Indexed, Abstracted and Cited: Index Copernicus International (Poland), ISRA Journal Impact Factor, International Impact Factor Services (IIFS), Directory of Research Journals Indexing (DRJI), International Institute of Organized Research and Scientific Indexing Services, Cosmos Science Foundation (South-East Asia), International Innovative Journal Impact Factor, Einstein Institute for Scientific Information {EISI}, Directory of Open Access Scholarly Resources, Science Indexing Library (UAE), Swedish Scientific Publication (Sweden), citefactor.org journals indexing, Directory Indexing of International

World Journal of Biology and Medical Sciences

Published by Society for Advancement of Science®

ISSN 2349-0063 (Online/Electronic)

Volume 5, Issue-4, 85-108, October - December, 2018

Journal Impact Factor: 4.197

WJBMS 05/04/1010/2018

www.sasjournals.com

A Double Blind Peer Reviewed Journal / Refereed Journal

wjbmedsc@gmail.com/wjbms.lko@gmail.com

REVIEW ARTICLE

Received: 14/09/2018 Revised: 24/09/2018 Accepted: 25/09/2018

Graduate Seminar on the Microfinance and Women Empowerment in Ethiopia

Gemechu Degefa

Department of Agribusiness and Value Chain Management, College of Agriculture and Veterinary Medicine, Jimma University

ABSTRACT

According to findings of different authors microfinance is providing financial services to unemployed and low income individuals or groups who would have no access to formal banking services. It has positive impact on the living standard of the poor people in particular and alleviating poverty in their household in general. It is not only undermining poverty in the city, but also empowering women through surviving and making their life prosperous with dignity and self reliance by providing financial services. And also Ethiopian Microfinance is facing different challenges in empowering such as lack of collateral assets, lack of information, work burden, production failures, verbal abuse, lack of infrastructure, low institutional capacity and opportunities of women in microfinance are providing startup capital, women empowerment, poverty eradication, social and political empowerment, improved saving skills and the above challenges listed should be take consideration by government and concerned body as well as problem solving study must be conducted.

***Keywords:** Microfinance, Women Empowerment, Political Empowerment and Poverty.*

INTRODUCTION

Background

African countries are enjoying positive economic trends since the mid-1990s, during which higher economic growth has become widespread and robust over time. This reflects, among others, the impact of improved macroeconomic management and governance in the majority of the countries, economic and regulatory reforms that have provided a more conducive environment for private sector development and substantially opened up economies, and a favorable external environment that has followed a prolonged period of higher commodity export prices (UN, 2013). The government also puts policy measures (like PASDEP and GTP) and has taken a range of measures to increase in political, social and economic affairs and economically productive (MoFED with the poor women for taking microcredit due to collateral requirements less organized institutionalized way of living, illiteracy result their performance in terms of recovery rate, loan size, saving mobilization and community participation might be restricted (Chalchissa, 2014).

Microfinance was first established in Ethiopia in the late 1980s, with a range of NGO and government micro-credit programmes. However, these were not seen as well-organized or capable of operating on a continuous and sustainable basis (Wolday 2012). Major criticism included the heavily subsidized nature of many NGO programmes, with low interest rates for credit, high rates of default, and lack of saving products. In response, the Government introduced legislation regarding the licensing and supervision of banking businesses (Proclamation No. 84/1994) which allowed the establishment of private financial institutions, thus breaking the state monopoly in the banking sector (Gobezie, 2005). Shortly after, the first microfinance law was passed (Proclamation No. 40/1996) with the aim of protecting small depositors, ensuring stability, and promoting the efficient performance of MFIs (Fite, 2013). Moreover, it brought all MFIs into the monetary and financial system, enabling deposit taking while placing the National Bank of Ethiopia (NBE) in charge of regulation and supervision.

Efficient financial markets are essential for economic development. They allow economic growth through resource mobilization and investment, trade facilitation, risk diversification. Even poor people can benefit from efficient financial markets: with access to savings, credit, insurance, and other financial services, they become more resilient and better able to cope with the everyday crises they face; access to financial services also translates into betternutrition, improved health, increased gender equity, and higher children schooling rate(ADB, 2009).

Microfinance institutions are found among the institutions which provide different financial service for the poor who are out of the conventional banking system particularly in developing countries. Microfinance Institutions (MFIs) provide financial services to poor clients who in most cases have no access to formal financial institutions. During the last three decades, microfinance has captured the interest of both academics and policy makers. This is, among other things, due to the success of the industry (Assefa et al., 2013).

Since the first Proclamation of 1996 that gave the legal background for the operation of the micro-financing business, the industry has witnessed a major boom. Today, there are 31 MFIs registered with the National Bank of Ethiopia serving clients. The Ethiopian microfinance market is dominated by a few large MFIs, all of which are linked to regional state government ownership. The three largest institutions account for 65% of the market share in terms of borrowing clients, and 74% by loan provision. These are Amhara (ACSI), Dedebit (DECSI) and Oromia (OCSSCO) Credit and Savings Institutions (Ebisa et al., 2013).

According to the Federal Micro and Small Enterprise Development Agency (FeMESDA), a total of 70,455.00 new micro and small scale enterprises were established in 2011/12 employing 806,322.00 people. The total employment has grown by 23.8 percent, compared to a year ago. The total amount of loan received from micro finance institutions was more than Birr 1.088 Billion under the review period, 9.5 percent higher than last fiscal year. This shows that the role of microfinance institution is significant in many aspects. The loan given by MFIs for micro and small enterprises contributes for the acceleration of the development process of the country. Based on the proclamation on microfinance business, micro finance institutions can be engaged in accepting both voluntary and compulsory savings as well as demand and time deposits. In addition to this micro finance business are allowed to participate in extending credit to rural and urban farmers and people engaged in other similar activities as well as micro and small-scale rural and urban entrepreneurs.

Ethiopia's development planning has always aimed at reducing poverty, and removing inequalities in the process of development recognizing that women lag behind due to several socio-economic, cultural and political factors recognizing those and the like problems the current five year Growth and Transformation Plan (GTP) gives due attention to women's welfare, female education and their access to resource and empowerment (MoFED, 2010).

Micro-finances give quick and tangible results to the poor people, especially women. Micro finance when extended to people ,especially women, in rural areas coupled with supporting activities like training, raw material supporting and , marketing of products leads to investment in micro-enterprises and women may became entrepreneurs ,generate main or additional income to the family , development takes place and women get self – confidence to go for engage in different income generating activities which leads to social and economical empowerment and with her increased knowledge and awareness, development takes place (ibid).

In turn, poverty analysis through empowerment, which has remained silent approach, flourishes attention. Neglecting the empowerment aspect of poverty analysis, non-monetary one face of the same coin, resulted most of rural development policies designed and implemented in many developing countries, handed down from one generation to the next, averse a concerted effort to engage individuals and communities towards eradicating poverty through active and prolific participation and the willingness to face up to the root causes of poverty. This is often an outgrowth of historic and contemporary social divisions that cut the poor out of opportunities to share power, equal opportunities and, in the end, hope. But, empowerment approach requires changing beliefs and local institutions both formal and informal that retard development or restrict it from benefiting the poor.

Justification of the seminar

Microfinance institutions are important for poverty reduction and creating employment opportunities especially in developing countries like Ethiopia. One of the key factors for profitability and sustainability of MFIs is the presence of women's to utilize microfinance institutions services. There are a number of socio-economic factors that affects women's ability to utilize these services. Reviewing such factors and devising appropriate solutions are essential to expand the activities of MFIs in a sustainable manner. This seminar tries to provide information for a better understanding on constraints of women's to access microfinance institutions of the Ethiopia and establishes a knowledge base that helps to make a sound decision by providing information for policy makers and identifies research gap, MFIs, other lending institutions and stakeholders.

