

ABSTRACT

Access to microfinance loan services is considered to be the promoter of the economic empowerment of women through increased involvement in income generating activities. At the international level, SDG 5 which focuses on gender equality and women's empowerment is a key reference point for this thesis in ways that provide an explanation on financial services that aim at addressing women's needs for investment capital. This study was undertaken in Rwanda as an example of a country that deals with strategies that provide loan services to female borrowers with the purpose of empowering them. The research also considered male borrowers as respondents in order to provide a comparison with female borrowers. This research was mainly undertaken to reveal the reason why female borrowers are not fully benefiting from microcredit programs as males do. Duterimbere MFI was used as a case study due to its strategy of targeting women as its primary beneficiaries and including men in women's microcredit program. It is within this context that this study dealt with the lending approach of Duterimbere MFI and assessed how the specific needs of poor female and male borrowers are considered in the design and provision of loan services. The study also set out to examine how female and male borrowers accessed and utilized loans and the effect of investing loans in income generating activities on their empowerment.

The study collected quantitative data on loan amount received by female and male respondents in order to assess their capacity to borrow and their ability to utilize their loan efficiently in ways that empower them. Quantitative data was collected using household survey questionnaire that was administrated to 244 female and 94 male respondents randomly selected among the borrowers of Duterimbere MFI. The sampling was based on the statistics of active borrowers of December 2013 provided by the headquarter office of Duterimbere MFI. Qualitative data was collected to enable the respondents to express themselves using examples that were revealing their lived experiences about the provision of loan services by considering the specific needs of low-income female and male entrepreneurs as well as the gains and losses from the loans that could not be counted numerically.

The first research objective dealt with the concern of considering the financial needs of low income entrepreneurs in the lending approach of Duterimbere MFI. The study findings revealed that some of the burdensome loan conditions were revised to match the specific needs of the poor. This enabled poor female and male borrowers to obtain sufficient loan amounts for their SMEs. The mean amount of loan obtained by respondents was 2,067,868 Rwf for female borrowers and 2,404,787 Rwf for male borrowers. These figures bring out a claim that male borrowers obtained greater loan amounts than female borrowers. But this claim was contested by the results of z test, which implies that Duterimbere MFI promoted gender equality in access to loan services. However, the ability of women and men to get access to larger loan amounts differed. The ability of men was related to their status within the family and community that gives them more entitlement to assets used as collateral. But, the ability of women to secure big loan amounts was related to their experiences of upgrading their borrowing capacity from group loans to individual loans. The major finding of the second research that examined the extent to which female and male borrowers utilize and control their loans in the ways that empower them was that female and male borrowers were the main decision makers about the utilization of their loans. Female and male borrowers were responsible for most of the tasks of their investment activities, but in some circumstances, female borrowers were helped by their husbands in the tasks that require more mobility and male borrowers were helped by their wives in the tasks that are done near the home. The findings of the third research objective that analyzed the effect of microcredit on the empowerment of female and male borrowers revealed that their increased participation in income generating activities promoted their earning capacity. This is the starting point of the process of empowerment. Therefore, female and male borrowers increased their economic contribution as well as their bargaining position in various dimensions of decision making. In particular, female borrowers were able to shift from the status of being economic dependents whereby some of them were able to satisfy their daily needs without begging from their husbands. Female borrowers were also able to increase their participation and assertiveness in social and political affairs.

The study recommended MFIs to design strategies that can increase men's willingness to support their wives in household chores when they are actively engaged in income generating activities. The focus should be on interventions that can transform cultural norms that prohibit men's participation in reproductive roles. In general, most female borrowers face cultural constraints that oblige them to combine household chores with their loan's investment activities which hinder them to fully benefit from microcredit program like their male counterparts.