30: Frequent Repayments Schedules Help Borrowers Repay on Time

Frequent Repayments Schedules Help Borrowers Repay on Time	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	99	0	3	105
Don't agree	256	588	79	340	1263
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
N of Valid Cases	1368		

Author's own compilation

More married members agreed highly that frequent repayments schedules help beneficiaries repay their loans on time. All divorced members highly agreed, while only three single-members and three separated members agreed. Out of 1368 members who participated, 1263 highly agreed that frequent repayments schedules help beneficiaries repay their loans on time, while 105 agreed highly. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between frequent repayments schedules loans on time and marital status.

This finding is inconsistent with Yeboah and Oduro (2018), who stated that married couples are more likely to afford frequent repayments schedules due to the support they receive from their partners. This view is supported by one respondent who said that she got support from her husband in meeting the frequent repayments schedule by paying her loan on time so as to minimise the risk of defaulting and being cut off. This implies that married couples in ENA's microcredit programme pay their loan instalments on time with the help of their partners supplementing the repayment. Therefore, the support received enabled married women to become less likely to default in frequent loan repayments schedules compared to either single, divorced or separated women, who might not have support from anywhere (Tundui, and Tundui, 2013; Roslan, and Karim, 2009; Zohair,2013; Duy, 2013).

Table 31: Weekly Loan Repayments Not Favourable

Weekly Loan Repayments Not Favourable	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	99	0	3	105
Don't agree	256	588	79	340	1263
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
N of Valid Cases	1368		

Author's own compilation

More married members disagreed that weekly loan repayments are not favourable. All divorced members disagreed, while only three single members and three separated members agreed that weekly loan repayments are not favourable. Out of 1368 members who participated, 1263 disagreed that weekly loan repayments are not favourable, while 105 agreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between weekly loan repayments and marital status. The significance of this result has shown that weekly loan repayments are favourable for both married and divorced members. This implies that weekly repayments do not pose problems for participants. Hence, ENA should still maintain weekly repayments schedules.

This finding is consistent with Mirpourian et al., (2015) in that weekly loan repayments will in turn be beneficial for both ENA as a microcredit institution and the beneficiaries, since it will increase repayments rates and ENA programme sustainable. The implication of this finding is one of providing opportunities for more poor people to have access to credit. Mirpourian et al., (2015) maintained that this will influence the behaviour of beneficiaries and contribute to the development of ENA in its provision of microcredit. Marital status is positively correlated with loan repayments. This is sustained by Chaudhary (2003) arguing that long repayments times enable borrowers to divert their repayments moneies into extra money for consumption costs. Thus, weekly repayments reinforce disciplines which strengthen good loan management behaviour. This finding implies that maintaining weekly loan repayments is recommended. Married beneficiaries are better able to useweekly repayments schedules and favour them because, as maintained by Chaudhary et al., (2003), the businesses in which they are engaged are an active influence on their repayment's performance. This implies that since married beneficiaries and all participants are active in running their businesses, thus this has a positive effect on weekly loan repayments. For this reason, ENA should maintain the weekly loan repayments schedules.

5.2.3.1 **Loan Repayments Frequency by Education**

Table 32: Loan Repayments on Time Have a Negative Effect on Household Improvement

Loan Repayments on Time Have a Negative ffect on Household Improvement	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	0	6	21	76	2	105
Don't agree	16	562	434	85	166	1263
Highly agree	0	0	0		0	0
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education disagreed that loan repayments on time have a negative effect on household improvement. All members with no education disagreed; while only two members with university education disagreed. Out of 1368 members who participated, 1263 disagreed that loan repayments on time have a negative effect on household improvement, while 105 agreed. The Pearson Chi-Square value is 12.867 and the Asymp. Sig. (2-sided) 0.000, which indicated a significant difference between payments on time and education level.

This finding supports the view that education levels are positively associated with and influences better repayments performance, resulting in livelihoods improvement (Pasha and Negese, 2014; Bhatt and Tang, 2011). In Pakistan, a study showed that borrowers with primary education had a better repayment performance and improved their livelihoods (Mirpourian et al., 2015). Consequently, education increases microcredit beneficiaries' productivity and helps them to have a better understanding of the programme (Chaudhary et al., 2003). Thus, the implication of this finding is that microcredit institutions should strengthen their training programmes as a means of education. Bhatt et al., (1999) argue that education is particularly relevant for microcredit beneficiaries when dealing with higher levels of complexity of products and services.

This finding implies that members with primary education had a higher probability of repaying their loans on time while still improving their households. However, Juma, Nkote, Ssekiziyiyu and Tumwbaze (2017) found that microcredit beneficiaries whose educational levels were higher such as at university degree level, have a probability four times greater of making loan repayments than those with lesser education levels, such as primary education. Juma et al., (2017) argue that in general, economic ability is directly related with a person's education level. Meanwhile, beneficiaries with a primary education level generally lack the collateral needed to access loans from commercial banks. This leaves them with no other choice but to seek credit from microcredit organisations (Juma et al., 2017). This finding is an indication that education levels are associated with on-time loan repayments which affect livelihood improvement. This finding confirms that on-time loan repayments have a positive effect on household improvement, supporting the view that microcredit is a tool for poverty alleviation and development (Hulme and Mosley 1996; Otero and Rhyne 1994).

Table 33: Loan Repayments Instalments is a Burden

Loan Repayments Instalments is a Burden	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	0	6	21	76	2	105
Don't agree	16	562	434	85	166	1263
Highly agree	0	0	0		0	0
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education disagreed that loan repayments instalments are a burden. All members with no education disagreed, while only two members with university education agreed. Out of 1368 members who participated, 1263 disagreed that loan repayments instalments are a burden, while 105 agreed. The Pearson Chi-Square value was 407.447 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between loan repayments instalments as a burden and education level. This finding is linked to the previous finding in that the primary education level is positively associated with, and influenced by, better repayments performance, with an end result in livelihood improvement (Mirpourian et al., 2015; Pasha and Negese, 2014; Bhatt and Tang, 2011).

This finding is in accordance with authors who stated that borrowers with a level of education have lower risk of default than those with no education (Bhatt and Tang, 2002; Nitin et al., 2002; Matin, 1997; Khandhker et al., 1995). This finding insinuates that participants are willing to make loan repayments instalments as agreed in their loan agreement contracts. Literature sources support this finding in that loans are repaid due to the borrower's willingness and ability to repay (Awoke, 2004; Ozdemir and Boran, 2004; Hoque, 2000). This finding may also be related to literature sources that state that repayment is linked to microenterprise profits and provision of non-financial services, such as training and basic literacy, that significantly influence loan repayment instalments (Roslan and Mohd Zaini, 2009; Oke et al, 2007; Godquin, 2004; Nwaru, 2004; Nannyonga, 2000; Arene, 1992). One respondent said: "… I can repay my loan instalment regularly, but my group leader does not deposit the money directly into Engage Now Africa account for two to 3 months. This is a risk that the group leader will use the repayment instalment money collected for his personal use and then I become default" (Ghana Interview, March 2019). Authors have argued that when borrowers fail to pay at least three instalments within a period of a month, it becomes a loan repayment default (Pearson, Fund and Bureau, 2006).

The finding above provides an indication that ENA microcredit lending can carry a risk that some borrowers will fail to make repayments due to group leader behaviour and choice of using the money paid in by the group members. This will eventually show that borrowers are defaulting, which results in difficulties for them to access loans again. When a loan is not repaid it brings devastating effects on both the lending institution and the borrower. For such misuse of loan repayment instalments to be prevented, the lending institution should play a key role in frequent loan and repayment monitoring. Notwithstanding this, institutional factors such as poor evaluation and irregular monitoring have negative effects on loan repayment instalments (Rhyne, 2001). This confirms Hulme and Mosley (1996) argument that important factors that contribute to loan repayment instalments are the institutional design features of their loans. These design features are categorised as: i) access methods, ii) screening methods, and iii) incentive to repay. This implies that access methods for loan repayments should be well designed. The microcredit organisation should ensure that each participant has viewing access to the organisation's bank account so as to prevent monies paid in being used for purposes other than the loan repayments instalments.

Table 34: Frequent Repayments Schedules Help Borrowers Repay Loans on Time

Frequent Repayments Schedules Help Borrowers Repay Loans on Time	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	0	6	21	76	2	105
Don't agree	0	0	0	0	0	0
Highly agree	16	562	434	85	166	1263
Total	259	687	79		343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education highly agreed that frequent repayments schedules help beneficiaries repay their loans on time. All members with no education highly agreed, while only two members with university education agreed that frequent repayments schedules help beneficiaries to repay their loans on time. Out of 1368 members who participated, 1263 highly agreed that frequent repayments schedule helps beneficiaries to repay the loan on time, while 105 highly agreed. The Pearson Chi-Square value of 407.447 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between frequent repayments schedule loan payments on time and the education level.

The literature sources support the finding that borrowers with primary education have a better repayment frequency than those without formal education, and borrowers with primary education have low risk of default (Mirpourian et al., 2015; Bhatt and Tang, 2002; Nitin et al., 2002; Matin, 1997; Khandhker et al., 1995). In this regard, frequent repayment schedule coupled with the primary education level, results in on-time loan repayments. Yet, this is assumed to occur due to the loan officer's continuous follow-up and supervision, which is suitable for frequency of loan repayments (Abdelateif and Sayed, 2015). Literature sources have also shown that regular and quick monitoring enables loan frequency repayments

(Norell, 2001). The implication of this finding on the lending programme is that as borrowers repay their loans on time, the lending institution will sustain their operations and the loan repayments rate will increase. Moreover, when borrowers apply for a loan, there is a moral promise to the lenders by the borrowers that they will work hard and repay the loan on time. However, once the loan is disbursed, the borrowers may not maintain their promise. This will drastically change their behaviour, leading to borrowers not honouring their frequent loan repayments schedules. In such cases, the institutional lender is obligated to aggressively impose tight punishment during the agreement to control moral hazard and ensure on time loan repayments. A study conducted by Abdelateif and Sayed (2015) supports the above in that on-time loan repayment is always associated with a strict punishment and results in a higher rate of loan repayment. This finding is in line with a study by Fisher and Ghatak (2010) which shows that frequent and small payments are easier to manage for microcredit beneficiaries with self-control problems. The implication of this finding in the lending programme also portrays that frequent repayments schedule structure will encourage beneficiary discipline, which is a fundamental necessity in on-time loan repayments.

Table 35: Weekly Loan Repayments Not Favourable

Weekly Loan Repayments Not Favourable	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	0	6	21	76	2	105
Don't agree	16	562	434	85	166	1263
Highly agree	0	0	0	0	0	0
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education disagreed that weekly loan repayments are not favourable. All members with no education disagreed, while only two members with university education agreed. Out of 1368 members who participated, 1263 disagreed that weekly loan repayments are not favourable, while 105 agreed. The Pearson Chi-Square value 407.447 and the Asymp. Sig. (2-sided) 0.000 indicated that there is a significant difference between weekly loan repayments and education level. Literature sources support this finding in that a study conducted in Kenya found that microcredit borrowers' levels of education influence weekly loan repayments favourably (Nawai & Mohid, 2013).

Most studies find that tertiary education influences weekly loan repayments better than primary education. This finding adds to the evidence that primary education does influence weekly loan repayment favourably. In the same line, literature sources argued that borrowers with primary education have better repayments performance with positive effect on livelihood improvement (Mirpourian et al., 2015). This finding supports studies stating that better educated microcredit borrowers have a lower defaults risk that enables them decrease the burden of repaying their loans weekly and with fewer problems than when they face difficulties (Bhatt and Tang, 2002; Nitin et al., 2002; Matin, 1997; Khandker et al., 1995). A study in Pakistan supported this finding by showing that borrowers with primary education enjoyed better loan repayment (Chaudhary et al., 2003). This finding implies that members with primary education coupled with training, will enable microcredit beneficiaries choose weekly loan repayments. Thus, education (training) will help borrowers have a better understanding of the program (Chaudhary et al., 2003). Therefore, training is particularly relevant for ENA microcredit beneficiaries.

With regard to the education levels of microcredit beneficiaries, this finding implies that beneficiaries have discipline, and discipline is seen to be fundamental in loan repayments. Thus, the implication of this finding in the programme is that the structure of payments schedules should be encouraged. Favouring weekly repayments insinuates that this schedule diminished beneficiaries' behavioural inconsistencies such as lack of self-control and inattention to problems that arise. This denotes that the regular deadlines imposed on beneficiaries were accepted and set out a routine that helped beneficiaries to remember when their weekly payments were due (Karlan and Morduch, 2010).

The implication of this finding is that more of ENA's borrowers who have primary education venture into business than those with a tertiary education level. This also confirms that the lower the level of education is, the more excluded they are from accessing formal credit from the banks.

5.2.4 Capabilities

5.2.4.1 Capabilities by Gender

Table 36: Making Personal Decisions on Life

I can make decisions regarding my life	Gender		Total
	Male	Female	
Agree	4	131	135
Don't agree	0	0	0
Highly agree	289	944	1233
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	30.310	1	.000		
Continuity Correction	29.106	1	.000		
Likelihood Ratio	42.371	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	30.288	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 944 highly agreed that they can make decisions regarding their lives, while 131 agreed. Out of 293 males, 289 highly agreed that they can make decisions regarding their lives, while four agreed. More females highly agreed that they can make decisions regarding their lives than men. The Pearson Chi-Square value was 30.310 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between decision making regarding life and gender. This finding supports the view that microcredit is a tool for empowerment, and more specifically, for women. Empowerment is reflected in a person's set of capabilities (Sen, 1993; 1990). The result is consistent with Kabeer (2001) stating that empowerment is fundamental for survival and well-being. The finding also supported the argument that microcredit is a potent tool for building human capital, which is essential in empowerment. Empowerment is core to human development as it enables the expansion of economic opportunities. In the same vein, Zaidi et al., (2007) argued that decision-making is an indicator of empowerment. This finding implies that both female and male participation in ENA microcredit financing had empowered them to make decisions regarding their lives.

The result resonates with Sen (1985b), who made key contributions in empowerment understanding. He pinpointed that for empowerment to occur, agency should play a central role in what he calls the Human Development and Capability approach. Sen refers to empowerment as what a person is free to do and achieve in whatever goals or values, he or she regards as important (Sen, 1985b:206). Agency refers to a process of freedom in which a person acts in a way that enables him or her to create change. Thus, the ability of microcredit beneficiaries to make decisions is also linked to freedom and agency.

Literature sources support the finding that the ability to make decisions regarding their own lives will enable achieve a given function (doing and being) that results in the ability to function in a different way (Sen & Nussbaum, 2000; Stewart, 2013:1; Robeyns, 2003; Saith, 2001). Sen (1999:20) argues that poverty should be seen as deprivation of basic capabilities rather than as a consequence of low income. Therefore, this finding supports the literature sources that poverty should not be viewed only as lack of income but as a deprivation of basic capabilities.