Objectives

General Objectives

To review the role of microfinance and empowering women in Ethiopia

Specific Objectives

- To review and identify the microfinance institution and its needs in Ethiopia
- To review Opportunities and challenges of poor women in Microfinance of Ethiopia
- To review determinants of women participation in Microfinance in Ethiopia

REVIEWS OF MICROFINANCE AND WOMEN EMPOWERMENT IN ETHIOPIA

Overview of Microfinance in Ethiopia

Definition of microfinance

The definitions of micro-finance given by different scholars contain some similar points. They describe microfinance as provision of a small amount of loan for the poor, specifically the rural poor living in developing country. Some micro finance institutions provide non financial services for their clients. But in our case, most of the micro finances are known by the provision of a small amount of credit and saving services.

Microfinance is the supply of loans, savings, money transfers, insurance, and other financial services to low-income people. Microfinance institutions (MFIs) —which encompass a wide range of providers that vary in legal structure, mission, and methodology offer these financial services to clients who do not have access to mainstream banks or other formal financial service providers (Lafourcade et al., 2005). Similarly, Parker et al., (2000) defines microfinance as provision of small loans (called "micro-credit") or savings services for people excluded from the formal banking system.

History of Microfinance

Bornstein (1996) cited in (Zeller and Meyer, 2002) stated that Professor Mohammad Yunus, a Bangladesh, addressed the banking problem faced by poor villagers in southern Bangladesh through a program of action research. With his graduate students at Chittagong University, he designed an experimental credit program to serve the villagers. The program spread rapidly to hundred of villages. Through a special experimental relationship with local commercial banks, he disbursed and recovered thousands of loans, but the bankers refused to take over the project at the end of the pilot phase. They feared it was too expensive and risky in spite of its success (Zeller and Meyer, 2002). When we see the condition of most microfinance clients, giving loans for them seems risky. Because getting the money back from the borrower needs special follow up and also the absence of collateral for lending aggravate the fear.

The Need for Microfinance

Microfinance institutions play many roles in the development process. The need for microfinance is also increasing in many countries. According to (Parker et al., 2000), in the right environments, microfinance can accomplish many roles such as financer people's economic choices, diversifying household income, making household less vulnerable to downturn in the economy or personal, smoothening income flows of the household, improve quality of life throughout the year and strengthen the economic position of women so that they can take greater control of decisions and events in their lives. In addition to this MF contributes in the process of household asset building. It also provides savings service, allowing poor households to accumulate safe, but flexible cash accounts to draw on when needed.

Microfinance services lead to women empowerment by positively influencing women's decision making power at household level and their overall socioeconomic status. By the end of 2000, microfinance services had reached over 79 million of the poorest of the world. As such microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working condition for women (Noreen, 2011).

According to United Nations Millennium Development Goal (MDGs) microfinance is a strategy to change the life of the poor people in terms of generating revenue to cover the necessary cost and institutions meet the demand (United Nation, 2011). Micro finances support the process of development by changing the situation of the poor through facilitating different services which are necessary for poor.

Microfinance Institution in Ethiopia

The concept of microfinance is not new in Ethiopia but, as an industry it is relatively new phenomenon. Traditionally, people have saved with and taken small loans from informal channels for unexpected events from the so called Iqub i.e. an association of people halving common objective mobilizing finance and distribute it to members through rotating and Idir i.e. a funeral insurance established and operated by the volunteer community (Emana, 2009).

The GTP makes explicit reference to the role of MFIs. They are viewed as key to establishing an accessible, efficient and competitive financial system within the five year GTP period, in order to increase Gross Domestic Saving from 6% of GDP % in 2010, to 15% by 2015 (MoFED 2010: 30). MFIs are also expected to play an important role in facilitating access to finance for Ethiopians, targeted to reach 67% by the end of the plan period from 20% in 2010 (MoFED 2010: 34). This is a significantly more ambitious target than the commitment by the National Bank of Ethiopia at the Maya Declaration, 2013.

The second core policy area is the support for MFIs in the Micro and Small Scale Enterprise Development Strategy (2010-2015) (GoFDRE 2011) which recognizes the importance of MFIs and their role in the development of SMEs. The strategy aims to address six major challenges that impede the growth of micro-enterprises, including: skills development, technology transfer, market facilitation, access to finance, the reduction of entry barriers, and improving information (World Bank 2015a).To address these challenges the government has introduced one-stop-shop facilities at woreda (district) level providing a broad range of support services to MSEs (WB 2015). As one EI explained, at these 'one-stop-shops' people can access a MSE (micro and small enterprise) officer and a MFI officer all in one place. The office also provides oversight of local enterprises.

In Ethiopia, though savings and credit programs were operated for a number of years by NGOs, microfinance operation in a regulated form is a relatively new phenomenon. The operation was for the first time undertaken by the market Town Program of the World Bank. This program was implemented jointly with the Development Bank of Ethiopia and the Bureaus of Trade and Industry in what was then called: Market Towns in phase one and then spread to all the major towns of the country. Most of the borrowers were women (Tsehay and Mengistu 2002).

Microfinance services were introduced after the demise of the Derg regime following the policy of economic liberalization. Microfinance is taken as a shift from government and NGOs subsidized credit programs to financial services run by specialized financial institutions. With this shift some NGOs and government microcredit programs were transformed to microfinance institutions (Degefe, 2009).

Saving and credit services through cooperatives in Ethiopia took in 1950s (Welday, 2004). The first saving and credit cooperative (SACCO) in Ethiopia was established by the employees of Ethiopian Airline in 1956 (Bezabih, 2012). International donors, NGOs and the government of Ethiopia have also supported the expansion of credit and saving to the rural poor in the 1970s to 1990s. During the period the delivery of rural credit i.e. input loans in Ethiopia was intervened through formal banks such as Agricultural and industrial development bank.

The emergence and development of modern microfinance institution in Ethiopia is recent phenomenon that happens because of formal financial system like commercial banking system was very limited and could not address the financial need of poor households for the fact that they are not their ultimate target client.

By the end of 2012/13, as per the annual report of National Bank of Ethiopia (NBE), 31 MFIs have been registered with the national bank of Ethiopia and operate under the auspices of proclamation no. 40/1996 in the country (rural and urban areas) and accordingly their total capital and total asset reached Birr 4.5 billion and Birr 17.7 billion respectively. Deposit mobilization and credit offering activity also revealed a remarkable

The Ethiopian microfinance market is dominated by a few large players, all of which are closely linked to regional government ownership. The three largest institutions account for 65% of the market share in terms of borrowers, and 74% by gross loan portfolio. These are Amhara (ACSI), Dedebit (DECSI) and Oromia (OCSSCO) Credit and Savings Institutions. In contrast to many other African countries, MFIs in Ethiopia reach relatively large numbers of clients, with ACSI reaching over 650,000 borrowers. Most institutions have over 20,000 clients. The average loan per borrower for the 11 Ethiopian MFIs reporting to the Mix Market as of June 2010 stood at 140 USD, below half of the country's GDP per capital (MF transparency, 2011).

MF Transparency launched the Transparent Pricing Initiative in 2011, in partnership with the association of Ethiopian Microfinance Institutions (AEMFI). This provided standardized pricing data from 17 MFIs, representing an estimated 95% of microcredit borrowers. As mentioned above, five MFIs dominate the market in Ethiopia:

- Amhara Credit and Savings Institution (portfolio US$ 103.2 million, 694,993 active clients with loans)
- Oromia Credit and Savings S.C (portfolio US$ 69.6 million, 503,000 active clients with loans)
- Dedebit Credit and Savings Institution (portfolio US$ 96.3 million, 397,000 active clients with Loans)
- Omo Microfinance (portfolio US$ 31.4 million, 327,888 active clients with loans)
- Addis Credit and Saving Institution (portfolio US$ 30.8 million, 165,464 active clients with loans.

