

**A STUDY TO DETERMINE WHETHER WOMEN  
FINANCE COOPERATIVE ZAMBIA (WFCZ) HAS  
HELPED TO EMPOWER WOMEN. THE CASE OF  
LUSAKA URBAN DISTRICT FROM 1997 – 2002**

by

**Clare Mwiinga**

THESIS

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Requirements for the degree of Master of Arts in  
Gender Studies**

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**APPROVAL**

I, Clare Mwiinga hereby declare that this dissertation represents my own work. The

This dissertation by **Clare Mwiinga** is approved as fulfilling part of the requirements for the award of the degree of Master of Arts in Gender Studies of the University of Zambia.

Signature of Researcher

Examiners' Signature:

1. Fay Prozedler

Date: 6 June 2005

2. [Signature]

Date: 6<sup>th</sup> June 2005

3. [Signature]

Date: 6<sup>th</sup> June 2005

4. [Signature]  
[Signature]  
CHAIRMAN

7/6/05

## DECLARATION

I, **Clare Mwiinga** hereby declare that this dissertation represents my own work. The sources of all materials have specifically been acknowledged and the dissertation has not previously been submitted for a degree at this or any other university.

Signature of Researcher:

Clare

Date:

06/06/05

## **DEDICATION**

In loving memory of my beloved Aunt

**ELIZABETH MWAANGA MAZUBA**

Auntie Lizzy, you've been a great inspiration I will live to treasure your love for me.

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## ACRONYMS

<b>BPFA</b>	Beijing Platform for Action
<b>CEDAW</b>	Convention for the Elimination of all Forms of Discrimination Against Women
<b>CSO</b>	Central Statistical Office
<b>ECA</b>	Economic Commission for Africa
<b>FHH</b>	Female Headed Household
<b>GIDD</b>	Gender In Development Division
<b>IFAD</b>	International Fund for Agricultural Development
<b>ILO</b>	International Labour Office
<b>INSTRAW</b>	International Research Training for the Advancement of Women
<b>MHH</b>	Male Headed Household
<b>PSRP</b>	Public Service Reform Programme
<b>SADC</b>	Southern African Development community
<b>SAP</b>	Structural Adjustment Programme
<b>SPAW</b>	Strategic Plan for the Advancement of Women
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>WFCZ</b>	Women Finance Cooperative Zambia
<b>WWB</b>	Women's World Banking
<b>ZARD</b>	Zambia Association for Research and Development

## **ABSTRACT**

The study investigates whether Women Finance Cooperative Zambia (WFCZ) has helped to empower women through provision of loans. In Zambia many women have to bear the major economic responsibility, in addition to domestic chores, to support their families irrespective of their marital status. Since the majority of them are ill-educated and ill-equipped with skills required in the waged market, only a small proportion of women manage to obtain waged employment. Nevertheless, these women must work in order to survive and to support their families. For many women the way to do this is by engaging in petty trading. As they engage into petty trading, women face constraints including lack of credit facilities as they find themselves at a disadvantage when dealing with financial institutions and other lending agencies. Financial Institutions such as WFCZ are formed to help such women by giving loans to them.

The objective of the study was to examine the background of women who got loans from WFCZ and to determine whether they become empowered thereafter. The study was undertaken between June and August 2004. The data were collected using both quantitative and qualitative methods from primary and secondary sources. Primary data was collected using questionnaire, interview method and focus group discussions; while secondary data was collected by reviewing records from the institution. The samples were selected using the simple random sampling method for questionnaire, and purposeful sampling for interview and focus group discussions. The quantitative and qualitative data were analyzed using SPSS and content analysis respectively.

The results of the study demonstrate that WFCZ has helped to empower women through providing loans to them. This was shown by the fact that all the women were able to repay the loans back to the institution and were able to continue with their businesses without difficulty. The findings also show that these women were from low income groups in society but were relatively well educated. Through the loans these women have managed to expand their businesses by having more orders and in turn realizing more profit thereby being empowered economically. As a result of the empowerment women are able to take part in decision making in their homes thereby changing gender relations in these women's homes. Furthermore, from the profit they realize from their businesses these women are able to buy household goods and other purchases such as houses and plots on their own without depending on their husbands or any other family member. These women are therefore able to have access to and control over property in their homes.

However, the findings of the study reveal that the institution (WFCZ) has not helped the poorest women in society. These are those who are not yet in business and those that do not have accounts with the institution. The institution therefore has not achieved its vision of having a society in which every woman is empowered. The results also reveal that the major constraints that women face when trying to get loans are collateral requirement and high interest charged on the loans. The findings of the study therefore called for a reduction on the interest charged on the loans lent to women, and an abolition of the collateral requirement from the women when they apply for loans.

## CHAPTER ONE

### INTRODUCTION

This study examines the background of women who got loans from Women Finance Cooperative Zambia (WFCZ) between 1997 and 2002, and determines whether Women Finance Cooperative Zambia has helped to empower women economically. WFCZ has been chosen because it is one of the oldest lending institutions that deal with women only.