This finding also supports the choice in this study of using an integrated Sustainable Livelihood Approach (SLA) and Asset Based Community Development (ABCD) theoretical approach. In this context the capability approach is a tool with which the wellbeing of individual microcredit beneficiaries is assessed, as well as the potential to achieve certain functions (Sen, 1993; Martinetti, 2004). Such functions could be elementary, such as making decisions on voluntary saving, frequency of loan repayments, attending training, asset accumulation, and control over loan use. Providers of microcredit as a tool for poverty alleviation should be mindful of enabling beneficiaries to be empowered with ability to make decisions affecting their lives. In this arena, poverty is viewed as a shortfall in basic capability, whereby individuals are unable to achieve a certain minimal level of functioning, including securing shelter and sufficient nourishment (Sen, 1993:41). The implication of this finding inthe programme is that microcredit should be designed and implemented within approaches that empower borrowers with the ability to make decisions that affect their lives.

Table 37: Personal Power to Control Loan Use for Intended Purposes

I have power to control the use of my loan for the intended purposes	Gender		Total
	Male	Female	
Agree	289	944	1233
Don't agree	4	131	135
Highly agree	0	0	0
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	30.310	1	.000		
Continuity Correction	29.106	1	.000		
Likelihood Ratio	42.371	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	30.288	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 944 agreed that they have power to control the use of their loans for the intended purposes, while 131 disagreed. Out of 293 males, 289 agreed that they have power to control the use of their loans for the intended purposes, while four disagreed. More females agreed that they have power to control the use of their loans for the intended purposes than men. The Pearson Chi-Square value was 30.310 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between power to control the use of loan for intended purposes and gender.

This finding, together with the previous findings in Chapter Four, goes hand in hand with empowerment. The finding supports the Mayoux (2001) statement that power enables ability to make choices that affect their lives. This finding is interconnected with individual levels of agency, increased autonomy, self-esteem and self-confidence in having control over loan use. This is also cross-linked to microcredit beneficiaries at a collective level, in the sense that it would enable collective mobilisation for the purpose of questioning and changing subordination connected with gender (Sen, 1990).

Thus, the implication is that the organisation implementing microcredit lending should not only focus on economic empowerment as merely the indicator for the well-being of its beneficiaries, but also on strategic gender interests (Bali-Swain, 2006). Literature has pinpointed that a lack of power leads to poverty and vulnerability, which are interconnected. Vulnerability could be reduced through empowerment which equips beneficiaries with power to control their loans and make decisions that affect their lives. Accordingly, Zaman (1999) found that microcredit reduced vulnerability and strengthened crisis coping mechanisms. When beneficiaries have the power to make decisions and control the use of their loans for their intended purposes, in the words of Zaman (1999), sources of income will become diversified, assets will build up and livelihood will be improved.

The implication of this finding in the programme is again that female beneficiaries have been empowered through access to credit, and improved their status. Yet even though there is a positive result in women's empowerment, the aspect of gender bias needs to be encompassed in the training material in support of sustaining this funding. Thus, this finding brings the reason for microcredit lending increasingly closer to merging in with the development discourse and being seen as a tool for development. Beneficiaries' control over the use of their loans for the intended purposes is supported by Suguna (2006), who stated that control over loans is an empowerment that enables beneficiaries to have power to use their income at their own discretion. This has an effect on beneficiaries having access to resources inside and outside their households. Interestingly, there is correlation between control over the use of a loan, economic empowerment and livelihood improvement. This finding is supported by Kabeer (2001c, 2005:13) in that empowerment is thought of in terms of making strategic life choices, resources and achievements. These resources include material, social and human resources of society, community and family (Kabeer, 2005; Malhorta and Schuler, 2005; Kabeer 2001c, 2005:13). Thus, control over use of loans is interrelated with the use of other resources.

Table 38: Participation in Microcredit Increased Intra-Household Misunderstanding or Conflict.

Through participation in microcredit, misunderstanding or conflict increased between myself and my family	Gender		Total
	Male	Female	
Agree	285	978	1263
Don't agree	8	97	105
Highly agree	0	0	0
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.867	1	.000		
Continuity Correction	11.994	1	.001		
Likelihood Ratio	15.823	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.857	1	.000		
N of Valid Cases	1368				

Author's own compilation

Out of 1075 females, 978 agreed that through participation in microcredit misunderstanding or conflict had increased between them and their families, while 97 disagreed. Out of 293 males, 289 agreed that through participation in microcredit misunderstanding or conflict had increased between them and their families, while eight disagreed. More females agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families than men. The Pearson Chi-Square value of 12.867 and the Asymp. Sig. (2-sided), 0.000 indicated that there is a significant difference between misunderstanding or conflict on participants and their families and gender.

Many authors have stated that the participation of women in microcredit is a risk factor of conflict that can end up in violence (Naved and Persson, 2005; Koening et al., 2003; Schuler et al., 2010). Such conflict results in disempowerment, makes beneficiaries vulnerable, isolates them and traps them in poverty. Thus, conflict and misunderstanding become a barrier for beneficiaries in improving livelihoods. Mayoux and Hartl (2009) stated that vulnerability will limit women especially in access to profitable markets in many cultures, as women can be prohibited from doing so, and this is a serious constraint of gender equality. This finding supports Rahman (1999) who stated between 40% and 70% of loans disbursed to women had been used by their men, and had consequently brought conflict within their households.

It is therefore not surprising that conflict can occur within the family. Predictably, this can be caused by the patriarchal nature of many societies in which microcredit is used. Conflict within the family supports Suguna (2006) argument that control over loans (as empowerment), enables beneficiaries to have power to use their income at their own discretion. Within patriarchal societies such empowerment can result in conflict. The implication is that the microcredit organisation should be aware of this potential risk factor, so as to design programmes that integrate gender bias training to prevent financial credit becoming a source of conflict. This finding is consistent with literature stating that microcredit has done more harm than good, including but not limited to household conflict and misunderstanding. Conflict can put female beneficiaries into positions of exploitation, increased or at best unchanged poverty levels, increased income inequality and dependency (Bateman & Chang, 2009; Copestake, 2002; Rogaly, 1996; Admans& Von Pischke, 1992). In this fashion, these problems become barriers to sustainable local economy, social development and livelihoods improvement (Bateman & Chang, 2009; Copestake, 2002; Rogaly, 1996; Admans& Von Pischke, 1992).

This finding is in line with authors who question microcredit claims as a poverty alleviation tool. Authors have stated that microcredit lacks proven development outcomes (Bateman, 2010, 2011; Roy, 2010; Dichter, 2007; and Fernando, 2006). Other authors, consistent with this finding, state that microcredit claims of alleviating poverty depend on the indicators chosen for assessment, and on the context and availability in a wide range of beneficiaries (Odell, 2010:12; Goldberg, 2005). The implication of this finding in the programme is that an approval of the head of household should be integrated into the process and conditions to access the loan. The reason is that in a patriarchal society, like Ghana, in which societal structures are that men dominate over women both subliminally and visibly, female participation in microcredit would end power inequality in households, leading to conflict. This potential conflict aspect involves factors related to men such as gender ideology (Rabiul and Kong, 2013). In the same line, other literature sources mention that female microcredit beneficiaries are just nominal participants as their loans were actually controlled and used by their husbands (Goetz and Gupta 1996; Kabeer 2001; Karim and Law 2013).

This finding indicates the need for ENA to focus on the consequences of access to finance within male dominated households and integrate them in training material.

Table 39: Lack of Knowledge and Skills Obstacle to Life Improvement

Inadequate knowledge and skills to pursue my business is a major obstacle to my life improvement	Gender		Total
	Male	Female	
Agree	4	131	135
Don't agree	271	778	1049
Highly agree	18	166	184
Total	293	1075	1368

Author's Own Compilation

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.274	2	.000
Likelihood Ratio	68.686	2	.000
Linear-by-Linear Association	5.515	1	.019
N of Valid Cases	1368		

Author's own compilation

Out of 1075 females, 778 disagreed that they do not have adequate knowledge and skills to pursue their microenterprise income generating activity, whilst out of 293 males, 271 also disagreed. More females have adequate knowledge and skills to pursue their microenterprise income generating activity than men. The Pearson Chi-Square value of 54.274 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between adequate knowledge and skills to pursue microenterprise income generating activity leading to life improvement and gender.

This finding is in line with the literature sources stating that knowledge and skills are important in improving human well-being, dignity and development (Nussbaum, 2003:33). The literature sources support this finding in that knowledge and skills have two major functions: i) as human capital in that they influence productivity, because knowledge and skills gained through training increase productivity, and human capital is the main asset of the poor, including microcredit users; and ii) as a driver of development, whereby knowledge and skills are highly relevant to the fulfilment of individual competencies and capability functions (Mtey & Sulle, 2013:1). This finding is consistent with the finding of Muller (2014) in agreeing that skills support capabilities. In turn, livelihood improvement of microcredit users should be understood within the capability approach.

Since the capability approach begins with a person, rather than with a set of specific skills, the implication of this finding is that ENA as a microcredit implementing organisation had and should put the beneficiaries at the centre of its programme. This brings to the fore the importance of a people centred development approach which, according to Schenck, Nel & Low (2010), enables people to take action and increase the actualisation of their ultimate human needs, which enhances not only their own individual quality of life but also the lives of their whole households and the communities where they belong. Without the necessary knowledge and skills capabilities, the poor will continue to face challenges in improving their livelihoods.

Some respondents said they had only been trained once, although training was promised to be on a regular basis, and that they needed regular training to be able to understand other aspects of running a business successfully. These comments show that a lack of adequate knowledge and skills is caused by a lack of regular training. Robeyns (2005:94; 2003:11) and Sen (1992; 1993:31) found that knowledge and skills are a core characteristic of the capability approach. This correlates with being and doing actions that constitute a person's life and achievements (Sen, 1993:31; Sen, 1985:10). This finding therefore points toward the integration of SLA and ABCD in microcredit financed businesses. SLA and ABCD approaches enable an understanding of how factors, such as a lack of skills, lead to vulnerability. Being empowered with skills and knowledge will help determine the extent of personal coping mechanisms and capacities for survival. Authors have consistently agreed that skills and knowledge are assets that people use in building, enhancing and sustaining their livelihoods by giving them the capacity to sustain and enhance their livelihoods (Habte, 2016; Moser and Dani, 2008).

This finding supports the main ideas of the SLA and ABCD framework in that livelihood depends on personal capabilities, and these capabilities are based on their resources base, their skills and their capacities to act, all within specific social, economic, political, ecological and cultural contexts which enable access to related economic and socio-cultural resources. Microfinance implementing organisations therefore need to integrate SLA and ABCD in their microcredit training programmes.

5.2.4.2 **Capabilities by age**

Table 40 : Making Personal Decisions on Life

I can make decisions regarding my life	Age				Total
	17 to 29	30 to 45	45 to 60	Above 60	
Agree	3	85	47	0	135
Don't agree	0	0	0	0	0
Highly agree	247	262	534	190	1233
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	127.460	3	.000
Likelihood Ratio	136.158	3	.000
Linear-by-Linear Association	6.297	1	.012
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 highly agreed that they can make decisions regarding their lives, while fewer members aged 30 to 45 agreed. Across all ages from 17 to above 60 of the 1368 total members, 1233 highly agreed that they can make decisions regarding their lives, while 135 agreed. The Pearson Chi-Square value 127.460 and the Asymp. Sig. (2-sided) 0.000 indicated that there is a significant difference between making decisions regarding their lives and their ages.

This finding relates to the empowerment dimension and shows that most of participants were being empowered with ability to decide their lives. Consistent evidence suggested that microcredit not only increases earning ability but also increasingly promotes the basic capability of borrowers (Graflund, 2013; Holvoet, 2005; Hashemi et al., 1996). Thus, beneficiary ability to make decisions is a capability which indicates what a beneficiary can do or be that lies in the range of choices that are open to an individual (Lister, 2004). Decision making is what Cagatay (1998) pinpointed as the capability that allows microcredit beneficiaries to function in their own way. The finding reveals that the study participants were aged 17 to above 60. This age bracket is associated with the finding that decision making is an indicator of microcredit beneficiary capabilities. From this finding, it is shown that respondents' basic capabilities had increased through their participation in microcredit programmes.

Table 41: Personal Power to Control Loan Use for Intended Purposes

Frequent Repayments Schedules Help Borrowers Repay on Time	Age				Total
	17 to 20	30 to 45	45 to 60	Above 60	
Agree	247	262	534	190	1233
Don't agree	3	85	47	0	135
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	127.460	3	.000
Likelihood Ratio	136.158	3	.000
Linear-by-Linear Association	**6.297**	**1**	**.012**
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 agreed that they have power to control the use of their loans for the intended purposes, while fewer members aged 30 to 45 disagreed. Across all ages of 17 to above 60 totalling 1368 members, 1233 agreed that they have power to control the use of their loans for the intended purposes, while 135 disagreed. The Pearson Chi-Square value 127.460 and the Asymp. Sig. (2-sided) 0.000 indicated that there is a significant difference between having power to control the use of a loan for the intended purposes and age.

This finding is contradicted by Banwesigye 92008) who found that microcredit beneficiaries in Rwanda had no full control over their loans and so could not choose to do anything on their own and be empowered to self-determine their lives. Creating beneficiaries' capabilities through microcredit is a fundamental element in the microcredit financing programme. This finding shows that power to control the use of a loan for its intended purposes is an indicator for ENA's microcredit beneficiaries' capabilities.

This finding means that control over resources can determine the quality of one's life. Exercise of power to control the use of a loan as intended is an indicator of empowerment expansion of the assets and capabilities of the beneficiaries to negotiate with, influence and hold accountable institutions that affect their lives (World Bank, 2002). Therefore, since microcredit is a tool for poverty alleviation, and since poverty is multidimensional, beneficiaries need a range of assets and capabilities to have the ability to organise and mobilise resources and take action in solving their problems (World Bank, 2002).

Table 42: Participation in Microcredit Increased Intra-Household Misunderstanding or Conflict

Through participation in microcredit, misunderstanding or conflict increased between myself and my family	Age				Total
	17 to 29	30 to 45	45 to 60	Above 60	
Agree	172	345	575	171	1263
Don't agree	78	2	6	19	105
Highly agree	0	0	0	0	0
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.543	3	.000
Likelihood Ratio	215.523	3	.000
Linear-by-Linear Association	90.568	1	.000
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families, while fewer members aged 30 to 45 disagreed. Across all ages of 17 to above 60 totalling 1368 members, 1263 agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families, while 105 disagreed. The Pearson Chi-Square value of 257.543 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between participation in microcredit, family misunderstanding or conflict and age.

More members agreed that their participation in microcredit resulted in conflict within their families. This finding is linked to the previous finding on control over loan use and decision making, which implies that gaining control over resources and decision making brought conflict. This finding is also supported in literature sources such as Goetz and Gupta (1996) who found that husbands actually control their wives' credit investments and the income generated from them. Therefore, female borrowers might not receive the spousal support they need and can find that their married lives and responsibilities may interfere with their acquisition of loans for their business aspirations. This implies that gender bias should be encompassed within literacy training programmes, so as to prevent conflict arising within households.