Microfinance Networks in Ethiopia: The Association of Ethiopian Microfinance Institutions (AEMFI)

Since its inception in 1999, AEMFI has been the network of all registered MFIs in Ethiopia. Its membership has expanded from 4 MFIs in 1999 to 31 in 2011. AEMFI is well regarded both nationally and internationally as one of the strongest microfinance networks in Africa. It has a strong focus on the social performance of microfinance institutions in Ethiopia. The objectives of AEMFI are threefold. It aims to provide a forum through which MFIs can exchange information, enhance capacity through the provision of training and funding negotiations, and to strengthen the sector by providing research, advocacy, promotion and engagement to positively influence policies and practice. AEMFI has close links to the government and is playing a key role in the development of the industry and in shaping the policy environment.

Funders and Donors of Ethiopian Microfinance

Lack of access to affordable capital to finance growth is a major challenge faced by Ethiopian MFIs. It is thought that most MFIs have the capacity to at least double their outreach and portfolios in the foreseeable future; however lack of access to capital is preventing this. As decreed by microfinance law, the main source of funding for MFIs in Ethiopia is savings mobilization. There is a prohibition against foreign direct investments into the financial sector, under the Ethiopian Foreign Direct Investment Laws - this includes the microfinance sector. This legislation urges MFIs to reposition themselves away from dependence on donor subsidized funds and towards commercial sources of funds; however the extent to which this has occurred is not certain (MF Transparency, 2011).

Microfinance Providers

Microfinance provides a small but significant and expanding role in Ethiopia's developing finance sector. According to the National Bank of Ethiopia (NBE 2015a) the number of banks operating in the country reached 19 in December 2014, of which 16 are privately owned. The banks operated 2,502 branches, equating to a branch/population ratio of 1:35,957. Some 35% of all bank branches are located in Addis Ababa. The total capital in the banking system increased by 21% between 2013 and 2014, reaching Birr 30.2 billion2. There were 17 insurance companies operating in Ethiopia, of which 16 were privately owned. Of the 359 insurance company branches 53% were located in Addis Ababa. The total capital of the insurance industry was Birr 30.2 billion.

There were 32 microfinance institutions (MFIs) operating in the country, all of which are deposit taking. These MFIs mobilized a total saving deposit of around Birr 13.0 billion. The five largest MFIs are regional institutions supported by the government (Amhara, Dedebit, Oromia, Omo and Addis Credit and Savings Institutes) which accounted for 93.6% of the savings and 90% of the credit of the MFI sector. A wide variety of organizations provide micro-savings and micro-credit services and these are categorized into three sub-sectors:

Informal

- ❖ Informal providers (e.g: money lenders, friends/relatives, Iddir, Iqqub (Ekub), and Meskel Aksiyon);
- ❖ Community savings groups (VESAs [previously VSLAs] and Savings Groups); Semi-formal
- ❖ Savings and Credit Cooperative Societies (SACCOs);

Formal

- ✓ Microfinance Institutions (MFIs)

- ✓ Formal banks

Meanwhile there has been very limited development of mobile money, in contrast to experiences in many other countries in the region. The number of mobile subscribers is growing rapidly and reached 28.3 million in 2013/14, suggesting there is a clear market. Expert interviews (EIs) suggest that this area is currently being developed, but poor reliability of the mobile phone network may hamper progress. The Association of Ethiopian Microfinance Institutions (AEMFI) has been the network for all registered MFIs in Ethiopia since it began in 1999. According to MF Transparency (2011) AEMFI is well regarded both nationally and internationally as one of the strongest microfinance networks in Africa. AEMFI provides a forum through which MFIs can exchange information as well as providing training and conducting research, advocacy and policy development activities. Unlike many of the other countries examined in this study, particularly Kenya and Tanzania, international donors do not appear to play an influential advocacy role, largely because law prohibits NGOs and any other institution from offering financial services.

Problems MFI identified in Ethiopian context

Why most MFIs in Ethiopia did not attain the intended objective of microfinance in poverty reduction, employment opportunity, women empowerment and others? Research works identified different factors for this question. According to Robinson (2009), food deficit borrowers without opportunities to use credit or to market their output may have no choice but to eat their loans. This can, in turn, lead to humiliation and the diminishing of an already low level of self confidence. Lenders to the extremely poor also face difficulty because low repayment rates caused by borrowers who cannot repay prevent the development of sustainable financial institutions.

This problem is also cited as a critical problem in Ethiopia (Tesfaye, 2003; Asmelash, 2011; Bamlaku, 2004; Hailai, 2011 and Kassa, 2008). For example, Tesfaye (2003) underlined that a significant number of clients consumed the loan they have taken or spent it in non-productive activities. 64.7% of the rural clients and 11.7% of the urban clients used the loan for non-productive purposes. It seems that there is a significant difference in the actual use of the loan between the rural and urban respondents. Still the role of the microfinance service is partially smoothing consumption, even without investing it. One positive thing in Adane's (2010) study was almost 91% of the clients had used the loan for the intended purpose.

Lack of appropriate skill training and lack of follow up of the clients by the MFIs are other critical problems identified as a cause for the failure of microfinance interventions. With the exception of WISDOM (Kassa, 2008), most MFIs did not get involved in indicating the viable way of using the loan. Instead, borrowers were absolutely free to invest the loan in any activity they thought was important and manageable under their

Women empowerment and Microfinance in Ethiopia

Women are the key instruments in every society. Their role is very important in today's world. To strengthen the role of women, countries are focusing towards empowerment. Empowerment means giving power in all aspects including finance (Firafis etal, 2016).

A country where woman are empowered will prosper. Empowerment results in all walks of life including economic activities. It results in women's ability to influence decisions, increased self confidence and better living standards. Women spend much of their income on their household; if they increase their income the welfare of the whole family is improved. Micro finance is necessary to overcome financial exploitation, create confidence for economic self reliance of rural poor women, mostly invisible in the social structure.

Microfinance helps in linking woman groups to financial institutions as a cost effective mechanism for providing financial services to the “Unreached Poor”. It has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor for their empowerment. One of the major goals of United Nations Millennium Development (UNMDG) is realization of gender equality and empowerment of women. It became important in order to attend the existing differences from the socially constructed relationship between men and women, this affect the distribution of resources between them and cause many disparities in development outcomes.

Many parts of the world including sub-Saharan Africa and South Asia, 75% of agricultural producers are women. They are also active as traders, processors and entrepreneurs in spite of facing many problems as compared to their male counterparts. Ignoring gender inequalities comes at a great cost to people’s wellbeing, economic growth and thereby reduces poverty. Ethiopia is one of the least developed and poor countries in the world. Poor is because of lack of access to credit. To overcome these problems the government has expanding microfinance institutions all over the country. Women are facing so many problems in acquiring finance from micro financial institutions in all most all the developing countries and Ethiopia is not an exception to it.

In Ethiopia, since the launching of the microfinance institutions, some studies were conducted on micro finance concerning the impact and effectiveness, success in expanding the opportunities of MFI and role of MFI in empowering women .For instance, studies conducted by Getaneh Gobezie (2007) on Amhara Credit and Saving Institution (ACSI); Ebisa Deribie, Getachew Nigussie and Fikadu Mitiku (2013) , found that microfinance is good strategy to mitigate poverty and it creates an opportunity for the marginalized segment of population in accessing to finance .On the other hand, Meron Hailesillassie (2007) conducted research in Addis Ababa on the role of Microfinance in empowering women which show that, although women benefited in economic empowerment from MFI interventions, women`s work load increased as result of MFI, spent income for family purpose and also it does not make significant change for women in political empowerment. Getneh Gobazie and Jemal Abafita (2007) also added that, cultural and environmental barriers, lack of marketable skill and workload are among the challenges of women in microfinance services.

