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Investigating the Effectiveness of Microfinance Credit as a Mechanism for the Socio-economic Empowerment of Women: A Case Study of UWMFO-Uganda, Gulu Municipality

The research was conducted to investigate the effectiveness of microfinance credit as a mechanism for the socio-economic empowerment of women in Gulu municipality. Ten groups of clients belonging to Urub Wunu Mon for cooperative savings and credit society, a microfinance institution in Gulu municipality, were selected for the study to ensure that clients from all the four divisions of the municipality were represented. The researcher was guided by a set of four research questions that were derived from the objectives of the study and these were: Is there a relationship between involvement with microfinance credit and the beneficiaries' level of income? How has involvement with microfinance credit impacted on the beneficiaries' access and control over resources? To what extent has involvement with microfinance credit had an impact on the beneficiaries' level of confidence and self-esteem? To what extent has involvement with microfinance credit had an impact on the beneficiaries' decision making power within the household? The research was conducted by the researcher with the help of a case study as a research design. The use of a case study as a research design enabled the researcher to gain an insight into the experiences of women with microfinance credit. From the insight gained, the researcher was able to intensively analyse and describe the research findings on the effectiveness of microfinance credit in the socioeconomic empowerment of the female clients of UWMFO-Uganda, a microfinance institution that was chosen as a case study for the research. The research findings revealed that microfinance credit has had a tremendous effect as far as increasing the incomes of the beneficiaries is concerned especially in instances where the beneficiaries invested the microcredit in their microenterprises. The incomes are usually reinvested into productive ventures, used to help improve on the welfare of the household in terms of feeding, clothing, medical care and paying school fees. However, much as the findings portray a significant relationship between access to microfinance credit and an increase in the levels of income of the beneficiaries, the increase in incomes seems to be minimal since the long-time female clients still borrow the lower level loans ranging from 50,000 to 300,000 thousand which goes into sustaining their livelihood. Access to microfinance credit was also found to be of great help in enabling the women to gain access to and control over a number of productive resources such as land, milling machines, sewing machines, which they purchase using the proceeds from their microenterprises that are boosted by microfinance credit loans. The microfinance loans have also had a positive impact in boosting the self-esteem and confidence of the beneficiaries since the income generated has helped to improve on their perceived contribution to the household welfare and enabled them access assets over which they have control. This makes them feel valuable and important thus boosting their levels of confidence and self-esteem. Much as the above effects of microfinance credit on the socio-economic empowerment of women is notable, 11 women, however, still believe that decision making is the domain of men, the best they can do is to put in pieces of advice and leave the final decision making to the men. The researcher recommends that for effective socio-economic empowerment of women, there is need to adopt a double approach such as microfinance and microenterprise development and microfinance and gender issues alongside the delivery of credit services.

Keywords: Effectiveness of Microfinance Credit, Mechanism for the Socio-economic Empowerment of Women, Gulu