Table 43: Lack of Knowledge and Skills Obstacle to Life Improvement

Inadequate knowledge and skills to pursue my business is a major obstacle to my life improvement	Age				Total
	17 to 29	30 to 45	45 to 60	Above 60	
Agree	3	85	47	0	135
Don't agree	244	185	434	186	1049
Highly agree	3	77	100	4	184
Total	250	347	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	237.198	6	.000
Likelihood Ratio	271.667	6	.000
Linear-by-Linear Association	1.981	1	.159
N of Valid Cases	1368		

Author's own compilation

More members aged 45 to 60 disagreed that they do not have adequate knowledge and skills to pursue their microenterprise income generating activity. Across all ages of 17 to above 60 totalling 1368 members, 1049 disagreed that they do not have adequate knowledge and skills to pursue their microenterprise income generating activity. The Pearson Chi-Square value is

237.198 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between adequate knowledge and skills on microenterprise income generating activity for life improvement and age.

This finding shows that lack of knowledge and skills is hindering income generating activities and the reaching of goals in improving livelihoods. ENA understands the access to credit and literacy linkages and reinforcs literacy as a compulsory training component of microcredit programmes. Hoffmann and Bory (2005) maintain that education (literacy/training) has a transformative potential when it connects people's lives and their livelihoods. Microcredit programmes should adopt a holistic approach to development in which beneficiaries are prepared through literacy training by building up their required knowledge and skills capacities.

The literature sources sustain the view that training plays an important role in microcredit users developing the abilities required to grow their businesses to greater levels of success (Henry et al, 2003). According to the European Commission (2006), the aim of training should be to 'develop entrepreneurial capacities and mind-sets' that benefit economies by fostering creativity, innovation and self-employment. In this context, the role of literacy and skills development training is necessary in sustaining the livelihoods of beneficiaries and should be given high emphasis.

5.2.4.3 *Capabilities by Marital Status*

Table 44: Making Personal Decisions on Life

I can make decisions regarding my life	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	46	0	86	135
Don't agree	0	0	0	0	0
Highly agree	256	641	79	257	1233
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	127.664	3	.000
Likelihood Ratio	124.877	3	.000
Linear-by-Linear Association	104.587	1	.000
N of Valid Cases	1368		

Author's own compilation

More married members highly agreed that they can make decisions regarding their lives. All divorced members highly agreed, while only three single members agreed that they can make decisions regarding their lives. Out of 1368 members who participated, 1233 highly agreed that they can make decisions regarding their lives, while 135 disagreed. The Pearson Chi-Square value of 127.664 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between making decisions regarding life and marital status.

The finding is consistent with the Robeyns capability approach stating that, the core characteristic of this approach is its focus on what people are effectively able to do and be (Robeyns, 2005:94). In line with the above, participants had agreed to make decisions regarding their lives and what they were effectively able to do to live the kinds of life they have reason to value. Sen views development as a freedom which enables people to choose between different ways of living (Sen, 1993; 1992). Framing this finding within the capability approach, shows that through the microcredit programmes, borrowers had acquired abilities enabling them to take action leading to what a person manages to do and become (Sen, 1993:31; Sen, 1985:10).

The implication of this finding is that Engage Now Africa as microcredit implementer should ensure that participants are equipped with capabilities that enable them to live the kind of life they value, such as having ability to make decision regarding their life.

Table 45: Personal Power to Control Loan Use for Intended Purposes

I have power to control the use of my loan for the intended purposes	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	256	641	79	257	1233
Don't agree	3	46	0	86	135
Highly agree	0	0	0	0	0
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	127.664[a]	3	.000
Likelihood Ratio	124.877	3	.000
Linear-by-Linear Association	104.587	1	.000
N of Valid Cases	1368		

Author's own compilation

More married members agreed that they have power to control the use of their loans for the intended purposes. All divorced members agreed, while only three single members disagreed. Out of 1368 members who participated, 1233 agreed that they can make decisions regarding their lives, while 135 disagreed. The Pearson Chi-Square value of 127.664 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between having power to control the use of loan for the intended purposes and marital status.

This finding is consistent with empowerment and the participation of beneficiaries in microcredit schemes that leads to access to power (World Conference on Women: Beijing, 1995). Authors agree that empowerment is a multilevel and multidimensional concept which often includes aspects of decision-making, autonomy and control over resources (Sen and Batltiwala 2000; Masson, 1988). Similarly, Kessey (2005) supports the finding in that microcredit provision is a stimulus for empowerment leading to a lessening of poverty. Within the empowerment view, this finding insinuates that participants have changed their attitudes, beliefs and values which enabled them to gain power in controlling the use of their loans. According to Batliwa (1994), this finding shows a growing intrinsic capability, greater self-confidence and inner transformation of one's conscience, that enables one to overcome external barriers to assessing resources on changing traditional ideology (Batliwa, 1994).

This result is also consistent with the findings of Li et al., (2011) and Rahman et al. (2015) stating that microcredit participants had more control over loan use, which resulted in controlling other resources.

Table 46: Participation in Microcredit Increased Intra-Household Misunderstanding or Conflict

Through participation in microcredit, misunderstanding or conflict increased between myself and my family	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	256	588	79	340	1263
Don't agree	3	99	0	3	105
Highly agree	0	0	0	0	0
Total	250	687	581	190	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	88.454	3	.000
Likelihood Ratio	107.141	3	.000
Linear-by-Linear Association	11.893	1	.001
N of Valid Cases	1368		

Author's own compilation

More married members agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families. All divorced members agreed, while only three single members disagreed. Out of 1368 members who participated, 1263 agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families, while 105 disagreed. The Pearson Chi-Square value of 88.454 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between participation in microcredit, misunderstanding or conflict in their families and their marital status.

This finding insinuates that the power of beneficiaries to control the use of their loans and power in decision making had resulted in a negative impact within their marriages. Conflict could, however, be as a result of gender inequality. This is consistent with Ngo and Wahhaj (2012) stating that within marriage, cultural norms of the patriarchal societies enable division of labour between females and males in pursuing income generating activities. This would be a source of conflict, as social and cultural norms will mostly impact on and limit the control of women over the use of their loans (Mukamana et al., 2017). The implication of this finding is that most women within marriage will depend on their menfolk while they are pursuing the financial activities for which they have their loans, with consequences on their entire households. This finding is in line with Chowdhury and Mukhopadhaya (2014) stating that conflict will lead to microcredit beneficiaries losing control over the use of their loans and decision-making, opening a way to oppressive gender norms and women's subordination. Studies indicate that this conflict may be caused by the fact that when loans are given to women they are controlled by man, leading to domestic violence (Rahman, 1999; Khan, Ahmed, Bhuiya & Chowdhury, 1998; Goetz & Gupta, 1996).

Given that the rationale of microcredit is to improve livelihoods, this finding would hamper the achievement of that aim. ENA as a microcredit provider should strengthen their empowerment approaches. Even though previous findings show that women can make decisions and control the use of their loans, some evidence is contradictory. Chowdhury and Mukhopadhaya (2014) found that although women may control the use of their loans, they surrender the income to their husbands for their management control. This reality was also found in Rwanda (USAID, 2009), which fits into the concept of empowerment in terms of an individual's sense of agency in one's ability to define life-choices and act upon them, even if these choices are in opposition to those of their peers (Arestoff & Djemai, 2016). Conflict affects beneficiaries' agency and denies them the ability to make strategic life choices (Kabeer, 1999). This finding makes clear that ENA microcredit cannot uplift the status of its women beneficiaries if they remain subordinate through marital conflict. Thus, ENA should be mindful of integrating the empowerment aspect into their training curriculum module where lack of empowerment exists.

Table 47: Lack of Knowledge and Skills Obstacle to Life Improvement

Inadequate knowledge and skills to my business is a moajor obstacle to my life improvement	Marital Status				Total
	Single	Married	Divorced	Separated	
Agree	3	46	0	86	135
Don't agree	247	543	79	180	1049
Highly agree	9	98	0	77	184
Total	259	687	79	343	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	209.937	6	.000
Likelihood Ratio	223.930	6	.000
Linear-by-Linear Association	6.738	1	.009
N of Valid Cases	1368		

Author's own compilation

More married members disagreed that they do not have adequate knowledge and skills to pursue their microcenterprise income generating activity. Out of 1368 members who participated, 1049 disagreed that they do not have adequate knowledge and skills to pursue their microenterprise income generating activity. The Pearson Chi-Square value of 209.937 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between adequate knowledge and skills to pursue microenterprise income generating activity for life improvement and marital status.

This finding is in line with a finding by Yunus (2007), who pinpointed that individuals have skills that are not utilised generally because existing institutions and policies fail to identify the appropriate skills and resources needed by people. To identify such skills, microcredit programmes should be implemented within the ABCD approach, as this would enable people discover what skills they have. Nel (2015) argued that people are built on assets and capabilities as well as strengths, and not by deficiencies (such as a lack of skills). Therefore, in the line with Hassan and Ibrahim (2015), ENA's microcredit scheme looks to enable beneficiaries' access and develop the specific skills that will enable them to generate high incomes, and to sustain their knowledge and skills throughout their business lives. The provision of microcredit without a focus on productivity and market needs is a trap inhibiting economic growth (Acs, 2006). Ligthelm (2010) argued that knowledge, abilities and skills for microcredit beneficiaries to run their businesses are fundamental needs to enable them remain competitive in the business market. However, being equipped with knowledge and skills alone is not enough to be competitive in the market. Frequent training is needed, which integrates the market information and strategies to remain competitive, and should be an essential element for ENA as it leads to livelihood improvement.

Microcredit should embrace starting and building sustainable microenterprises based on knowledge and skills that are offered through training. Thus, microcredit beneficiaries must develop skills enabling them to exploit available opportunities (Eroglu and picak, 2011). This insinuates that access to microcredit loans alone cannot enable beneficiaries improve their livelihoods. Montgomery (1996) and Bhuiyana and Ivlevs (2019) have found that microcredit is an important mechanism to empower people, promote their livelihoods, and ultimately graduate people out of poverty. Even where studies claim that people possess business skills, these are often inadequately developed to help people run successful businesses that result in improving their livelihoods (Kaplan and Warren, 2010). Thus, ENA is obliged to ensure that beneficiaries are equipped with necessary knowledge and skills to run their microenterprises successfully. Weerawardena and Mort (2006) agree that to survive in pursuing microenterprise businesses, microcredit finance schemes should provide knowledge and skills training, enabling the borrowers develop business skills. Knowledge and skills are among the strongest means by which to run a business, be competitive and sustain that business (Gurses and Ozcan, 2015; Ligthelm, 2010; Van Kleef and Roome, 2007). Fundamental for microcredit beneficiaries, Swain and Floro (2012) supported the view that building skills through training is required in order to pursue and develop income generating activities. Central to ENA microcredit operations, this finding shows that, microcredit beneficiaries need training and support to further sharpen the skills that will enable them pursue income generation. This is also supported by Salwa et al. (2013), stating that training significantly contributes to the success of micro-entrepreneurs such as microcredit beneficiaries.

5.2.4.4 **Capabilities by Education**

Table 48: I can make decisions regarding my life

I can make decisions regarding my life	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	5	45	2	2	81	135
Don't agree	0	0	0	0	0	0
Highly agree	11	523	453	159	87	1233
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	347.319	4	.000
Likelihood Ratio	267.177	4	.000
Linear-by-Linear Association	109.476	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education highly agreed that they can make decisions regarding their lives. Out of 1368 members who participated, 1233 highly agreed that they can make decisions regarding their lives, while 135 agreed. The Pearson Chi-Square value of 347.319 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between decisions regarding life and education level.

Literature sources support the finding that education is associated with better decision making (Stango et al. 2016; Goda et al. 2015; Choi et al. 2014; Dohmen et al. 2009). Education refers to human capital which is one of the assets that a person needs to improve his or her livelihood. In the literature, human capital has been recognised as an effective tool for poverty reduction (Bils and Klenow, 2000; Krueger and Lindahl, 2000). To ensure microenterprise productivity, microcredit beneficiaries need to be equipped with a minimum level of education in order to influence decision-making (Duryea and Pages, 2002).

This is in line with a study by Shamsuddin Ahamad (2016), which shows that education is a very important factor for individuals to achieve better alternatives in which to invest funds profitably and efficiently. This implies that the ENA microcredit educational training component should be regular and specific on the needs of beneficiaries to be empowered with necessary knowledge and skills to sustain their abilities to make profitable business decisions. Simona and Zita (2013) maintain that knowledge and skills are the human capital input needed for productivity and investment.

Table 49: Personal Power to Control Loan Use for Intended Purposes

I have the power to control the use of the loan for the intended purposes	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	11	523	453	159	87	1233
Don't agree	5	45	2	2	81	135
Highly agree	0	0	0	0	0	0
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	347.319	4	.000
Likelihood Ratio	267.177	4	.000
Linear-by-Linear Association	109.476	1	.000
N of Valid Cases	1368		

Author's own compilation

More members with primary education agreed that they have power to control the use of their loan for the intended purposes. Out of 1368 members who participated, 1233 agreed that they have power to control the use of loan for the intended purposes, while 135 disagreed. The Pearson Chi Square value of 347.319 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between power to control a loan for its intended purposes and education level.

Education is a human capital which includes knowledge and skills that generate positive returns. This finding is consistent with recognizing that microcredit access impacts positively on beneficiaries (Alhassan & Akudugu, 2012), and with Muraleedharan (2005) asserting that empowerment gives people power and authority enabling them to make strategic decisions regarding their lives. Education is a tool for empowerment and influences the quality of life.

Thus, the implication of this finding is that ENA microcredit should become an educational instrument that will enable beneficiaries to be equipped with needed capabilities. Microcredit programmes should be a tool for the achievement of the multidimensional concept that can be viewed as the process of giving power or authority to the powerless (Muraleedharan, 2005). This is in line with March, Smyth, and Mukhopadhyay (1999), pinpointing that empowerment results in equality of control over the balance of power in decision-making in which neither men nor women dominate. The finding is also consistent with Kabeer (1998) stating that control over microcredit loan utilisation is a prime factor in the process of empowering both female and male entrepreneurs. Empowering microcredit beneficiaries to have power over loan control and use, enables ownership in pursuing activities that uplift livelihoods.

Table 50: Participation in Microcredit Increased Intra-Household Misunderstanding or Conflict.