Opportunity of poor women in the Microfinance Institution

Women Empowerment

According to UN (2001) women empowerment is a process by which women gain the ability to generate choices, exercise bargaining power, develop a sense of self-worth .It also a belief in one‟s ability to secure preferred changes, enrichment of resources and capabilities of women (Bennet, 2002). For Mayoux (1999) empowerment is a process by which women become aware of their own situation and strive communally to gain greater access to public services. Empowerment is also defined as a process through which women are able to transform their self perception and gender roles (Levin, 2012). Generally empowerment involves transformation at three broad levels: within the household, within the community, and at a broader institutional level (cheston and Kuhn, 2002).

Women Economic Empowerment by providing startup capital

Women's empowerment is underlying goal of microfinance institutions, aiming to set the idle of human asset and potential of every poor person to undertake responsibility and to reclaim his/ her human dignity (ILO, 2007). And also microfinance attempt to modify the financial and social structure of society, whereby the poor, particularly women, can create job through self employment (Begun, et al 2000). Access to financial services can add essential contributions to the economic productivity and social well-being of poor women and their household, but it does not routinely empower women, in education, politics etc, (Kabeer, 2005 .As per Khan and Rahaman (2007), MFIs significantly improved women's security, autonomy, self confidence level within the household by providing opportunities for self-employment.

In Ethiopia, research done by Getaneh Gobazie, 2007 in Amhara Region; Jemal Abafita, 2007 in Oromia; Meron Haileselassie, 2007 and Abebe Tiruneh, 2006 in Addis Ababa found that, microfinance empowered women in providing startup capital which intern helped them for self employment.

Empowerment in Income and consumption

Research conducted by the Consultative Group to Assist the Poor (CGAP) (2013) in Indonesia, found that microcredit borrowers increased their incomes by 12.9 percent compared to 3.0 percent by the incomes of non-clients. As per Mayoux (1999) client of microfinance were not only able to increase their earnings, but also to diversify their income. Kabeer (2005) in her contribution added that clients of MFI showed improvement in income and expenditure .

Moreover, as per Cornwall and Edward (2010) unless the social environment within which women's everyday lives are bounded is taken into consideration, intervention such as providing microcredit loans to women may simply sustain women in their existing circumstances. Yogendrarajah and Semasinghe (2013 p.22) concluded that "microfinance raised household consumption, especially when lent to women".

Similarly, according to research by Asian Development Bank (ADB, 2007) microfinance has the positive impact on the living of standard of the poor people and on their livelihood. It has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves.

Improvement in Skill of Saving

According to Collins, Morduch, Rutherford and Ruthven (2009) women client in microfinance save more when it is compared with non clients. When women participated in income generating activity like that of coffee production, their skill saving was enhanced (ILO, 2007). As per Basu, Blavy& Yulek (2004) In the process of mobilizing Savings either in group or individuals in MFIs, clients skills of saving was enhanced for it helps poor women to have safety against loans taken, to access more to credit services and alsoto generate income.

On the other hand, in Ethiopia, Esayas Bekela (2009) and Wolday Amha (2000) added that, in microfinance women save not only money but also use all resource properly for if they misuse loan, it will lead them further to debt. Getaneh Gobezie (2007), Mesfin Bekalu and Eggermont (2012) also added that, after participating in MFI women learn and began saving both in the MFI and other banks. Moreover, Meron Haileselassie (2007) found that, the study indicated that the income and saving levels of the majority of the clients have increased after the delivery of microfinance.

Social and political empowerment

As per Rutherford (2006) when women accessed to microfinance, they are directly empowered in the ability to feed, clothe, educate and provide medical care for their families and also women gain confidence as they produce goods and services for community members in which this intern, empower their families, their community and their nation. Otoo (2012) added that, economic control improves self-esteem and strengthens women‟s decision-making power in their families.

According to Maheswaranathan and Kennedy (2010) microfinance plays extensive roles in empowerment for it assists the very poor households to meet basic needs and it protects against hazard and assist to empower women by encouraging women's economic participation which in turn uphold gender equality.MFI has progressive social change by empowering women in the community and helps women to participate in productive activity, to reduce income independency ratio at household level and generally at community (Kabeer, 2005).However, providing loan alone cannot always bring change to women Maheswaranathan and Kennedy (2010).

On other hand, to have service in MFIs individuals are organized in groups with regular meeting to enhance group solidarity and for consistent repayments in which it suits networking and information dissemination and the group also can reduce administrative cost by giving certain responsibilities, such as loan monitoring to the members themselves (Mehdi and Schwank ,2011). Naturally, small group size is more effective to ensure that, members genuinely know and trust each other (UN/OSCAL, 1997). Morduch (2010) added that, mutual trust and peer pressure within savings and credit groups ensure participation and repayment in microfinance. The group liability loan replaced the physical collateral with social collateral in which it allows the poor to guarantee one to another (CGAP, 2013).

On the other, among the Ethiopian researchers Getaneh Gobezie and Meron Hailesellassie (2007), Abebe Tiruneh (2006) and Wolday Amha (2000) found that, in rural Ethiopia, the group methodology has a lot of favorable atmosphere and has opportunity for the most poor for it removes the main access barrier for those with no collateral, limited literacy, weak technical knowledge and experience and it also helps for MFIs in conditions of screening those not credit worthy. More over, Bamlaku Alamirew (2006) found the, financial services alone could not be sufficient enough to raise the living conditions of the poor.

Reduced Violence at household and community

As per Ghalib (2009) effects of microfinance go beyond influencing the lives of individuals alone, but also impact entire households, communities and the society at large. Research by Cheston and Kuhn (2002 p.32) found that 40.9 percent of microfinance clients that had experienced domestic violence prior to joining microfinance ceased it because of their personal economic empowerment through microfinance. Supplementary to the above as per Zaman (2001) microfinance is also meant to escape from an abusive relationship and greater capacity to resist wife-beating and alcoholism. Kabeer (2005) also add that, improvement in wife and husband relation, reduced abuse within household as a women opportunity in MFI.

Kabeer (2005, 23) quoted view of one SEDP client who was valued by her husband as follow: He gives me more value since the loan. I know, because now he hands all his earnings to me. If I had not gone to the meeting, not taken a loan, not learnt the work, I would not get the value I have, I would have to continue to ask my husband for every taka I needed before, my husband used to beat me when I asked him for money, now, even if he doesn't earn enough every day, I can work, we don't have to suffer.

Poverty Eradication

According to Ghalib (2012) microfinance services targets raising individual's income, creating employment opportunity and enhancing family's expenditure to eradicate poverty. Ledgerwood (2000) added, MFIs increase the income of the clients and reduces the circle of poverty when it considers the availability of other nonfinancial services either provided by Government or NGO`s. For example, the availability of education and health services greatly influences the capacity of micro entrepreneurs to increase the client's enterprise activities. Likewise, Begum et al (2000) also conclude that, microfinance provides money to a neglected sector of the population. Thus, increased income can leads to better health, especially if it is linked to other social programs. Pervin (2012) using repeated household surveys carried out in rural Bangladesh, he find out that, poverty reduction among the borrowers due to microfinance is 1.6 percentage points per year. Moreover, microfinance programmes have overflow effects on the non-borrowers and their poverty level goes down by 0.3 percentage point a year.

In addition to this, in Ethiopia, some researchers argued that micro finance plays great role in mitigating poverty; for instance, according to Lakew Behailu (1998) micro financing programs contributes to poverty reduction. He found that, after the credit program employed in Tigray region; opportunity for the beneficiaries have been created in which he identified positive effect on income and saving of the clients. In addition, he stated that medical, education and nutrition access of the clients had been improved. Daba Moti (2003) also found that, the MFI intervention has enabled the clients to generate income in which it improves the living standard of clients. And he concluded that, strengthening the MFIs operation is appropriate socioeconomic policy in the country. Finally, as per Khandker and Zaman (2012) microfinance is not cure for all,not provides all skills and also not eliminates all poverty in any country.