Through participation in microcredit, misunderstanding or conflict had increased between myself and my family	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	16	562	453	85	166	1263
Don’t agree	0	6	21	76	2	105
Highly agree	0	0	0	0	0	0
Total	16	568	455	161	168	1368

Author’s own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	407.447	4	.000
Likelihood Ratio	259.699	4	.000
Linear-by-Linear Association	64.917	1	.000
N of Valid Cases	1368		

Author’s own compilation

More members with primary education agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families. Out of 1368 members who participated, 1263 agreed that through participation in microcredit, misunderstanding or conflict had increased between them and their families, while 105 disagreed. The Pearson Chi-Square value of 347.319 and the Asymp. Sig. (2-sided) 0.000, indicated that there is a significant difference between participation in microcredit, misunderstanding or conflict and education level. This finding, which indicates that education level is correlated with misunderstanding and conflict within the family, is supported by Kabeer (2001), arguing that conflict in microcredit is due to misunderstanding in intra-household power relations. Household improvement in harmony depends on decisions made by spouses and those who live with them. Intra-household' decisions may bring misunderstanding or conflict between families, which in turn has an impact within the individual families. ENA should explore the immediate, underlying and structural factors that cause friction and the problems of disagreement and their effects on beneficiaries.

Table 51: Lack of Knowledge and Skills Obstacle to Life Improvement

I don't have adequate knowledge and skills to pursue my Income Generating Activity which is a major obstacle for life improvement	Education Level					Total
	No education	Primary	Secondary	College	University	
Agree	5	45	2	2	81	135
Don't agree	8	429	444	82	86	1049
Highly agree	3	94	9	77	1	184
Total	16	568	455	161	168	1368

Author's own compilation

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	579.708	8	.000
Likelihood Ratio	481.192	8	.000
Linear-by-Linear Association	11.146	1	.001
N of Valid Cases	1368		

Author's own compilation

More members with primary education disagreed that they do not have adequate knowledge and skills to pursuit their microenterprise income generating activity. Out of 1368 members who participated, 1049 agreed that they do not have adequate knowledge and skills to pursue their microenterprise income generating activity, which is a major obstacle to life improvement. The Pearson Chi-Square value is 579.708 and the Asymp. Sig. (2-sided) 0.000, indicating that there is a significant difference between adequate knowledge and skills to pursue microenterprise income generating activity.

This finding is consistent with the finding that borrowers with a primary education level have knowledge and skills that enable them perform their economic activities (Hadi et al., 2015). In the same vein, a study conducted by Rahman and Ahmad (2004) found that the education level of borrowers has a positive impact which might influence their income level, with effect on their livelihood improvement. This implies that training programmes have not empowered beneficiaries with knowledge and skills that they had applied in pursuing their microenterprises. Beneficiaries who have a high level of education compared to others, have been found to have higher levels of per capita income (Saad and Duasa, 2010). Thus, it is assumed that when beneficiaries are more educated, they will be more knowledgeable in handling their microenterprises activities. The implication in the programme is that training should be reinforced and regular, because it is through training that beneficiaries would be equipped with necessary knowledge and skills to pursue their activities profitably.

5.3 **Objective 2: Effects of Variables on Livelihoods**

5.3.1 **Results: Logistical Regression on Voluntary Saving**

Analysis and discussion of the variables affecting financial performance are shown below.

5.3.1.1 **Data Tables**

Table 52: Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	1216	88.9
	Missing Cases	152	11.1
	Total	1368	100.0
Unselected Cases		0	.0
Total		1368	100.0

Author's own compilation

a. If weight is in effect, see classification table for the total number of cases.

Table 53: Dependent Variable Encoding

Original Value	Internal Value
Low Voluntary Savings	0
High Voluntary Savings	1

Author's own compilation

Table 54: Categorical Variables Codings

		Frequency	Parameter coding (1)	(2)	(3)	(4)	(5)	(6)
Number of Children	0	22	.000	.000	.000	.000	.000	.000
	1	170	1.000	.000	.000	.000	.000	.000
	2	429	.000	1.000	.000	.000	.000	.000
	3	404	.000	.000	1.000	.000	.000	.000
	4	115	.000	.000	.000	1.000	.000	.000
	5	56	.000	.000	.000	.000	1.000	.000
	6	20	.000	.000	.000	.000	.000	1.000
Education Level	0	14	.000	.000	.000	.000		
	No education	490	1.000	.000	.000	.000		
	Primary	446	.000	1.000	.000	.000		

	Secondary	99	.000	.000	1.000	.000		
	College	167	.000	.000	.000	1.000		
Marital Status	Single	253	.000	.000	.000			
	Married	603	1.000	.000	.000			
	Divorced	79	.000	1.000	.000			
	Separated	281	.000	.000	1.000			
Age	17 to 29	247	.000	.000	.000			
	30 to 45	285	1.000	.000	.000			
	45 to 60	498	.000	1.000	.000			
	above 60	186	.000	.000	1.000			
Interest Rate Categorised	0	1	.000	.000				
	Low Rate	1133	1.000	.000				
	High Rate	82	.000	1.000				
Financial Training Categorised	Low FT	1117	.000					
	High FT	99	1.000					
Gender	Male	280	.000					
	Female	936	1.000					
Loan Monitoring Categorised	Weekly LM	1129	.000					
	ALM	87	1.000					

Author's own compilation

Table 55: Block 0: Beginning Block Iteration History[a,b,c]

Iteration		-2 Log Likelihood	Coefficients Constant
Step 0	1	772.906	-1.655
	2	717.406	-2.205
	3	715.035	-2.350
	4	715.026	-2.359
	5	715.026	-2.359

Author's own compilation

a. Constant is included in the model

b. Initial -2 Log Likelihood: 715.026

c. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0.00

Table 56: Classification Table[a,b]

	Observed		Predicted: Voluntary Saving Categorised – Low Voluntary Saving	Predicted: Voluntary Saving Categorised – High Voluntary Saving	Predicted Percentage Correct
Step 0	Voluntary Saving Categorised	Low Voluntary Saving	1111	Percentage Correct	100.0
		High Voluntary Saving	105		0
	Overall Percentage				91.4

Author's own compilation
a. Constant is included in the model
b. The cut value is 0.500

Table 57: Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0	Constant	-2.359	.102	533.883	1	.000	.095

Author's own compilation

Table 58: Variables Not in the Equation[a]

			Score	Df	Sig.
Step 0	Variables	Age	222.989	3	.000
		Age(1)	29.695	1	.000
		Age(2)	59.018	1	.000
		Age(3)	.695	1	.404
		MS	91.957	3	.000
		MS(1)	91.844	1	.000
		MS(2)	7.985	1	.005
		MS(3)	26.526	1	.000
		Gender(1)	15.392	1	.000

NumChild	272.107	6	.000
NumChild(1)	13.935	1	.000
NumChild(2)	76.579	1	.000
NumChild(3)	47.767	1	.000
NumChild(4)	7.655	1	.006
NumChild(5)	1.908	1	.167
NumChild(6)	170.637	1	.000
EducLevel	638.375	4	.000
EducLevel(1)	57.127	1	.000
EducLevel(2)	13.763	1	.000
EducLevel(3)	634.150	1	.000
EducLevel(4)	13.573	1	.000
Financial Training Categorised(1)	994.085	1	.000
Loan Monitoring Categorised(1)	1.936	1	.164
Interest Rate Categorised	.702	2	.704
Interest Rate Categorised(1)	.551	1	.458
Interest Rate Categorised(2)	.611	1	.435

Author's own compilation
a. Residual Chi-Squares are not computed because of redundancies.

Table 59: Classification Table[a]

			Predicted: Voluntary Saving Categorised		
	Observed		Low Voluntary Saving	High Voluntary Saving	Predicted
Step 1	Voluntary Savings Categorised	Low Voluntary Saving	1105	Percentage Correct	99.5
		High Voluntary Saving	12		88.6
	Overall Percentage				98.5

Author's own compilation
a. The cut value is 0.500

Table 60: Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	Step	552.075	20	.000
	Block	552.075	20	.000
	Model	552.075	20	.000

Author's own compilation

Table 61: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	162.952[a]	.365	.521

Author's own compilation
Estimation terminated at iteration number 20 because maximum iterations have been reached
Final solution cannot be found

Table 62: Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.	
1	2.646	7	.916	

Author's own compilation

Table 63: Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I.for EXP(B) Lower	Upper
Step 1[a]									
	Age	-.006	.015	.176	1	.543	.878	.324	1.156
	MS	-.005	.017	.183	1	.483	.864	.310	1.436
	Gender(1)	.107	.325	.116	1	.751	.869	.348	1.543
	Num Child	-.716	.323	4.281	1	.035	2.0131	1.024	3.475
	Educ(1)	1.984	.331	36.389	1	.000	7.254	3.683	12.694
	FTC(1)	.523	.167	6.796	1	.007	.639	.453	.789
	LM(1)	.134	.353	.123	1	.761	.687	.216	1.025
	IRC(1)	.103	.314	1.803	1	.176	.868	.342	.1536
	Constant	1.943	1.414	1.803	1	.176	7.016		

Author's own compilation

a. Variable(s) entered on step 1: Age, Marital Status, Gender, Number of Children, Education Level, Loan Monitoring Categorised, Interest Rate Categorised.

5.3.1.2 **Discussion, Interpretation and Triangulation: Voluntary Saving Regression**

In the Logistical Regression on Voluntary Savings Table above, the sample size provided the number of cases that was expected. The dependent variable was coded using Statistical Product and Service Solutions (SPSS) using 0 and 1. This enabled the researcher to ensure that the voluntary savings variable was coded so that 0 = low voluntary savings and 1 = high voluntary savings. The researcher created a new variable recoding the original response of 1= 'yes' and 2 = 'no' to the format preferred by SPSS of 1 = 'yes' and 0 = 'no'. This coding of the problem being represented by 1 as high voluntary savings and low voluntary savings as 0, simplifying interpretation of the output. The output section, shown in Block 0 (the beginning Block), presented the results of the analysis without any of the study independent variables that were used in the model. This served as baseline to later compare the model with the inclusive study predictor variables.

The general ratio of correctly classified cases was 91.4%. In this case, SPSS classified estimates that not all cases would have low voluntary saving, because there was a higher percentage of participants answering "no" to the question. The assumption is that later, when the study set of predictor variables are entered, they will be able to improve the accuracy of these predictions.

In the Table Omnibus Tests of Model Coefficients, a general indication was shown of how well the model had performed, over and above the results obtained for Block 0, with none of the predictors entered into the model. This refers to a "goodness of fit" test. For this set of results, the researcher needed a highly significant value (i.e. the sig. value should be less than 0.05). In this case the value was 0.000, which means that $p < 0.0005$. Thus, the model with the study set of variables used as predictors was better than the SPSS original estimate shown in Block 0, which suggested that everyone would report low asset accumulation. The chi-square value, which was needed to report on the results, was 552.075 with 20 degrees of freedom.

The Hosmer and Lemeshow test results have also supported the researcher's model as providing valid answers. This test, which SPSS states is the most reliable test of model fit obtainable in SPSS, is interpreted very differently from the omnibus test discussed above. For the Hosmer-Lemeshow Goodness of Fit Test, a poor fit is indicated by a significant value less than 0.05. This supports the researcher's model, where the researcher wanted a value greater than 0.05. In this context, the chi-square value for the Hosmer-Lemeshow Test was 2.646 with a significance level of 0.916. This value is larger than 0.05, consequently indicating support for the researcher's model.

The Model Summary Table also portrays another relevant piece of information about the practicality of the model. The Cox & Snell R Square and the Nagelkerke R Square values provided an indication of the amount of variation in the dependent variable explained by the model from a minimum value of 0 to a maximum value greater than is provided in the multiple regression output. The results show that two values are 0.365 and 0.521, suggesting that between 36.5% and 52.1% of the variability is explained by this set of variables.

The Classification Tables depict indications of how well the researcher's model could predict accurately the category (low voluntary saving / high voluntary saving) for each case. In comparison with the Classification Tables, data shown for Block 0 showed how much improvement there was when the predictor variables were included in the model. The model appropriately classified 98.5% of cases overall (refered to as the percentage accuracy in classification: PAC), an improvement over the 91.4% in Block 0. The value of this model lies in the percentage of the group that has the characteristic of interest such as high voluntary savings that has been accurately identified by the model as the true positives. In the above table, the results correctly classified 88.6% of participants with high voluntary savings. The specificity of the model is the percentage of the participants without the characteristic of interest (i.e. high voluntary saving) that is correctly identified as true negatives. The result shown in the Table specificity was 99.5% of participants with low voluntary savings correctly predicted as not having low voluntary savings. The positive predictive value is the percentage of cases that the model classifies as having the characteristic that is actually observed in this group of participants.

The main variables in the Equation Tables provides information on the contribution of each of the predictor variables. The test used in determining this data is known as the Wald Test, which depicts the value of the statistic for each predictor in the column labelled "Wald". In the column headed "Sig", the values less than .05 (highlighted) contribute significantly to the predictive ability of the model. In this study, the major factors influencing whether or not a person has voluntary savings are: a) number of children, b) education level, and c) financial training. In these three categories, the significant variables are: Number of Children p=.035; Education p = 0.000; Financial Training p = 0.007. Age, Marital Status, Gender, Loan Monitoring and Interest Rate did not contribute significantly to the model. The B values in the variables depicted in the Equation Table are equivalent to the B values obtained in a Multiple Regression Analysis. These are the values that the researcher used in the equation to calculate the probability of a case falling into a specific category. Thus, the researcher has checked whether each B value was negative or positive. This enabled him to reveal the direction of the relationship, by knowing which factor increases the likelihood of a 'yes' answer and which factor decreases that likelihood. A negative B value indicated that an increase in the dependent variable score would result in a decreased probability of the case, recording a score of 1 in the dependent variable (indicating the presence of low voluntary savings). The variable that measured the number of children showed a negative B value: -0.716, indicating that the more children a participant has, the less the likelihood of high voluntary savings. By contrast, the higher the levels of education and financial training, the more their effects on voluntary savings are likely to be positive.

Other valuable information in the Table of Variables in the Equation was in the Exp (B) column. These values are the odds ratios (OR) for each of the independent variables.

Tabachnick and Fidell (2001) argued that an odds ratio is the increase (or decrease if the ratio is less than 1) in the odds of being in one outcome category when the value of the predictor increases by one unit. In this study, with the odds of a participant answering 'yes' the education effect of voluntary savings is 7.254 times higher for a participant who reported having high voluntary saving. The higher a participant makes voluntary savings, is also a significant predictor, according to the Sig. value ($p = 0.007$). The odds ratio for this variable, however is 0.639, a value less than 1. This indicates that the more educated and financially well trained a participant is, the less likely it is that he or she will report low voluntary savings. Thus, the problem of low voluntary savings in this group decreased by a factor of 0.639.

For each of the odds ratios Exp (B) as depicted in the variables in the Equation Table, there is a 95% confidence interval (95.0% CI for EXP (B)). This gave a lower value in the true value of the odds ratio. This confidence value is an accurate representation of the true value from the entire study population, which is dependent to a large extent on the size of the study sample. The confidence interval for the study variable that education affects voluntary saving (OR = 7.254) ranges from 3.683 to 12.694. So, although the researcher quotes the calculated OR as 7.56, still the confidence is 95% as the actual value of OR in the population lies somewhere between 3.683 and 12.694, quite a wide range of values. The confidence interval in this case does not contain the value 1, therefore this result is statistically significant at $p < .05$. If the confidence interval had contained the value 1, the odds ratio would not be statistically significant. Hence, the researcher could not rule out the possibility that the true odds ratio was 1, indicating equal probability of the two categories (yes/no).

In the results of the Logistical Regression Model for Voluntary Savings presented above, the Wald chi-square statistic and p-value suggest that at least one of the regression coefficients is not equal to zero ($X^2 = 533.89$; $p < 0.001$). Hence the model is statistically significant. Furthermore, the model explained 52.1% (Nagelkerke R^2) of the variance in voluntary savings and correctly classified 98.5% of cases.

The Wald test for each of the predictor variables determines whether each of these variables is statistically significant or not, with the statistical significance of the test denoted by the "Sig" column in the Table. A p-value lower than 0.05 is needed to conclude that an explanatory variable has a significant influence on the dependent variable. From the model, three explanatory variables have significant associations with the odds-on voluntary saving, given that their p-values were lower than 0.05. Variables that were insignificant were Age, Marital Status, Gender, Loan Monitoring and Interest Rate.

Number of Children, Financial Training and Education of respondents had significant effects on voluntary savings. Results indicate that for every unit increase in the number of children, the odds of having high voluntary savings increased by 2.01. Also, those who had high financial training were 0.64 times more likely to have high voluntary savings than those with low financial training. Similarly, the odds of having high voluntary savings (as against low voluntary savings) was 7.3 times higher for those who had formal education, than for those without such education.

Number of Children

The Number of Children variable significance effect on voluntary savings is consistent with the study of Abadi et al., (2017) conducted in Ethiopia. They argued that the significance of the effect of the number of children lies in it having a negative effect on a member's ability to make voluntary savings. The author explained that a larger number of children increases the size of the household family and its consumption pattern, thus lowering the ability to make voluntary savings (Abadi et al., 2017). The main aim of ENA's SSAP is to improve beneficiaries' livelihoods, and spending on one's children is an integral part of such livelihood. Hence, a high number of children should not be viewed as a sole barrier to personal savings. Consistent with this view, Solomon (2016) argued that microcredit alone cannot induce individual borrower savings.

The implication of this is that SSAP beneficiaries could be in a cycle of dependency for relying on ENA credit to sustain their activities, affecting their loan repayments with consequences on ENA's operational sustainability and growth. Consistent with the literature sources, this finding may be due to the fact that microcredit institutions are not producing products based on beneficiary analysis, with poor monitoring practices that affect both savings and business success (Wolday, 2001, Balogun and Alimi, 1990).

Irregular monitoring practices are a major cause impacting negatively on savings (Ledgerwood, 1999; Balogun and Alimi, 1990). Hence, ENA should adopt a frequent beneficiary performance monitoring routine, with daily and weekly visits, to ensure a high probability of beneficiaries sharing their challenges with loan officers and finding ways to solve challenges, especially through voluntary savings (Bigambash, 1997; Anjichi, 1994). Authors have argued also that regular monitoring is an instrument that motivates microcredit beneficiaries to save and diminish the risk of repayment failure (Mirpourian et al., 2015; Tsukada, 2014).

These findings have implications on an institutional level, indicating that a strategy should be put in place to facilitate the process of regular monitoring as a core component of microcredit lending (Agbekoa, Block, Omtad, & Velde 2017; Mensah et al., 2013; Kohansal and Mansoori, 2009). This is consistent with Lewis and Linda (2009) who argued that when beneficiaries are offered a way of using a quality savings product that covers their needs, they will choose to save.

Educational Level

Education plays an obvious role in household income, including any savings, which in turn improves the socio-economic status of families (Keralem, 2005). Lewis and Linda (2009) stated that consistent with this finding is the argument that an increase in formal schooling leads to a rise in voluntary savings. This finding insinuates that the education level of SSAP microcredit beneficiaries plays a role in their savings and financial disciplines. This finding should enable ENA donors and managers increase their efforts in advancing education, so that SSAP members can increase their savings through participating fully in the programme so as to improve their livelihoods and ultimately reduce poverty.

The capability approach importance is a person's ability to achieve a given function (doing and being), resulting in an ability to function in a different way (Sen, 1994 & Nussbaum (2011) cited in Stewart 2013:1; Robeyns, 2003:63 and Saith, 2001:8). This finding formulates the theoretical approach of this study in that education can enable SSAP members to achieve their 'doing and being' equipped with skills and capabilities resulting in voluntary saving.

Financial Training

Access to financial training is a prerequisite to healthy financial behaviour, which can have a positive effect on the ability to make savings (Adams and Rau, 2011; Martha Henn McCormick, 2009). People with a higher level of financial training will save more than those who possess a lower level of financial training (Babiarz and Robb, 2014; Beckmann, 2013;

Jappelli and padula, 2013). Through financial training, SSAP members gain skills, knowledge and understanding that lead to spending and saving in ways that improve their livelihoods (INFE 2011, Servon and Kaestner 2008, Cude et al. 2006, Beal and Delpachitra 2003, Kim 2001, Vitt et al. 2000). This implies that financial training is a mechanism that will maximise SSAP beneficiary savings and should therefore be a core component in training, thereby enabling them apply a two-dimensional approach to saving through knowledge and application (Huston, 2010; Hogarth, 2002).

5.3.2 **Results: Logistical Regression on Asset Accumulation**

5.3.2.1 **Data Tables**

Table 64: Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	1216	88.9
	Missing Cases	152	11.1
	Total	1368	100.0
Unselected Cases		0	.0
Total		1368	100.0

Author's own compilation
a. If weight is in effect, see classification table for the total number of cases.

Table 65: Dependent Variable Encoding

Original Value	Internal Value
Low Asset Accumulation	0
High Asset Accumulation	1

Author's own compilation

Table 66: Block 0: Beginning Block Iteration History[a,b,c]

Iteration		-2 Log Likelihood	Coefficients Constant
Step 0	1	762.706	-1.555
	2	717.306	-2.305
	3	714.045	-2.450
	4	714.016	-2.249
	5	714.016	-2.249

Author's own compilation
a. Constant is included in the model.
b. Initial -2 Log Likelihood: 715.016
c. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

Table 67: Classification Table[a,b]

	Observed		Predicted Asset Accumulation Categorised: Low Asset Accumulation	Predicted Asset Accumulation Categorised: High Asset Accumulation	Predicted Percentage Correct
Step 0	Asset Accumulation Categorised	Low Asset Accumulation	1111	Percentage Correct	100.0
		High Asset Accumulation	105		0
	Overall Percentage				91.4

Author's own compilation a. Constant is included in the model.
b. The cut value is 0.500

Table 68: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-2.355	.106	524.843	1	.000	.095

Author's own compilation

Table 69: Classification Table[a]

Observed			Predicted Asset Accumulation Categorised: Low Asset Accumulation	High Asset Accumulation	Predicted
Step 1	Asset Accumulation Categorised	Low Asset Accumulation	1105	Percentage Correct	98.5
		High Asset Accumulation	10		87.6
	Overall Percentage				96.5

Author's own compilation a. The cut value is 0.500

Table 70: Model Summary

		Chi-square	Df	Sig.
Step 1	Step	534.045	20	.000
	Block	534.045	20	.000
	Model	534.045	20	.000

Author's own compilation

Table 71: Model Summary

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	172.932[a]	.274	.413

Author's own compilation
a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Table 72: Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	2.572	7	.826

Author's own compilation

Table 73: Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]									
	Age	-004	.023	.186	1	.463	.765	.234	1.135
	Marital Status	.134	342	.197	1	.458	.795	.240	1.456
	Gender(1)	.107	.325	.116	1	.751	.856	.348	1.487
	Num Child	-.516	.133	2.781	1	.761	.831	324	1.356
	Educ(1)	.546	.231	24.349	1	.003	7.56	3.573	11.427
	FTC(1)	.313	.125	5.543	1	.004	.549	.446	.889
	LM(1)	.114	.232	.326	1	.671	.587	.276	1.421
	IRC(1)	.112	.215	1.559	1	.154	.668	.252	.1346
	Constant	1.843	1.324	1.653	1	.165	6.016		

Author's own compilation

a. Variable(s) entered on Step 1: Age, Marital Status, Gender, Number of Children, Education Level, Financial Training Categorised, Loan Monitoring Categorised, and Interest Rate Categorised.

5.3.2.2 **Discussion, Interpretation and Triangulation: Asset Accumulation Regression**

In the Logistical Regression on Asset Accumulation Tables above, the sample size provided the number of cases that was expected. The dependent variable was coded using Statistical Product and Service Solutions (SPSS) using 0 and 1, whereby 0 = low asset accumulation and 1 = high asset accumulation. The researcher therefore created a new variable recoding the original response of 1 = 'yes' and 2 = 'no' to the format preferred by SPSS of 1 = 'yes'and 0 = 'no'. This coding of the problem being represented by 1 and the low asset accumulation as 0 simplified interpretation of the output. The output section was headed Block 0, which is the results of the analysis without any of the study independent variables used in the model. This has served as a baseline for later comparing the model with the study predictor variables that were inclusive. In the Classification Tables, the overall ratio of correctly classified cases was 91.4%. In this case, SPSS classified (estimated) that not all cases would have a low asset accumulation (only because there was a higher percentage of participants answering 'no' to the question). The assumption is that later, when the study set of predictor variables is entered, it will be able to improve the accuracy of these predictions.

The Table Omnibus Tests of Model Coefficients shows an overall indication of how well the model performed, over and above the results obtained for Block 0, with none of the predictors entered into the model. This refers to a "goodness of fit" test. For this set of results, the researcher wanted a highly significant value (i.e. the sig. value should be less than 0.05). In this case the value is 0.000, which means that $p < 0.0005$. The model with the study set of variables used as predictors was better than the original SPSS estimate shown in Block 0, which suggested that everyone would report low asset accumulation. The chi-square value, which was needed to report on the results, was 534.045 with 20 degrees of freedom.

The results shown in the Hosmer and Lemeshow Table test also supported the research model as being worthwhile. This test, which SPSS states is the most reliable test-of-model fit obtainable in SPSS, is interpreted very differently from the omnibus test discussed above. For the Hosmer and Lemeshow goodness-of-fit test, a poor fit is indicated by a significance value less than 0.05, so to support the model, the researcher wanted a value greater than 0.05. In this result, the chi-square value for the Hosmer and Lemeshow Test was 2.572 with a significance level of .826. This value is larger than 0.05, consequently indicating support for the model.

The Model Summary Table depicts another part of the information about the practicality of the model. The Cox & Snell R Square and the Nagelkerke R Square values provided an indication of the amount of variation in the dependent variable explained by the model from a minimum value of 0 to a maximum value provided in the multiple regression output. The results show that the two values are 0.274 and 0.413, suggesting that between 27.4% and 41.3% of the variability is explained by this set of variables.

The output headed Classification Tables depicts an indication of how well the model was able to predict the accurate category (low asset accumulation/high asset accumulation) for each case. In comparison with the Classification Table shown for Block 0, to see how much improvement there was when the predictor variables were included in the model. The model appropriately classified 96.5% of cases overall (this refers to the percentage accuracy in classification: PAC), an improvement over the 91.4% in Block 0. The value of this model lies in the percentage of the group that has the characteristic of high asset accumulation that has been accurately identified by the model as the true positives. In the Table, the results correctly classified 87.6% of the participants as having high asset accumulation. The specificity of the model is the percentage of the participants without the characteristic of high asset accumulation that is correctly identified as true negatives. The result shown in the Table specificity is 98.5% of participants with low asset accumulation correctly predicted not to have a low asset accumulation by the model. The positive predictive value is the percentage of cases that the model classifies as having the characteristic that is actually observed in this group of participants.

The Variables in the Equation Table provides information about the contribution of each of the predictor variables. The test used in this data is known as the Wald Test, which depicts the value of the statistic for each predictor in the column labelled 'Wald'. In the column 'Sig a' values which are less than 0.05 were given. These are the variables that contribute significantly to the predictive ability of the model. In this category (asset accumulation), there are two significant variables (Education p = 0.003; Financial Training p = 0.004). In this study, the major factors influencing whether a person has a high asset accumulation are Education Level and Financial Training. Age, Marital Status, Gender, Loan Monitoring and Interest Rate did not contribute significantly to the model results. The B values depicted in the variables in the equation table are equivalent to the B values obtained in a multiple regression analysis. These are the values that the researcher used in the equation to calculate the probability of a case falling into a specific category. Thus, the researcher checked whether the B value was negative or positive, enabling him to reveal the direction of the relationship of knowing which factors had increased the likelihood of a 'yes' answer and which factors had decrease that likelihood. A negative B value indicated that an increase in the dependent variable score would result in a decreased probability of the case, recording a score of 1 in the dependent variable, indicating the presence of low asset accumulation. The variable that measured the number of children showed a negative B value (-0.516), indicating that the more the number of children that a participant had, the less the likelihood of reporting low asset accumulation. For the two significant categorical variables -Education and Financial Training- effect on asset accumulation, the more likely answer is 'yes' to the question of whether they consider they have high asset accumulation.

The other valuable information in the Variables in the Equation Table was found in the Exp (B) column. These values are the odds ratios (OR) for each of the independent variables.

Tabachnick and Fidell (2001) argued that an odds ratio is the increase (or decrease if the ratio is less than 1) in the odds of being in one outcome category when the value of the predictor increases by one unit. In this study, the odds on a participant answering 'yes' to the education effect on asset accumulation was 7.56 times higher for a participant who reported having high asset accumulation. The more a participant accumulated assets was also a significant predictor, according to the Sig. value ($p = 0.004$). The odds ratio for this variable, however was 0.549, a value less than 1. This indicated that the more educated and financially trained a participant, the less likely that he or she would report low asset accumulation. Thus, the problem of low asset accumulation in this group decreased by a factor of 0.549.

For each of the odd's ratios Exp (B) depicted in the Variables in the Equation Table, there is 95% confidence interval (95.0% CI for EXP (B)) displayed). This gave a lower value and an upper value. The value scored of 95% was the confidence encompassing the true value of the odds ratio. This confidence value was an accurate representation of the true value from the entire study population, which was dependent to a large extent on the size of the study sample. The confidence interval for the study variable that education affects asset accumulation (OR=7.56) ranges from 3.573 to 11.427. Thus, although the researcher quotes the calculated OR as 7.56, the confidence is 95%, as the actual value of OR in the population lies somewhere between 3.573 and 11.427- quite a wide range of values. The confidence interval in this case does not contain the value 1, therefore this result is statistically significant at $p < 0.05$. If the confidence interval had contained the value 1, the odds ratio would not be statistically significant. Henceforth, the researcher could not rule out the possibility that the true odds ratio was 1, indicating equal probability of the two categories ('yes' and 'no').