Opportunities women gain as a result of Microfinance Intervention

According to (Abdulahi,2014) the social and economic opportunities they gain while they are participating in specialized Financial and Promotional Institution at individual level, family level and at community level. Thus, some of them argue that SFPI micro finance helped them in various ways. For instance, detaching them from local money lenders, enhancing their skill of saving and improvement in time usage. And also few of the interviewee proudly speak that, microfinance helped them in income increment, expanding enterprise, self employment improvement in nutrition, educating children and etc.

Challenges of women in Micro finance intervention

This section deals with review literatures that related to challenges of people who are participated in microfinance service intervention.

Interest Rate

Micro finance Institutions charge high administrative costs and higher charges for risk coverage, which is in addition to the market interest rates, and taking advantage of the niche market for microloans (Morduch, 2010). However, According to Khan and Rahman (2007) study although some individuals argue that ,the interest rate of MFIs is high, in their analysis they found that most of the study participants did not have the same opinion on this issue and found it to be reasonable.

Diverting loan to urgent problems

According to Khandker and Zaman (2012) diverting loan money to urgent problems especially for basic need and for unexpected crises is among the challenges individuals face in microfinance in repaying the credit. Thus, the potential of microfinance can be best exploited by recognizing the lessons from careful impact evaluation studies. Bamlaku Alamirew (2006) also added that, clients were using the loan for unintended purposes. The poor divert loan to their urgent problems, because, it is clear that not all borrowers benefit equally as it depends on their local economic environment, their entrepreneurial ability and the extent their income sources is diversified(Levin, 2012).

Gender Difference

Studies show that microfinance does little to change gender inequities by limiting female control over loans (CGAP, 2013). Mayoux (1999) stated that women‟s choice of activity and the ability to increase their incomes are seriously challenged by gender inequalities Kabeer (2005) also found out that, although microfinance institution is striving to increase income and asset in poor household, women is likely to spend income on household consumption and security related assets‟ such as child clothing and feeding, whereas men borrowers are more likely to invest in further productive activities. Similarly, Pervin (2012) stated because of inheritance most of women continue to register land and productive assets in their husband's name laws assets will be inherited by sons if registered in the husband's name, and by daughters if registered in the wife's name. Likewise Rahaman's (1999) study conducted in the Pakistan found that, 40 to 70 per cent of the loans disbursed to women were used by the husband and that tensions within the household increased and productive credit is of no use to such people without other inputs and women's empowerment in decision-making decreased (cited in Ledger wood, 2000)

Verbal Abuse

Microfinance practitioners often are blamed of lending to women because they are obedient, submissive and easily bullied. Borrowers‟ husbands or brothers take the loan money and expect the wives or sisters to repay. When women do not have the money to repay the loans, they are subject to verbal and physical abuse from both their husbands and bank workers regarding the repayment of loans (Begun, et. al, 2000).

Production failures in Rural and Small Size enterprises

Concerning the constraints of client in microfinance intervention, the study done by Jemal Abafita (2007) and IFAD(2008) noted that poor rainfall, small farm size, and shortage of labor during peak agricultural seasons as the main constraints. Poor women entrepreneurs own small enterprises and they require small loan amounts that are not considered profitable by their husbands (Otoo, 2012).According to IFAD (2009) in developing country most of poor women participate on similar activity in addition to the size the activity.

Absence of effective group collateral

Cheston and Kuhn (2002) stated that due to social and legal disadvantages, such as lower wage incomes or limitations in the ownership of property, women in general have less personal capital to start a business or to be used as collateral. In many countries, women cannot even hold land titles, thus they are effectively barred from formal sector credit. ILO (1999) added the requirement for the male spouse's co signature and it is also often a requirement that women must obtain a guarantee declaration from their husband or father which is challenge for women.

Moreover, since women's enterprises are usually in the service sector and do not have tangible assets for collateral, such firms rely mainly on intangibles assets which are difficult and costly to evaluate for MFI (Otoo, 2012).On the other hand, as per Meron (2007) although the advantage of group collateral is clear, it might also leave the clients in disadvantageous manner when a group member fails to pay the debt making the rest of the group to settle on her behalf.

Lack of information and track records

Women entrepreneurs often lack information on the existence of credit facilities, financial instruments, networks and the borrowing conditions of financial institutions (Mehdi and Schwank, 2011).Women entrepreneurs have difficulty in showing past business performance information or continuous business activity since they are often forced to stop their livelihood to take care of their families (Ghalib, 2009). Levin (2012) in her study found that, most illiterate poor women cannot keep record of their profit and loss in their enterprise or petty trade which is a great challenge to women and the business.

Work burden

In Ethiopia, women are responsible for almost all the household chores, in addition to the support they provide in agriculture and caring for livestock production (Bezabih Tolosa, 2007). Women entrepreneurs normally combine their business activities with their family obligations (Levin, 2012).According to IFAD (2008) about 40% of households in Ethiopia are headed by women and credit was offered to women based on the assumption that rural women are familiar with non farm income generating activities, have sufficient time to start new income generating activities. However as per Getaneh Gobazie (2007) practically most domestic tasks such as grinding grain and food processing, water and fuel wood collection are known to be highly difficult, labor intensive and time-consuming in Sub- Saharan Country. Furthermore, in addition to this accountability for household subsistence expenditure; lack of time due to unpaid domestic work and others are among cultural barriers that challenge women in microfinance.

Meron Hailesellassie (2007) also found out that, the participation of women in microfinance increased their work burden. Women may also struggle with the heavier workload created by the responsibility for loan repayment (ILO, 2007).

The role of women in the economic development of Ethiopia

According to study conducted by Megersa B (2006) and Gemechu S (2008) Ethiopian women are actively involved in all aspects of their society's life. Women are both producers and procreators and they are also active participants in the social, political, economic and cultural activities of their communities. However, the varied and important roles they play have not always been recognized. The discriminatory political, economic and social rules and regulations prevail in Ethiopia have barred women from enjoying the fruits of their labor. Without equal opportunities they have lagged behind men in all fields of self advancement. Before the 1974 revolution, women's organized activities were run mainly by nongovernmental bodies such as the Ethiopian Officer's Wives Association, the Ethiopian Female's Students Association; however, these associations were limited in scope and only existed in cities. They had little or no impact on government policies, laws, regulations, and development programs [3]. After 1974, the revolutionary Ethiopian Women Association was established by proclamation but this organization served as a means of consolidating the power of the Derg. Until recently, government in Ethiopia have not had any policy on women's affairs, hence they have not been seen as important potential beneficiaries of government development programs. Gender issues do not only concern women; women's problems can't be solved by women alone, but it requires the coordinated efforts of the society as a whole, including the government. Care full planning in full consultation with women and political commitment is essential for the integration of women in overall economic development of the country (ibid). Women demand to participate actively in national development and to exercise their right to enjoy its fruits is now receiving support in government and local communities. The Federal Democratic Republic of Ethiopia (FDRE) has formulated several policies to incorporate and encourage women's participation in modern economic activities. This includes the national policy of Ethiopian women (NPEW), the national population policy, the education and training policy and others. The NPEW is designed on the assumption that government has the obligation to give women the unreserved support to make them active participant in the national development effort on equal terms with men and go on to experience the benefits of their participation Megersa B (2006) and Gemechu S (2008). The main objective of the NPEW include, creating and facilitating conditions for equality between men and women, creating conditions to make rural women beneficiaries of social services like education and health, and eliminating discriminatory perception and practice that constrain the equality of women Mahider (2006). Moreover a number of strategies have also been designed to achieve the above objectives.