The Equation Result Variable in the Logistical Regression Model on Asset Accumulation Wald chi-square statistic (524.8), showed that at least one of the regression coefficients of the predictors was not equal to zero. The null hypothesis states that all the regression coefficients in the model are equal to zero, which is reflective of the probability of obtaining the chi-square statistic if there is no effect on the predictor variables. The small p-value of the Wald statistic ($p < 0.001$) suggests that at least one of the regression coefficients is not equal to zero. Hence, the model is statistically significant. Furthermore, the model explained 41.3% (Nagelkerke R^2) of the variance in asset accumulation and correctly classified 96.5% of cases.

The Wald test for each of the predictor variables determines whether each of these variables is statistically significant or not, with the statistical significance of the test denoted by the "Sig" column in the table. A p-value lower than 0.05 is needed to conclude that a variable has a significant influence on the dependent variable. From the model, only two explanatory variables have significant association with the odds of asset accumulation, given that their p-values were lower than 0.05. Variables that were insignificant were Age, Marital Status, Gender, Number of Children, Loan Monitoring and Interest Rate.

Financial training and education of respondents were both found to have a significant effect on asset accumulation. Results indicated that those who had high financial training were 0.55 times more likely to have higher asset accumulation than those with low financial training. Similarly, the odds on having high asset accumulation (as against low asset accumulation) was 7.56 times higher for those who had formal education than for those without such education.

Educational Level

Korten (1990) stated that microcredit should empower beneficiaries to advance their capacities, which enables them to manage and improve their lives. The argument is that as education increases, so does income increase, in turn raising the predisposition of an individual to save (Porter, 2018). Individuals with higher education are also shown to have better financial behaviour, hence havig savings that enables building assets and having less debt (Boshara et al., 2015).

Conversely, when people have a low level of education it affects their savings (Alessi et al., 2011). Authors have pointed out that education is associated with better decision-making (Stango et al. 2016; Goda et al. 2015; Choi et al. 2014; Dohmen et al. 2009). Education refers to human capital, which is one of the assets that a person needs to improve his or her livelihood. In the literature, human capital has been recognised as an effective tool for poverty reduction (Bils and Klenow, 2000; Krueger and Lindahl, 2000; Schultz, 1961). This finding therefore implies that SSAP members need to be equipped with a minimum level of education and that this will influence their decision making on savings (Duryea and Pages, 2002).

A study by Shamsuddin Ahamad (2016) shows that education is a very important factor for individuals to achieve better alternatives in which to invest funds profitably and efficiently. This implies that the ENA microcredit programme education and training component should be a regular feature and more specific on the needs of beneficiaries. Such an approach will empower them with knowledge and skills to sustain their abilities to make decisions. Simona and Zita (2013) maintain that knowledge and skills are human capital which are input for productivity and investment.

Financial Training

This finding echoes Jappelli and Padula (2013) in that financial training and asset accumulation are strongly correlated. The finding insinuates that through financial training, SSAP members had chosen to accumulate asset and gain access to high return assets (Delavande et al., 2008). This finding complements the previous studies done by Van Rooij, Lusardi, and Alessie (2012) and Behrman, Mitchell, Soo, and Bravo (2010), in that financial training has a positive impact on asset accumulation. This means that ENA's SSAP members will be enabled to take responsibility for their well-being through the accumulation of assets. This evidence needs to be shared with ENA donors and programme managers in promoting more financial training.

Consistent with findings by Ameriks, Caplin and Leahy (2004), ENA's SSAP members who have learnt discipline, planning and how to control their earning have been enabled to accumulate assets. Thus, it is important that ENHA should develop an asset accumulation plan for the SSAP members. This is in accord with the view of Lusardi and Mitchell (2007) who argued that developing an asset accumulation plan would result in increasing savings and investing earnings in higher return assets. Hence, SSAP members with higher levels of financial training will be better equipped. This finding is linked to European Commission (2008) and Send (2001) who pinpointed that training is a fundamental component in improving livelihoods by empowering people with capabilities to break out of the deprivation trap, taking ownership of their circumstances and becoming self-reliant.

The implication of the above findings is that through financial training, SSAP members would foster a deeper and more harmonious form of human development and thereby improve their livelihoods and reduce poverty (Delors et al., 1996). People with greater financial literacy are less likely to experience negative income shocks and financial crises

(Klapper, Lusardi, and Panos, 2013). Hence it is suggested that financial training is core training pre-requisite for beneficiaries both before and after accessing loans. Such training will educate microenterprise entrepreneurs in how to accumulate income and assets, but also in how to cope with shocks and improve their livelihoods (Julie et al., 2013). Likewise, ENA should make sure that all SSAP members participate in financial training throughout the cycle of their microenterprises.

Therefore, asset accumulation is associated with individual level of education and financial training. microcredit, beneficiaries will gain education through financial training. Microcredit program should foster a deeper and more harmonious human development. Human development will be sustained through continuation training which will result into capabilities development essential to improve people livelihood and empower people to break out deprivation, and poverty. Therefore, training is a fundamental factor that empower beneficiaries to advance their capacities to manage their businesses, and result in an accumulation of their assets.

6 CHAPTER SIX: SUMMARY AND CONCLUSIONS

6.1 Overview of the Study

This study assesses the Engage Now Africa (ENA) Self-Supported Assistant Program (SSAP) on its effects in the microcredit financing impact on improving the livelihoods of the poor in Ghana. An empirical review of the relevant literature, together with a sample survey of SSAP members in four of Ghana's 16 Regions, provided the necessary information and data to provide the required results and from which to draw the necessary conclusions. The results obtained in each chapter of this thesis are depicted below.

Chapter One established the research problem and purpose of this study, determined the main research question of ENA's SSAP effectiveness, and described the research objectives. The objectives of the study were: i) to evaluate improvement in the livelihoods of ENA's SSAP beneficiaries in terms of their asset accumulation, voluntary saving, personal capabilities and the frequency of their loans repayments; and ii) to evaluate the effects of demographic, socioeconomic and financial variables in the livelihood's improvement of those beneficiaries. The effects of financial and business skills training, loans interest rates, loans monitoring and repayments frequencies were evaluated, together with asset accumulation, voluntary saving and human capital and capabilities growth in relation to ENA's SSAP microcredit financing in Ghana. The evaluation results achieved are presented in Chapter Five.

Chapter Two provided a situation analysis of Ghana's microfinancing programme, including development theories and practices, poverty in Ghana, and the use of microcredit as tool for alleviating poverty. This chapter covered the progress of development theory and practice from the emergence of modernisation theory to the dependency theory, the problem based approach and, finally, the people centred approach. Study findings supported the argument that ENA's SSAP should be based on a People Centred Approach in that it encompasses the Sustainable Livelihood Approach (SLA) and Asset Based Community Development.

Chapter Three identified the theoretical and empirical literature related to the study objectives. The chapter highlighted how microcredit contributes to livelihood development, focusing on the improvement indicators of ENA's SSAP beneficiaries, including asset accumulation, voluntary saving, loan repayments, financial training and human capabilities, as well as on the effects of socio-economic and demographic factors.

Chapter Four applied the conceptual framework of the study problem and purpose in the development of the thesis line of argument, research design and methodology in terms of the sampling procedure, data collection instrument, methods of analysis, specification of the statistical model and the definition of variables.

Chapter Five presented analyses of the study research methodology and data obtained through the research questionnaire. Descriptive and statistical logistic regressions were applied in analytical discussion of these results and in the drawing of meaningful conclusions from those results in answering the study research purpose and problem, and in meeting the study objectives.

Chapter Six provided the conclusions drawn from the main findings of the study in answering the research questions and meeting the study objectives. This chapter then outlined recommendations and presented suggestions for future research.

6.2 Reflection on Microcredit Theoretical Paradigm Evaluation and Application

Microcredit is a tool used for poverty alleviation and the development of microenterprises to combat that poverty. Yet, there are various theories that are used to define and discuss poverty. Thus, any study that includes poverty needs to probe those poverty theories in the light of developing remedial measures.

Two approaches, namely the Sustainable Livelihood Approach (SLA) and the Asset Based Community Development (ABCD), were adopted to conceptualise the findings obtained from the study data analysis. Both approaches were integrated and related to the study as they emphasised the individual microcredit beneficiary's household as a unit of analysis. Both approaches considered microcredit as the provision of additional financial resources so that individual households could optimally exploit their available endowed assets and resources to achieve their livelihood outcomes.

The study's theoretical paradigm provided the answer to the problem as a paradigm shift from a need and problem-based microcredit operation to a people-centred microcredit programme. This shift was fundamental, in that development intervention should ensure that people are aware of their available and endowed resources so as to be able to integrate them in improving their livelihoods, instead of waiting for outsiders to bring them resources with which to solve their problems. The study approach ensureed that the cycle of dependency of local people on the outsider could be broken so that the people become owners of their destinies.

Within this theory, access to finance and credit is not viewed as the only asset that would help the poor to improve their livelihoods. Access to finance and credit should be integrated with other assets, such as human (through training and education), social (through networking with community members and relationships), and natural (through the use of available land and natural resources). Assets are the point of focus for microcredit programmes which should ensure the valorisation of assets with which ENA's SSAP microcredit is endowed. Steadily progressing, this theory has enabled acknowledgement of the critical role of the implementing organisation (ENA) in ensuring the success of beneficiaries' livelihoods improvement.

Application of the theoretical paradigm in this study enabled a broad understanding of its strength, in that it offers a holistic approach to the resources and assets owned by households in constructing their livelihoods. It also facilitated an understanding of the underlying causes of poverty by focusing on the various interlinked factors that directly or indirectly enhance or limit access by the poor to resources in improving their livelihoods, rather than just focusing on one factor such as income. The theory also provided another reason for shifting from needs-based poverty intervention, in that both the SLA and ABCD approaches emphasise not what people lack, but rather how they could cope and survive in spite of constraints, lack and shocks (De Wet et al., 2003; Schenck et al., 2010). Equally, both SLA and ABCD strive to be sensitive to the different ways in which people make a living and attempt to improve their well-being (Davids et al., 2005). Both approaches first seek to identify the assets with which people are endowed, their trends over time and space, and the nature and impacts of shocks and stresses (environmental, economic and social).

It is well known that the ABCD approach encourages awareness and mobilisation of the assets and strengths in communities, a component not emphasised in the SLA. The intention is to bring to the surface hidden 'gifts', to build on or increase what already exists, and to cultivate a positive vision for the future (Kretzmann & McKnight, 1993; Ashford & Patkar, 2001).

With the application of this theory, ENA's SSAP microcredit beneficiaries will become aware of their strengths and resources, and their potential for reaching their goals and realising their development potential. The assumption is that when people become aware of their capabilities and strengths, the likelihood is that their confidence increases, they become energised and they start taking responsibility for their own development, all of which has been defined by Davids et al. (2005).

Through application of this theory, the study argues that the integration of SLA and ABCD will result in people-centred microcredit enterprises in which borrowers and their perceptions and experiences are central to the operation. The people thus become active participants in their development interventions. With this objective, microcredit borrower participation becomes a process that involves collective activity in achieving a jointly-determined goal. In microcredit, real participation occurs when group members share fully and have an equal voice in decision making concerning the group's issues. This approach fosters the self-reliance and ownership that are results of participation. It is expected that borrowers will act with responsibility by supporting each other and learning from each other's experiences in ways that will create self-reliance and ownership.

The focus on assets could enable people and communities build on their available resources, assets, strengths, capabilities, capacities and aspirations, instead of dwelling on their deficiencies, needs and problems as microcredit borrowers. This study is in agreement with the view that every single borrower has the capacities, abilities, gifts and ideas needed for creating a sustainable livelihood. That achievement will depend on whether those capacities can be used, those abilities can be expressed, and those ideas are shared. This theoretical approach has provided a framework for the two theories discussed earlier in Chapter Two: modernisation and dependency. These two theories had failed to produce development outcomes, yet an integration of SLA and ABCD, which are both people centred, people driven and participatory developments which incorporate people assets are identifiable as the approach needed to establish microcredit as an effective tool for poverty alleviation.

6.3 Reflections on a Methodological Approach

The study has been classified within the quantitative paradigm and has applied a survey design. Surveys may be applied in and for descriptive, explanatory and exploratory purposes, and are used in studies where individual people are units of analysis (Babbie & Mouton, 2009:232). In this study the survey choice for collected data was for exploratory purpose, in a large population, and for the fact that in ENA's SSAP individual beneficiaries are the units of analysis.

Survey design was adopted as the method of assessing the effects of microcredit on improvement of the livelihoods of beneficiaries, using a cross-sectional design in data collection. A cross-sectional design was adopted because of the non-availability of baseline data, and because it is low cost, and with a proven capability in measuring the impact of microcredit relatively accurately (Al-Mamun, Adaikalam, Mazumder, and Wahab, 2011).

This study employed two stages of stratified random sampling. The benefit of using this sampling method was its ability to obtain a greater degree of representativeness, decreasing the probability of sampling error. This study was in agreement with the ultimate function of stratification to organise the population in homogenous subsets and then select the appropriate number of elements from each subset. The application of this method resulted in a research sample which included 45 Enumeration Areas (EAs) demarcated to all the four Ghana Regions selected for the sample, with a total of 1 462 respondents. A pilot test of 50 respondents found that the study instrument was reliable.

Descriptive and statistical methods were used to analyse the data set in terms of the study research problem and objectives. A logit regression statistical modelling approach was used to analyse data collected whereby the researcher was able to sample, collect and capture data and carry out data results interpretations. Literature has shown that the logit model is a two binary choice model mostly applied in analysing people participation in credit programmes (Li, Gan, and Hu, 2011:238).

Through the methodoligal approach adopted, the beneficiaries' livelihood improvement through their participation in SSAP was determined by a combination of demographic and socio-economic factors, together with SSAP loan characteristics. Beneficiaries and loan variables were used to estimate the probability effects on their participation in improving livelihoods through using the logit model, and owing to the merits of including good approximation and analytical convenience (Li, et al., 2011:238; Ben-akiva & Lerman, 1985; Train, 2001).

The advantage of using a logit model relies on the fact that it is not a necessity, to some extent, for strict adherence to the assumptions of equal variance, normality, linearity and covariance of error (Hair et al., 2006). Further, using a logit model enables good approximation and analytical convenience. A logit model is "… a maximum likelihood estimator that allows for estimating the probability that an event occurs or not by predicting a binary dependent outcome from a set of observable independent or predictor variables…" (Habte, 2016).

6.4 **Conclusion**

The study concludes that the ENA SSAP has significantly impacted on the livelihood's improvement of its beneficiaries in terms of asset accumulation, in that 100% of the beneficiaries who participated in this study had increased their monthly income levels between GH¢ 2000 and GH¢ 5,000 since their participation. Thus, it is an effective tool for welfare improvement and poverty alleviation.

The study also found that through their participation in the programme, beneficiaries have been enabled to control the use of their loans as intended. This is linked to the vulnerability approach to poverty, as a lack of power leads to vulnerability and poverty, and vulnerability would be reduced through empowerment which equips beneficiaries with power to control their loans and make decisions that affecting their lives. Thus, the ENA SSAP microcredit has reduced beneficiaries' vulnerability and strengthened their crisis coping mechanism. As such, beneficiaries have power make decisions and control the use of loan for their intended purposes.

This study concludes also that the number of children, financial training and education of respondents had significant effects on voluntary savings. The number of children can have a negative effect which affects a member's ability to make voluntary savings. Thus, a larger number of children increasing the size of household, increases the consumption pattern, lowering ability to make voluntary savings. Yet, the main aim of the SSAP is to improve beneficiaries' livelihoods. Beneficiaries' livelihood includes spending on one's children, so a high number of children should not be viewed as a sole barrier to personal saving. Meanwile, Solomon (2016) argued that microcredit alone cannot induce individual borrower saving.

Educational levels play an obvious role in household income, including savings. Higher levels can improve the socio-economic status of families. Islam et al (2008) found that an increase in formal schooling leads to a rise in voluntary savings. The education level of SSAP microcredit beneficiaries had played a role in their savings and financial discipline. Thus, ENA donors and managers should increase their efforts in advancing education, so that SSAP members can increase their savings, participate fully in the programme, improve their livelihoods and ultimately reduce poverty. Education levels are thus viewed within the capability approach. This capability approach is important to beneficiaries as it is a person's ability to achieve a given function (doing and being), resulting in the ability to function in a different way. Thus, the need to frame microcredit within a sustainable livelihood and asset-based development approach.

Another important conclusion of this study is that asset accumulation is significantly affected by the microcredit beneficiary's level of education and financial training. Financial training is strongly correlated with asset accumulation in that it is through financial training that the SSAP beneficiaries would be equipped with the fundamental knowledge and skills necessary to result in asset accumulation. These assets are a fundamental indicator of an improved livelihood. As such, the SSAP beneficiaries will have discipline in managing their money, in planning and in control their earnings, which will enable them to take responsibility for their well-being through the accumulation of assets. This empirical finding is an evidence which needs to be shared with ENA donors and programme managers in promoting more financial training.

Likewise, it is concluded that the education levels of beneficiaries are important in ensuring assets accumulation. Microcredit as a development tool should also enable people to increase the actualisation of their ultimate human capital, such as education (knowledge and skills), in enabling them to enhance the quality of their lives. Microcredit should empower beneficiaries to advance the capacities which enable them to manage and improve their lives. Financial training is another channel for increasing microcredit beneficiaries' levels of education, enabling them to make decisions resulting in an increase and assets and saving.

However, the study found also that through participation in microcredit, misunderstanding or conflict had increased between borrowers and their families. This conflict within families, if not taken care of, would disempower beneficiaries and become a barrier to livelihood improvement. ENA should design strategies that prevent such conflict through an effective training approach which would bring home the implications of institutional strategy level of engagement.

6.5 Recommendations

The recommendations presented below are based on the main findings of this study.

6.5.1 Increase the Loan Amount

The amount of microcredit loan provided to start or grow an enterprise per individual needs to be increased. Beneficiaries agreed that it is not enough to enable the business become profitable and achieve savings, taking into account the relevant market opportunities as the market fluctuated. This is consistent with Hwarire (2012) who found that the size of a loan and the start-up conditions play a fundamental role in achieving individual beneficiary goals of voluntary saving and loan repayment. Therefore, there is a need for an ABCD paradigm shift in measuring loan effectiveness in ENA's SSAP microcredit financing.

One of the recommendations is that ABCD and SLA, when integrated in a loan framework, will ensure that beneficiaries also make a huge contribution in funding their business instate of waiting for ENA to fund all the cost of the businesses. The integration of this framework can capture the diversity and differences that characterise the realities of people's everyday lives by placing the focus not on what people lack, but rather on how they could cope and survive in spite of constraints. ENA's SSAP microcredit financing structure needs to encompass information on how people are coping and surviving and build on what assets and capabilities they have.

6.5.2 The Shift from a Problem Based to an Asset Based Model

This shift would solve the problem of dependency that was pinpointed in Chapter Two and ensure that beneficiaries use their available assets in funding (beneficiaries' may be using half of their available financial resources) their activities, instead of waiting for the microfinance implementing organisation to give them the full loan amounts required to start or grow their activities. Hence**,** the provision of ENA's SSAP microcredit finance would play a crucial role in enabling beneficiaries discover their available assets (financial/income) for present and future consumption. This shift will maintain consumption and enable beneficiaries start thinking in the long term and pursue long-term goals and conceptualised livelihood improvement based on assets (Sherraden, 1991). In this shift, there are the following three benefits:

6.5.2.1 **Asset Accession:**

This ensures a strengthening of the poor person's asset base through loan (microcredit) access which is linked to institutional support and policies which benefit the grassroots efforts to alleviate poverty and sustain it (Moser and Dani, 2008). Strengthening people's assets bases will also strengthen the link between ENA's SSAP and the livelihoods of people, as the linkage will strengthens resilience against external shocks to people's assets which hamper people's livelihoods improvement.

6.5.2.2 **Assets Valorisation:**

Moser and Dani (2008) maintain that interventions meant to improve people's livelihoods should improve the return value on the people's assets. This achievement would be through training to improve human capital (knowledge and skills) and social capital development (networks and relationships). This will also enable social inclusion, which is fundamental to people's improvement of their livelihoods (see Chapter Two). As such, social inclusion is an integral part of valorisation and promotes livelihood improvements among the poor (Adjei et al. 2009). Adjei et al. (2009) argued that when asset-based is integrated into SSAP microcredit, it produces effects of injecting an essential resource into assets valorisation efforts. Hence, integrating microcredit with asset-base will strengthen the valorisation of assets among people.

6.5.2.3 **Asset Transformation:**

The beneficiaries of ENA's SSAP need to know that for them to gain assets accumulation, there should be a transformational effect on their assets. This transformation refers to an improvement in the status and value of those assets. Moser and Dani (2008) pointed out that assets' transformation involved removal of the institutional barriers that affect people's activities. This study found that the challenges that affect beneficiaries in the pursuit of their operations include small loan amounts, whereby their low monthly earnings hamper their savings, and where conflict arises in their households due to their participation in the programme. These challenges would be addressed within an assets-based approach likely to have a transformational effect on assets, making the beneficiaries to able to achieve improved livelihoods.

Within an asset-based SSAP microcredit approach beneficiaries would be using their available assets (making personal household savings) to finance half their businesses activities instead of ENA funding the whole loan amounts. This would result also in an increase of the loan amount.

6.5.3 Regular Monitoring

ENA's SSAP Loan monitoring should be regular, to prevent loan diversion, as loan diversion has a negative effect on voluntary savings. This recommendation is aligned with authors suggesting that monitoring of microenterprises results in an improvement of business and therefore improves the loan repayment rates and saving (Agbekoa, Block, Omtad, & Velde, 2017). The study recommends also that ENA develops effective corrective measures to improve regular monitoring such as increasing transport incentive of loan officers, to enable them to reach beneficiaries on a Bi-weekly basic.

6.5.4 Frequent Financial Training

Frequent financial literacy training influences savings behaviour in microcredit users (Olsen and Whitman, 2007). According to William, Benjamin and Ruth (2012), financial literacy affects not only individual savings behaviour, but it also impacts positively on household savings behaviour. Beneficiaries with greater financial literacy are less likely to experience a negative income shock and financial crisis (Klapper, Lusardi, and Panos, 2013). According to Delors et al. (1996) financial literacy is one of the principal means available to foster a deeper and more harmonious form of human development and thereby reduce poverty, exclusion, ignorance, oppression and improve people's living standards. Thus, literacy should be a core element and a pre-requisite for each beneficiary before accessing a loan.

6.5.5 Institutional Opportunities Impact on Voluntary Savings

Lending institutions should be able to withhold credit from past defaulters, and reward good borrowers by expanding credit. In combating the tendency to spend rather than save available limited resources, regular loan monitoring can and should become an institutional strategy by which to increase beneficiaries' voluntary savings. Therefore, ENA should design appropriate approaches to encourage beneficiaries to make voluntary savings. One of such appropriate approaches is by sending SMS text messages reminding beneficaries to save, a method which has resulted in progressive voluntary savings in other countries (Karlan, McConnell, Mullainathan and Zinman, 2010).

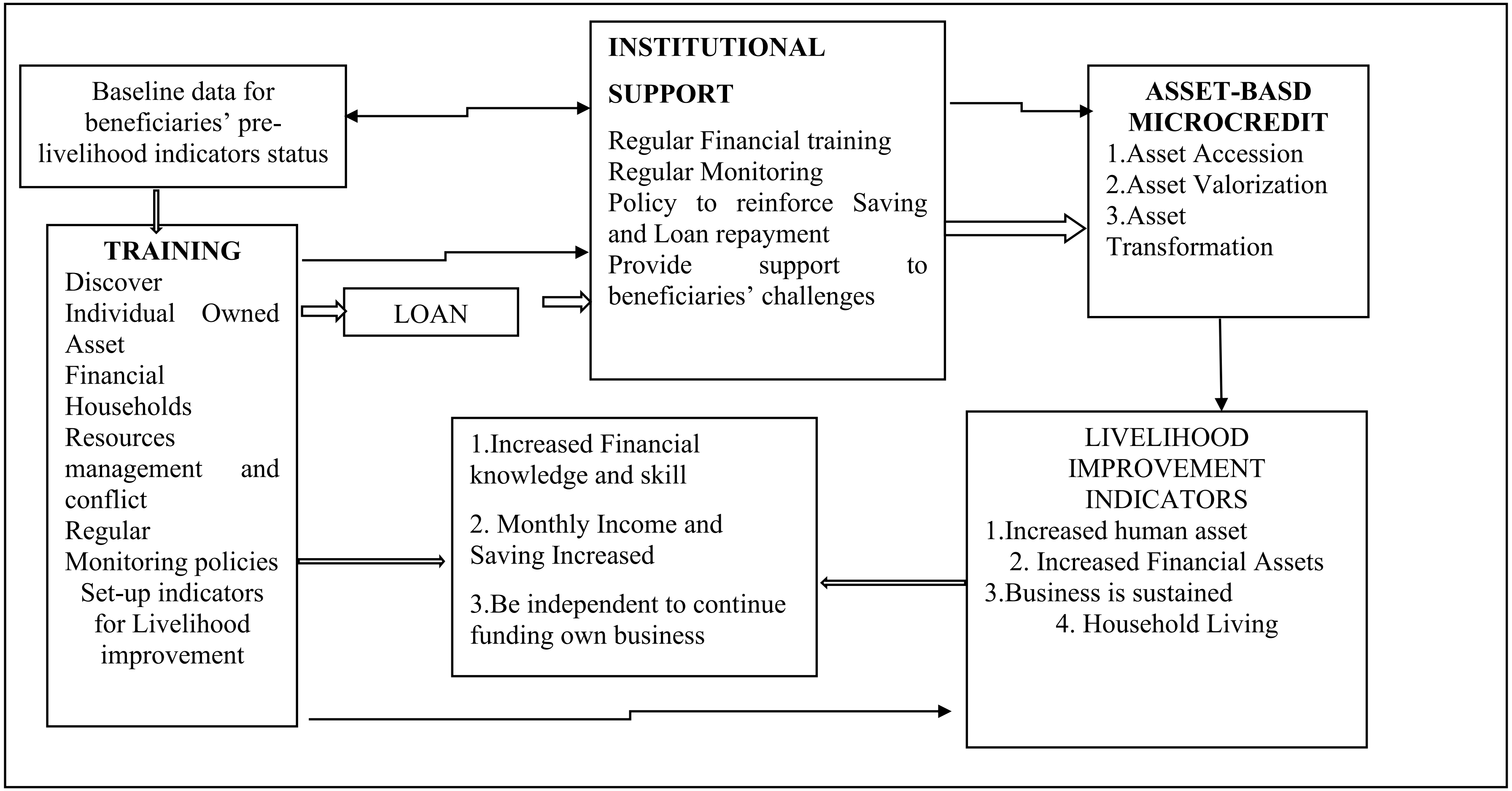


Figure 8: Recommended Model Derrived from Recommendation

The above figure deals with Recommended Model derived from recommendations is explained below:

ENA microcredit program, should have baseline data for beneficiaries' which will constitute the pre- livelihood indicators status. This is fundamental as it is forms a benchmark for evaluating the effect of the program on the improvement of the beneficiaries' livelihood. This baseline data should be collected before the beneficiaries be selected and participate in the ENA microcredit program

After the baseline data are collected and beneficiaries are selected, a training should be organized. Though this training, each individual beneficiary should be able to discover assets owned including financial asset. These assets should be used and integrated in microcredit, instead of ENA disbursing the whole amount needed to start microcredit or business. This will result in a starting point of asset-based microcredit and development as it empowers beneficiaries to own the development process and not be seen as mere receivers of development. It is also important to ensure that other household resources are well managed, as well as how to solve or resolve conflict that comes from using resources within household. The training should also include regular monitoring of activities and policies as well as set-up indicators that will show beneficiaries' livelihood improvement.

After the training, the loan can be disbursed to beneficiaries. After the disbursement of loans, ENA should continue institutional support which includes regular monitoring, regular financial training, support and monitoring policy that reinforces regular savings and loan repayment, as well as the provision of support that helps beneficiaries solve their challenges.

Furthermore, there will be an increase of financial knowledge and skills which are fundamental, resulting in an increase of income and savings, as well as sustaining the businesses. Likewise, ENA microcredit will become Asset-based with effect on beneficiaries' asset accession, valorization and transformation.

Lastly, the beneficiaries' livelihood improvement will be easily measured through indicators including: an increase of human asset, financial asset and household living standard will be sustained.

Recommendations for further research includes:

1. Testing the viability of the proposed model emanating from the recommendation summary, for its applicability in the SSAP, thereby testing its practicality.
2. Research could be conducted on the effect of the whole SSAP beneficiaries' programme on livelihood improvement. Due to the fact that the results of the study may not be necessarily generalisable to the whole country. Hence, conducting research on all the regions that ENA had implemented its project is fundamental, to assess the overall effect of SSAP on beneficiaries' livelihood improvement.
3. The extent to which the application of an integrated SLA / ABCD could be used as a tool for assessing SSAP. The literature underpinned an integration of SLA/ABCD in microcredit would result in beneficiaries' ownership and sustainability of their businesses. Therefore, testing its applicability in this particular context, such as the four regions in which the study was conducted is important.

The above points for further research are recommended as they should test the validity of this study's findings, viability of the proposed model in its applicability in the four regions and link it within microcredit sector in Ghana. This in turn should improve the livelihood of beneficiaries. Specific attention should be paid to the improvement of the beneficiaries' livelihood as this is the main aim of microcredit.