For the achievement of the above listed objectives, the government established women's affairs office with full responsibilities and accountabilities. The structure were clearly put delineating the responsibilities of the Women's Affairs Office (WAO) under the prime minister office and the regional and zonal women's affairs sectors, and the Women's Affairs Department (WAD) in the various ministries. However, assessments done over the year show that both the WAO and WAD in the sectoral ministries lack capacity; they have problems with resources and qualified personnel. Therefore, these problems hinder the effective implementation of the policy (ibid).

Micro finance and women's participation in Ethiopia

A majority of micro-finance programmes target women with the explicit goal of empowering them. However, their underlying premises are different. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged. Others believe that investing in women's capabilities empowers them to make choices, which is valuable in it, and also contributes to greater economic growth and development. Empowerment as a strategic development approach for women involves two levels; intrinsic and extrinsic.

The extrinsic level refers to gaining greater access to and control over financial and physical resources. On the other hand, the intrinsic level involves changes within, such as the rise in self –reliance, confidence, motivation and positive hope for the future. It recognizes women's multiple roles and seeks to meet strategic gender needs through bottom –up participation on resources and development issues that concern the life of women. Economic exclusion reinforces and perpetuates social exclusion. In the context of women, particularly poor women, their conditions become even more vulnerable due to unequal distribution of resources within and outside the domain of the house hold. Any mismatch between the minimum basic requirements and the resources available results in unfulfilled practical gender needs. In other words poverty is the end state implying lack of entitlement emerging from insufficient assets and capabilities for the fulfillment of basic livelihood needs. This result in the social and economic exclusion of a certain class and category of people and their consequent disempowerment. Hence, the idea of 'empowerment' has influenced development practitioners, development agencies (governmental and non-governmental) , theoreticians and donor agencies in the last decade (Padma and Getachew, 2004).

Another motivation is the evidence from literature that shows that an increase in woman's resources result in higher well-being of the family, especially children. Finally an increasing number of micro-finance institutions prefer women members as they believe that they are better and more reliable borrowers there by contributing to their financial viability (Armendarize de Aghion and Morduch (2005) cited in Haimanot (2007), a more feminist point of view stresses that access to financial resources presents an opportunity for greater empowerment of women. Though many agree that women empowerment is an important development objective for micro-finance programmes, it is still unclear what women empowerment means (Bali Swain, 2007 cited in Jaleta (2012).

Women's economic empowerment is thus the process, and the outcome of the process, by which women gain greater control over material and intellectual resources, and becomes less dependent on external forces. Even so, great debate tends to persist as to whether the provision of micro-finance for poor women could change the social and economic equations in which this sub-set of the population live in villages, and further tend to empowerment. According to Mayoux (2002), there are four basic views on the link between micro-finance and women's empowerment.

1. There are those who stress the positive evidence and are essentially optimistic about the possibility of sustainable micro-finance programmes empowering women worldwide.
2. Another school of thought recognizes the limitations to empowerment, but explains those with poor programme design.
3. Others recognize the limitations of micro-finance for promoting empowerment, but see it as a key ingredient as important in themselves with in a strategy to alleviate poverty, empowerment in this view needs to be addressed by other means.
4. Then there are those who see micro-finance programmes as a waste of resources.

According to Wolday, micro-finance benefits the poor by increasing disposable income, increase assets ownership and cushion consumption in food-deficit period (Wolday, 2002). It is a way out to the poor who are normally excluded by conventional financial institutions (Ibid). Microfinance institutions function at the grassroots level. They reach micro-level development constraints of the poor. They are capable of involving large segment of the population. They likely build both human and productive capacity of the poor (Shannon etc. Al 2005:80). Microfinance strategy may deliver inclusive financial service to the poor if augmented by sound financial sector policy (Wolday, 2005). In the last two decade, governments, NGOs, donors and other development actors have given due attention to establish expand the provide microfinance services to the poor in rural and urban areas.

Even today women in most of the world are less well-nourished than men, less healthy, more vulnerable to physical violence and sexual abuse and less paid. They are much less likely than men to be literate, and still less likely to have professional and technical education. In many nations, women are not fully equals under the law, often burdened with full responsibility for house work and child care, they lack opportunities for entertainment and imagination. In all these ways, unequal social and political circumstances give women unequal human capabilities (ibid). For most of the last 50 years, development theory and practice was focused on economic development. Moreover, the development of infrastructure such as road, electrification, irrigation, schools and hospitals was seen as the basis for economic growth and development. During the 1960's education and health care become the two important elements of development programs because well trained and health workers were seen as crucial for productivity. Although the various programs were introduced in this period, they ignored women as economic actors Berhanu A (2008).

According to Aschalew's (2006) research findings he indicates as literate women have more willingness (demand) to participate in MF programme, to take loan for better production technologies, engaged in off farm activities , purchase agricultural inputs , purchase fixed house hold asset, purchase houses, accept technical advice from extension workers, and have awareness regarding opportunities and expectation for decision making purpose and diversifying their source of income than the illiterate ones. In addition to this a research conducted by Edith (2009) ,also shows the probability of taking loan from formal as well as informal institutions becomes lower, as respondents have lower educational attainment .Thus, being literate woman increases the probability of participating in MFIs loan programme.

The role of government in encouraging women's economic role

The government through its various bodies and in cooperation with NGO has been encouraging women's economic role by the provision of revolving funds, by organizing Micro and small scale enterprise (MSSE) there by transferring idle government equity (assets) in the accounts to micro financial institutions (MFI) such as Oromia credit and saving share company (OCSSCO). Additionally, every town administration particularly women's and child's affairs office, and finance and economic development office encourages women's organized activities by signing collateral agreements with the credit institutions under the umbrella of Micro and small enterprises. Moreover, the government also gives assistance in cooperation with NGOs to those women living with HIV /AIDS. This was currently facilitated by finance and Economic development office of any town Administration Wondimu Z (2013).

According to Bizunesh Hailu, in previous government it is dead time for women. Women are highly marginalized and they lack even the right to have their own property. Before 1991, women are not considered as equal important and significant actors in economic development of a given society. Moreover, women are highly demoralized by the society and even the people accept for century as a norm and culture and become in herited. In contrast to this, the current government is highly committed to recognize women as an important actor in the development process of the country. The government gives adequate right and legal entitlement including the right to ownership, equal employment opportunity and so on. Since 1991, especially after 1997, there is a tremendous change regarding the status of women's. Their participation and involvement are increase in various socio- economic activities. The government gives high attention and priority for women and youth because it is believed that economic development cannot occur without the active involvement of women and youth. In this regard, women's and child affairs office in cooperation with UNICEF promotes the economic role of women's through the provisions of credit and loan. The Scheme 1 indicated the number of women's who have access to credit and loans from the UNICEF project form the year 2000 up to 2003.