6.6 Study Limitations

The researcher acknowledges the following limitations:

a. The study collected information only from current ENA SSAP beneficiaries and did not include beneficiaries who have already exited from the programme. However, the current relevance of any data and information from such former beneficiaries is not considered to be of current significance.
b. The model adopted in this study measured the effect on ENA SSAP individual beneficiaries and not that of ENA's SSAP programme itself.
c. This study was only conducted in four regions of the 16 regions in which ENA's SSAP has been implemented. Hence, the result of the study may not be necessarily generalisable to the whole country.

6.7 Scientific Contributions to Knowledge

The scientific contributions to the knowledge in this study are divided into theory and methodology.

6.7.1 Theoretical Contribution

1. Primarily, the contribution of this study is precisely to both theory and empirical findings that add on to the understanding of assets and livelihood improvement of beneficiaries of ENA's SSAP microcredit in Ghana. This enables an understanding of the factors that contribute to ENA's SSAP microcredit beneficiaries' livelihoods improvement in Ghana. Such factors include education level of beneficiaries, financial training, personal savings and asset accumulation.
2. This study had combined the SLA and ABCD theories as an integrated model in a microcredit framework and practice for informing data analysis. On the other hand, this framework will be used in assessing the effects of microcredit on beneficiaries' livelihood improvement.
3. The application of this integrated framework specific to this study, has demonstrated that the livelihoods improvement of the beneficiaries occurs not only through access to loans alone. Education levels and regular financial training significantly have an effect on beneficiaries' livelihoods improvement.
4. Furthermore, the study has contributed to knowledge by showing that institutional opportunities have an impact on beneficiaries' voluntary saving. This finding is linked with and supported by the application of the SLA / ABCD theoretical framework, which recognizes that microfinance institutions play a fundamental role in people's livelihoods improvement.

Theoretical literature in this study had argued that microcredit is a tool for poverty alleviation and development, which focuses on a deficiency, needs and problem-based paradigm. This approach had enabled organisation to only focus on providing people with access to finance alone in terms of loans, and often without collateral. The contribution of the theory and practice of integrated SLA / ABCD framework approach in this study resulted in a paradigm shift from a deficiency, needs and problem-based microcredit approach to a people and assets-based approach.

The earlier conventional approach of assuming that providing poor with credit alone will generally help them solve their problems did not consider households owned asset mobilisation. Therefore, the knowledge contribution through the application of an SLA /

ABCD framework in microcredit has enabled comprehension of how individuals' household assets and resources, when linked and integrated to credit access, create an improved livelihood for beneficiaries. Thus, access to credit should be linked and integrated to and used with other existing assets and resources of individuals.

The contribution value of these theories in microcredit is that both have the merit of focusing on individual beneficiaries rather than on the institution that provide credit. Individual households are the basic unit of analysis, in that they own various resources- human, financial, physical, social and natural-which should be combined to achieve livelihood improvements such as asset accumulation, voluntary saving, loan repayments and management of risks and shocks within a beneficiary contextual environment. Therefore, in this context, the provision of credit could increase an individual's household resources.

This study has contributed to scientific knowledge in that there is empirical relation between socio-economic and demographic factors on beneficiaries' livelihoods improvement. This was proven true in that beneficiaries' education levels, financial training and numbers of children all significantly impact on voluntary savings. Likewise, education and financial training significantly impacts on asset accumulation, with further impact in turn on livelihood improvement. Therefore, the study has conributed to scientific knowledge.

Lastly, the study empirically found that there are challenges that ENA SSAP beneficiaries are facing. Some of these challenges are- that their low monthly incomes do not allow them make voluntary savings; that institutional opportunities hampered their voluntary savings; that the loan amounts are small, and; that conflicts arise within their families due to their participation in SSAP. Thus, this finding is empirical and a contribution to scientific knowledge, which adds to the existing literature in this regard. Therefore, the recommendations in this study have been collected into a model that is suggested would be implemented in the ENA SSAP, so that it would result in beneficiaries' livelihood improvement.

6.7.2 Methodological Contributions

The main methodological contribution of this study has been the application of descriptive and logistic regression to analysed data. The application of both analytical methods has ensured the strengthening and validity of the findings obtained for each of the study objectives. Descriptive analysis has confirmed the validity of the logistic regression data analysis findings.

The study used a cross-sectorial survey data collection method through the use of structured and semi-structured questionnaires in two stages of stratified random sampling. The knowledge contribution to the study purpose information obtained from this sampling method, was that the study attained a greater degree of population representation on the one hand, whilst on the other hand it decreased the likelihood of sample error. This method contributed to the selection of population into homogenous subsets in the 45 Enumeration Areas (EAs) of the four regions used in this study and selected the 1 462 respondents in the study sample.

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8 APPENDIX

Appendix I: Survey Questionnaire

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Research Topic: Effects of Microcredit on Beneficiaries' Livelihood Improvement: A case study of Engage Now Africa (ENA) In Ghana

My name is Richard Matanda, I am a PhD student at the University of the Western Cape in South Africa. I am conducting a study to assess the effects of microcredit in improving the livelihood of beneficiaries in Ghana.

I am asking you to participate in this interview. All information you will provide will be anonymous and confidential. The information that you provide will be used only for the purpose of this research. It is envisaged that the results will assist Engage Now Africa microcredit program, Organization leaders, donors and others interested stakeholders with useful insights that may be used in improving the program and it beneficiaries. The interview will take approximately 45 minutes to an hour of your precious time. Your participation and input are highly valued.

1. Demographic information

Please answer the following questions by ticking (✓) the correct answer in the right column of the answer.

1.1**. What is your age group?**

1. below 20		2. 21 -30		3. 31- 40		4. 41 - 50		5. 51 - 60		6. Above 60	

1.2 Marital Status:

1. single		2. married		3. Divorced		4. Widowed	

1.3 Gender:

1. Male		2. Female		3. Number of children	

1.4 Educational level:

1. Primary		2. secondary		3. tertiary		4. No formal schooling	

2.Training: financial and business

The statement below relates to training since your participation in microcredit. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2= don't agree, 3= highly agree.

	1	2	3
1.Lack of financial knowledge and skills affected loan repayment			
2. lack of financial literacy training affected asset accumulation			
3.Lack of record keeping training had affected my voluntary saving			
4.Financial training equip me with skills to save			
5. lack of financial training after loan disbursement affect my skills to accumulate asset			
6.Business training improve knowledge and skills to run my business			
7. lack of business training had affected loan repayment			
8.Constant training plays a significant role in microcredit			
9.Training had raised my awareness level regarding other assets I possess			
10.Training had raised my awareness about other important resource I possess and could use in my microcredit			
11. I was been trained to discover the available resources that I have			
12. I receive training before and after loan disbursement			
13. Training is not continuous			
14. I do not receive training			

3. Loan monitoring

The statement below relates to Loan monitoring. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2=don't agree, 3= highly agree.

	1	2	3
1.Frequent loan monitoring will improve loan repayment rate			
2. Frequent loan monitoring will			
3.Monitoring loan will help beneficiaries with information to access IGA related network			
4.Poor loan monitoring is a major cause for loan defaults			
5.Poor loan monitoring affect asset accumulation			
6.Poor loan monitoring affect loan repayment			
7.Loan officers lack necessaries coaching competencies in microenterprises			
8. Loan officer lack knowledge and skills required to help us in financial literacy training			
9.Organizational structure lack precise designed loan monitoring strategies and policies			
10. Loan monitoring enable loan repayment discipline			
11. Loan monitoring enable saving discipline			
12. Loan monitoring have effect on asset accumulation			
13. Loan monitoring enable to improve business performance			
14.Loan monitoring help the organization to know the beneficiary's challenges			

4. Interest rate

The statement below relates loan interest rate. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2= don't agree, 3= highly agree.

	1	2	3
1. High interest rate affect accumulation of my asset			
2. High interest rate affect loan repayment			
3.High interest rate affect my voluntary saving			
4.High interest rate impact my microenterprises			
5.The loan have a high interest rate			
6.Loan interest rate is low			
7.Loan interest rate is affordable			

5. Loan repayment frequency

The statement below relates to Loan repayment frequency since your participation in microcredit. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2= don't agree, 3= highly agree.

	1	2	3
1.Loan repayment on time have a negative effect on household improvement			
2. Loan repayment instalment is a burden			
3. Self- Control			
4. Frequent repayment schedule help beneficiaries to repay the loan on time			
5. Frequent repayment schedule reduces loan defaulters			
6. Frequent repayment schedule increases saving			
7. non-negotiable loan repayment into silenced beneficiaries' voices and choices			
8. Weekly loan repayment is not favourable			

6.Asset accumulation

1.Since you are member of microcredit, is your **monthly income level increased**? If yes, please answer the following questions by ticking (✓) the correct answer in the right column of the answer. If no, please indicate the reason in question g.

a. Less than GH¢2000- GH¢ 5,000-	
b. GH¢5,001-GH¢10,000	
c. GH¢10,001-GH¢15,000	
d. GH¢15,001-GH¢20,000	
e. GH¢20,001-GH¢25,000	
f. More than GH¢25,000	

2.Did you acquire assets through your business in the past 24 months? If yes, please indicate yes=1 and No=2

Asset name	1	2
1.Motorcycle		
2.Car		
3.Shelter/house		
4. Sewing machine		
5. Cloth		
6.Mobile phone		
7.Refrigerator		
8.cow/cattle		
9.sheep		
10.goats		
11. chicken		

12.ox		
13. beds		
14.Matresses		

7.Loan Repayment

The statement below relates to your loan repayment since your participation in microcredit. Please answer the following by choosing which one fit your situation. 1= agree, 2= don't agree, 3=highly agree

Statement	1	2	3
1. I had repaid my loan on time			
2.The nature of customers of my business has affected my loan repayment			
3.My willingness to repay the loan had affected my loan repayment			
4. I have many debts that prevent me to repay my loan			
5.The type of business that I operate is not profitable and affect the loan repayment			
6.Many competitors in the area and the business does not yield enough profit			
7.The repayment times for loan repayment is too short			
8.Amount awarded is not enough			
9.Much households members affect my loan repayment			
10. I don't have power to control on my business income			
11. My husband/partner decide for my business and loan repayment			
12. My weak behaviour had affected loan repayment			
13. Lack of financial literacy training had affected my loan repayment			
14.Lack of regular monitoring affected loan repayment			
15. lack of business knowledge and skills affect loan repayment			
16.Organization structure affected loan repayment			
17. business failure affect the loan repayment			

18.Unfavourable repayments terms had affected loan repayment			
19.Lack of constant training before and after loan disbursement affected loan repayment			
20.My family size affect loan repayment			
21.Weekly loan repayment affect my loan repayment			
22. Loan misuse affect loan repayment			

8. Voluntary saving

The statement below relates to voluntary saving since your participation in microcredit. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2= don't agree, 3= highly agree.

Statement	1	2	3
1.My monthly earning does not allow me to make voluntary saving			
2.Fund misappropriation (misuse of fund)			
3.Investment decisions			
4.Numbers of children in a household			
5. My saving decisions are not permanent thus it affect my voluntary saving			
6.I do not have control on voluntary saving			
7.Self-mastery discipline affect saving			
8.Regular monitoring had positive effect on voluntary saving			
9.Lack of regular monitoring affect voluntary saving			
10. Financial socialization in families affect my saving			
11. Personal willingness affect voluntary saving			
12. lack of person's level of education affect saving			
13. institutional opportunities impact on voluntary saving			
14. Access to information impact on voluntary saving			
15. frequent financial literacy training increase saving			

16. High interest rate affect voluntary saving			
17. lack of financial knowledge and skills for saving affect personal saving			
18. More households families affect voluntary saving			

9.Capabilities

The statement below relates to capabilities since your participation in microcredit. Please answer the following by choosing which had advanced your loan repayment. 1= agree, 2= don't agree, 3= highly agree.

	1	2	3
1.I can make decisions regarding my life			
2.My skills to manage business had improved			
3.My skills to control my household's expenditure increased			
4.I have power to control the use of loan for the intended purposes			
5.I do not co own the productive resources			
6.Through participation in microcredit, misunderstanding or conflict had increase between myself and my family			
7.Access to information related to Income Generating Activities had increased			
8.I don't have adequate knowledge and skills to pursuit my Income Generating Activity which is a major obstacle for live improvement			

Appendix II. Consent Form Survey Questionnaire

INSTITUTE FOR SOCIAL DEVELOPMENT

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LETTER OF CONSENT SURVEY QUESTIONNAIRE

DATE: 28/ 05 /2018

Study title: Effects of Microcredit on Beneficiaries' Livelihood Improvement: A case study of Engage Now Africa (ENA) In Ghana

Purpose of the study:

The purpose of this study is to assess the effects of microcredit on beneficiaries' livelihoods' improvement across eights regions in Ghana.

I……………………………………………………., have had the opportunity to ask any questions related to this study, and received satisfactory answers to my questions, and any additional details I wanted.

I agree to take part in this research. I understand that my participation in this study is voluntary.

I am free not to participate and have the right to withdraw from the study at any time, without having to explain myself.

I agree not to divulge any information that was discussed in the Survey.

I am aware that the information I provide in this Survey might result in research which may be published, but my name will not be used.

I understand that my signature on this form indicates that I understand the information on the information sheet regarding the structure of the questions.

I have read the information regarding this research study on assessing the effects of microcredit on beneficiaries' livelihoods' improvement across eights regions in Ghana. I agree to answer the questions to the best of my ability.

I understand that if I don't want my name to be used that this will be ensured by the researcher.

I may also refuse to answer any questions that I don't want to answer.

By signing this letter, I give free and informed consent to participate in this research study

Date: ____

Participant Name: ____

Participant Signature: ____

Contact details for researcher and supervisor:

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Appendix III- Letter of Consent for focus group

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LETTER OF CONSENT FOR FOCUS GROUP PARTICIPANTS

DATE: 28/ 05 /2018

Study title: Effects of Microcredit on Beneficiaries' Livelihood Improvement: A case study of Engage Now Africa (ENA) In Ghana

Purpose of the study:

The purpose of this study is to assess the effects of microcredit on beneficiaries' livelihoods' improvement across eights regions in Ghana.

I…………………………………………………., have had the opportunity to ask any questions related to this study, and received satisfactory answers to my questions, and any additional details I wanted.

I agree to take part in this research. I understand that my participation in this study is voluntary.

I am free not to participate and have the right to withdraw from the study at any time, without having to explain myself.

I agree not to divulge any information that was discussed in the Focus Group Discussion.

I am aware that the information I provide in this Focus Group Discussion might result in research which may be published, but my name will not be used.

I understand that my signature on this form indicates that I understand the information on the information sheet regarding the structure of the questions.

I have read the information regarding this research study on climate change and migration.

I agree to answer the questions to the best of my ability.

I understand that if I don't want my name to be used that this will be ensured by the researcher.

I may also refuse to answer any questions that I don't want to answer.

By signing this letter, I give free and informed consent to participate in this research study.

Date: ____

Participant Name: ____

Participant Signature: ____

Contact details for researcher and supervisor:

Researcher
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