Constraints to effective women's economic role

According to Belaynesh Kumsa, there are many constraints that hinder the effective role of women in economic development. Among these obstacles the most and often still unsolved problem is the traditional backward attitudes, beliefs and customs of the society towards women which are continued as a historical legacy across the country. This traditional back ward attitudes towards women (assuming women as a weaker sex, second citizens, dependent, passive, and ignorant) are not only hinder and make the effective role of women invisible and unrecognized , but also it make and force women's to internalize and accept their weakness and for long period even still remain un confidant . Even though, the government tries to change the attitudes of the society through different mechanisms it is not eradicated and remain difficult. In general, the following are considered as common barriers and often make the role of women unrecognized and insignificant.

a. **Low level educational back ground**: According to women's and child's affairs office, the majority of women's are not educated. From this, we can conclude that women's non-educational status hinder their expected role.
b. **Lack of initial capital to start their own business:** Despite, the high interest and motivation of women to work, lack of initial capital to start up and to run the business hinder their economic activity.
c. **Lack of business know-how**: Women involve in various economic activities especially in marketing process and trading activities, but they lack business know- how i.e. how to run business and cost-benefit analysis.
d. **Lack of monitoring women's cooperation activities:** The government is trying to coordinate women in group to work in cooperation and solve their economic problem. However, there is no supervision and follow up about the day to day activities of these women's cooperation work. According to the respondents, women's organized activities are run in the town even without a better problem identification, problem solving and technical support rather various local government bodies and NGOS continue to assist women's only financially Wondimu Z (2013).
e. **Dependency of family on women's:** Culturally, in some family, some members are dependent on the earning of women. In some case husband remains dependent on their wife income. Such dependency of family members on women's makes their role invisible and unrecognized. However, women's are continued to play their role in various economic activities.
f. **Lack of interest to work in group (cooperation):** Women's are fearful of cooperation and they are not well aware of the benefits of working together. Working in cooperation especially for women can make their role visible and it also increase their confidence.
g. **Women's dependency on men's income**: Despite the existence of family dependency on women's, in some case there is also women's dependency on men's income. This is due to the influence exerted by their husband. If this is developed, they did not give decision by their own in their overall life. In this case, dependency of women's can bring lack of decision making power and this make the role of women unrecognized.

h. **Lack of confidence and inferiority:** In this case, the most and often difficult problem for the integrations of women in to the economic development and in other various political offices is lack of confidence. Women lack of confidence is mainly due to the culture of the society and their inferiority assumption. In addition, women's are not highly committed and they lack interest to take full responsibilities and accountabilities and they are fear of challenges especially in office positions. Despite, the existence of the above mentioned barriers for women's effective role in economic development, they are continued to play their role in economic development. Even though, different problems hinder the participation of women's, their roles in various economic activities are very significant.

Microfinance institutions are concentrating more on very poor, especially for women. It is because poor people have no sufficient income to meet their both ends. This enables to the poor to start their own business or do something to improve their livelihood. In the study are the members of micro finance are changed for better. It is due to some bottle necks challenged them not to utilize the services effectively. Insufficient loan amount, lack of training for members, lack of follow up, lack of proximity to the market, high cost of inputs, saving habit, saving purpose, experience and perceptions of borrowers on repayment period are the major constraints of members. It is suggested that these institutions should focus on improving size of the loan, training to the members, follow up, enhancing marketing facilities, time to repay the loans. Microfinance institutions mainly give services to the rural and poor woman so s to enhance their living standards. If these institutions can perform well, by giving best services to the rural and poor women the purpose of starting micro finance institutions have fulfilled.

CONCLUSION AND RECOMMENDATION

CONCLUSIONS

Based on the reviews and reflections made in entire paper the following conclusions are made on the role of Microfinance in poverty reduction and women's empowerment in Ethiopia. The provisions of microfinance service to the poor women would have impacts on their livelihoods. The study identified that they use this loan as a working capital and /or purchase household needs and assets. From public service point of view, microfinance institution is doing well in terms of providing loans to micro entrepreneurs. In this respect Ethiopia's microfinance institution is successful and promising in helping poor people out of poverty in both rural and urban areas of the country by empowering women. It significantly increases its clients and it is possible to argue that it is reducing the migration of the people to overseas countries. Accessing loans at reasonable interest rates provide poor people an opportunity to locate up their own business. Poor households are using microfinance to move from hand to mouth survival to planning for the future in the sense that it invests in better nutrition, housing, health, and education. Microfinance helps to promote economic growth and development and plays pivotal role in empowering women.

RECOMMENDATIONS

By this review or seminar paper by reviewing entire researcher study I have seen different challenges of women empowering through microfinance such as high interest rate, lack of collateral, less access to microfinance institutions, lack of infrastructure, low level of training of women about significance of microfinance, work burden etc. By taking the above challenges as an input for policy intervention the government or other concerned organization should work on:

- ❖ As women access is still insufficient, women's access to credit has to be supported.
- ❖ Countries microfinance should further create job opportunity .
- ❖ As the interest amount is additional burden to the clients there by microfinance would be sustainable when it would be decreased its interest rates more.
- ❖ It is better when countries microfinance would be more diversified its services to poor categories of the women.
- ❖ Infrastructural facilities must be fulfilled for microfinance institution to empower women
- ❖ Women's must be trained about importance of microfinance in order to be knowledgeable about its contributions in raising their incomes

LIST OF ACRONYMES

UN	United Nations
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
GTP	Growth and Transformation Program
MoFED	Ministry of Finance and Economic development
NGO	Non-Government Organization
NBE	National Bank of Ethiopia
CSA	Central Statistical Agency
MoARD	Ministry of Agriculture and Rural Development
GDP	Gross Domestic Product
FAO	Food Association Organization
UNCDF	
SIDA	
MIF	Microfinance institution
GoFDRE	Government of Federal Democratic Republic of Ethiopia
WB	World Bank
SME	Small Microenterprise
ATM	
AEMFI	Associated Ethiopian Microfinance Institution
SACCO	Saving and Credit Cooperative Societies
ACSI	Addis Credit and Saving Institution
OMFI	Omo Microfinance Institution
IFAD	
ILO	
NPEW	National Policy of Ethiopian Women
WAO	Women Association Office
WAD	Women Association Development
OCSSCO	Oromia Credit and Saving Share Company
HIV/AIDS	Human Immune Virus/ Acquired Immune Deficiency Syndrome
UNICEF	United Nations….
CGAP	Cumulative Group to Assist Poor
ADB	Asian Development Bank

REFERENCES

Abebe Tiruneh (2006). The impact of Micro finance on poverty Reduction: The Cases of

ADB (2009). Concept Note on Microfinance Scaling UpIn Africa: Challenges Ahead And Way

AEMFI (2012). Organization Statement. Association of Ethiopian Microfinance Institutions Addis Ababa, Ethiopia.

AEMFI (2012). Organization Statement. Association of Ethiopian Microfinance Institutions Addis Ababa, Ethiopia.

AEMFI (Association of Ethiopia micro finance Institutions) (2000). "Microfinance and Poverty Eradication''. *Working paper*. Addis Ababa. African Studies Centre, Research Report 85 / 2006.

Alemayehu Yirsaw. (2008). "The Performance of Micro Finance Institutions in Ethiopia: A Case of Six Microfinance Institutions."MSc. Thesis in Accounting and Finance, Addis Ababa University. Addis Ababa. And Performance, Occasional paper No.2. AEMFI, Addis Ababa, Ethiopia.

Aliya, K. (2004). Microfinance: Does it hold its Promises? Hamburg Institute of International and their Saving Behavior In 0romiya Region, a cross sectional approach. Forecasts," 2nd and their Saving Behavior In 0romiya Region, a cross sectional approach.

Asmelash Haile (2003). "Regional and Local Development Studies. The Impact of Microfinance In Ethiopia: The Case of DECSI In Ganta Afeshum Woreda of Eastern Tigray": A Thesis Submitted to The School of Graduate Studies Addis Ababa University in Partial Fulfillment of The Requirements for The Degree of Masters of Arts in Regional and Local Development Studies. Addis Ababa.

Bamlaku Alamirew Alemu (2004). "Microfinance and Improvement in Living Standards: A Pathway Out of Poverty: The Case of Enemay Woreda, Eastern Gojjam, Amhara Regional State". *Working Paper*.

Befekadu B. Kereta.(2008). "Outreach and Financial Performance Analysis of Microfinance Institutions in Ethiopia." A Paper Presented for the Association of Ethiopian Microfinance Institutions (AEMFI) Bi-Annual Conference on the Future of Microfinance in the New Ethiopian Millennium. March, 2008. Assosa, Ethiopia.

Befekadu, B. (2007). Outreach and Financial Performance Analysis of Microfinance Institutions in Ethiopia, National Bank of Ethiopia Economic Research and Monetary Policy Directorate. African Economic Conference United Nations Conference Centre (UNCC), Addis Ababa, Ethiopia.

Bekele, D. (2012). A study on rural women's empowerment through cooperatives: The case of saving and credit cooperative societies in Dendi District, West Shoa Zone, Oromia Regional State, Ethiopia. MA Thesis. Ambo: Ambo University.

Bekele, D. (2012). A study on rural women's empowerment through cooperatives: The case of saving and credit cooperative societies in Dendi District, West Shoa Zone, Oromia Regional State, Ethiopia. MA Thesis. Ambo: Ambo University.

CGAP (2010). Andhra Pradesh 2010: Global Implications of the Crisis in Indian Microfinance, CGAP FOCUS NOTE No 67, November 2010

CGAP (2012). Understanding Multiple Borrowing and Avoiding Over-Indebtedness Among Clients. Accessed on October 7, 2015.

Cheston, Susy and Lisa, Kuhn. (2002). Empowering women Through Microfinance. Washington: Published by UN IFEM for Micro-credit Summit 2002.

Copestake, James and William, Richard (2011). "What is the Impact of Microfinance, and what does this imply for micro finance policy and for future impact studies"?

CSA (Central Statistics Agency) 2007. Compilation of Economic Statistics in Ethiopia. July

Daba, Moti. (2003). The impact of Micro-finance on poverty reduction : A case study of Oromiya credit and saving s.co. A paper presented in the international conference on Micro-finance Development in Ethiopia; January 21-23, 2004 Awassa, Ethiopia.

Degefe, (2006). Trends in Financial Development of Nine Microfinance Institutions from 1999 to 2002', the Paper Presented in the Second International Work shop of RLDS, Addis Ababa University, Addis Ababa. Ethiopia.

Dereje Kifle, et. al. (2013). Determinants of women's participation in microfinance services: empirical evidence from Rural Dire Dawa, Ethiopia. Department of Rural Development and Agricultural Extension, Haramaya University, Ethiopia. Evidence. Journal of Development and Agricultural Economics, Vol.2 (5), pp. 197-208.

Dereje Kifle, et. al. (2013). Determinants of women's participation in microfinance services: empirical evidence from Rural Dire Dawa, Ethiopia. Department of Rural Development and Agricultural Extension, Haramaya University, Ethiopia. Evidence. Journal of Development and Agricultural Economics, Vol.2 (5), pp. 197-208.

Dooren, M.V. (2007). The women empowerment approach: A methodological guide. Commission on Women and Development. Available at http://www.dgcd.be

Ebisa et al (2013). "Filling the breach: Microfinance". *Journal of Business and Economic Management.* Vol.1.No.1.Available at http://www.academiapublishing.org/jbem.

Ferdissa Birru (2012). Determinants of Small holder Farmers' Participation In Micro finance.

Firafis, et. al., 2016. Constraints of rural women in Assessing Microfinance Services. Institute of Cooperative and Development Studies, Ambo University.International Journal of Recent Scientific ResearchVol. 7, Issue, 3, pp. 9514-9521, March, 2016.

Getaneh, G. (2005). Regulating Microfinance in Ethiopia: Making it more Effective. Amhara Credit and Savings Institution (ACSI)

Getaneh Gobezie (2008). "Sustainable Rural Finance: Prospects, Challenges and Implications. "A Paper Presented for the Association of Ethiopian Microfinance Institutions (AEMFI) Bi- Annual Conference on the Future of Microfinance in the New Ethiopian Millennium. March, 2008. Assosa, Ethiopia.

Ghatak, Maitreesh and Timothy Guinnane (1999). "The economics of lending with joint liability: Theory and practice." Journal of Development Economics 60(1) (October): 195–228.

Haimanot, (2007). Impact of Micro-finance on Women's Economic Empowerment: A Case-

IFC (2014). Access to Finance for Smallholder Farmers: Learning from the Experiences of Microfinance Institutions in Latin America. Technical Report, Washington, DC. Institutions in Ethiopia.

Jaleta. M, (2012). Commercialization of small holders: Is Market participation enough?

Kabeer, N. (2005). ''Is Microfinance a Magic Bullet for Women's Empowerment'': Analysis

Kereta, B. (2007). Outreach and Financial performance Analysis of Micro finance

Lakwo, A. (2007). Microfinance, rural livelihoods, and women's empowerment in Uganda:

Meagher, P. (2002). “Microfinance Regulation in Developing Countries: A Comparative Review of Current Practice. ” Centre, University of Maryland.

MF transparency (2011). Promoting Transparent Pricing in the Microfinance Industry.Country, Ethiopia report.

MoARD (Ministry Of Agriculture and Rural Development), 2010. Ethiopia’s Agricultural Sector Policy and Investment Framework (Pif) 2010-2020. Draft Final Report 15 September 2010.

MoFED (Ministry of Finance and Economic Development), 2010. Growth and Transformation Plan (GTP) Ministry of Finance and Economic Development (MoFED), September 2010, Addis Ababa.

National Bank of Ethiopia (2008/09-2010/2011). Annual Reports. Addis Ababa, Ethiopia. Field Findings from South Asia’, Economic and Political Weekly, 29 October 2005.

Padma, M. and Getachew Ayele (2004). Women Economic Empowerment and microfinance: A review on Experiences of Hawassa Women Clients. A paper presented in the International Conference on Microfinance Development in Ethiopia held at Hawassa, Ethiopia.

Tesfay Aregawi (2003). “The Impact of Microfinance on Poor Women: A case study of Dedebit Credit and Saving Institution (DECSI) in the Eastern Zone of Tigray”. A thesis submitted to the School of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Master of Arts in Regional and Local Development Studies.

Tesfay Aregawi (2003). The Impact of Microfinance on Poor Women, A case study of Dedebit Credit and Saving Institution (DECSI) in the Eastern Zone of Tigray, MA Thesis, Addis Abeba University.

Wolday, A. (2000). Networking Microfinance Activities in Ethiopia: Challenges and Prospects. Occasional Paper No. 1 .AEMFI. Addis Ababa, Ethiopia.

Wolday Amha (2000). “Review of Microfinance Industry in Ethiopia, Regulatory Framework and Performance”. Occasional Paper No. 2, Addis Ababa.

Wolday Amha (2002). “The Development of Microfinance Industry in Ethiopia: Performance, Challenges and Role on Poverty Reduction”. A paper submitted to the Annual Meetings of African Development Bank

Wolday Amha (2002). “The Development of Microfinance Industry in Ethiopia: Performance, Challenges and Role on Poverty Reduction”. A paper submitted to the Annual Meetings of African Development Bank.

Wolday Amha (2008). Corporate Governance of the Deposit Taking Microfinance Institution (MFIs) in Ethiopia. (AEMFI). Addis Ababa, Ethiopia.

Woldemicheal, B. (2010). CGAP, Microfinance Gateway. Deposit Mobilization Performance of Ethiopian Microfinance Institution: Challenges and Prospects.

World Bank (2013). Universal Financial Access Is Vital to Reducing Poverty, Innovation Key to Overcoming the Enormous Challenge, Says President Jim Yong Kim. Press release, October 11. Accessed on October 7, 2015.

World Bank (2013). Universal Financial Access Is Vital to Reducing Poverty, Innovation Key to Overcoming the Enormous Challenge, Says President Jim Yong Kim. Press release, October 11.

World Bank (2015). Does Microfinance Still Hold Promise for Reaching the Poor? Accessed on October 7, 2015.

Zelalem Muluneh and Chalchissa Amentie (2014). The importance of microfinance and credit service for women economic development case study Town. Jimma University, College Economics, Department of Management.

Corresponding author: Gemechu Degefa, Department of Agribusiness and Value Chain Management, College of Agriculture and Veterinary Medicine, Jimma University
Email: gemechudegefa78@gmail.com