#### **1.1 Background to the Women Finance Cooperative Zambia Programme**

Women Finance Cooperative Zambia (WFCZ) is a Non Governmental Organization committed to the economic empowerment of women in Zambia. It started after the United Nations' World Conference on Women held in Mexico in 1975 made a resolution to establish an institution that would provide financial services to women. Four years later in 1979, the Women's World Banking (WWB), a global and independent not-for-profit international institution, was formed to advance and promote the full participation of women in economic activities. Currently, WWB has 40 members with Women Finance Cooperative Zambia Limited (WFCZ) being one of them. Members of WFCZ, who are all women, can obtain credit either as a group or as individuals (WFCZ brochure). The formation of WFCZ was as a result of conscientization process. Women were able to analyze their subordination or disadvantaged position in society and hence demanded for redistributive policies in power and control over resources, to facilitate their self-empowerment (Kabeer, 1994). This is further strengthened with mandates of international development

organizations like the United Nations that require governments to ensure that development programmes including economic reform programme mainstream gender in planning and implementation.

WFCZ was registered in Zambia as a company limited by guarantee in 1987 to provide services to micro and small scale women entrepreneurs. It changed its incorporation and was registered as a cooperative society on 7<sup>th</sup> October 1997. Its vision is to have a society in which every woman is empowered. The mission of WFCZ is 'the economic empowerment of women through provision of financial services, that is, savings and credit, information, training, advocacy and networking so as to enable them become effective participants in and beneficiaries of all social, economic, political and cultural aspects of the development of their country in particular and the world in general' (WFCZ brochure).

The researcher decided to examine women who got loans from the institution starting from 1997 because that is when the institution changed its incorporation to become a cooperative society. This is important because it can help to reveal how responsible WFCZ had become after being independent to operate on its own. The institution informs members on current issues pertaining to their enterprises, issues affecting women and may be of interest to women, that is, 'fairs, seminars and meetings taking place elsewhere. It negotiates with relevant institutions including government, to ensure that the environment in which the women operate is user friendly. It also liaises with financial institutions to ensure that their policies, plans

and regulations are sensitive to women's needs. The government and other planners and decision-makers are approached to ensure adequate resources are available to women entrepreneurs' (WFCZ Brochure). WFCZ liaises with other organizations to ensure maximization of opportunities available to members.

### **1.1.1 Loan Process**

Members deposit their savings with WFCZ through the savings passbook, and make withdrawals from their savings account. For a woman to be eligible for a loan, she must have an account with the institution, whose minimum balance is only K20 000. The institution has come up with a procedure whereby women organize themselves into groups of four or more to get loans. Once they repay the loan and if they continue being good clients to the institution, they can eventually get loans as individuals. Group loans are done as security on part of the institution. Should one member fail to repay, the friends in the group have to settle the loan for her. The institution has loaned out money to about 3 000 women. The lowest amount loaned out being K150 000 and highest being K10 000 000. However, most of the clients get loans of between K250 000 and K1 500 000 since most of them deal in small scale businesses.

## **1.2 BACKGROUND TO THE RESEARCH PROBLEM**

### **1.2.1 The Position of Women in Zambia**

Irrespective of their marital status, many women in Zambia have to bear the major economic responsibility, in addition to domestic chores, to support their families.

Since the majority of them are ill-educated and ill-equipped with skills required in the waged market, and since the labour market is unable to generate sufficient employment opportunities for the growing labour force, only a small proportion of women manage to obtain waged employment. According to the Ministry of Finance and National Planning (2002) Report, in 2001 a total number of 57 760 persons were employed in the public sector. Out of this, 37 771 were males while only 19 989 were females.

On education, available statistics indicate that female literacy rate for the 15 to 24 year old has dropped from 71% in 1990 to 66% in 2002 while for males in the same age range, the literacy rates have dropped from 79% to 75% in 1990 to 2002 respectively (MOE 2002). *The Zambia's Progress Report on the Beijing Platform for Action* (2004) indicates that female literacy rates continue to be lower than that of males and the gender gap has not been narrowed between 1990 and 2003.

As a result of high illiteracy levels among women, many of them are affected more by poverty than men. According to the Central Statistical Office (CSO, 2000), the incidence of poverty by sex of household head shows that persons in Female Headed Households (FHH) continue to be much poorer than those in Male Headed Households (MHH). *The Zambia's Progress Report on the Beijing Platform for Action* further illustrates that “manifestations of poverty include lacking material resources; denial of opportunities and choices; and failure to lead a long, healthy and creative life. It also implies not being able to enjoy dignity and self-esteem. All

these denials are experienced more by women than by men. Women's situation has also been compounded by their limited participation in decisions made on resource allocation at household; community; district; and national levels" (GIDD 2004: 7). For purposes of survival and to support their families, most women resort to the informal sector. While in the informal sector women face constraints such as lack of credit facilities, they find themselves at a disadvantage when dealing with financial institutions and other lending agencies. Financial institutions such as WFCZ are formed to help women by giving them loans to enable them participate in economic activities so that they are empowered economically and their status raised in society.

According to Allo and Harcourt (1997) 'since the 1970s, a lot of efforts and resources have been committed in order to integrate and enhance women's participation in the mainstream development process'. Women were seen to have been left out in the development process. Therefore women's projects and programmes were initiated. The initiative taken by WFCZ to empower women through credit schemes, is one such programme. This programme presented an opportunity to broaden women's participation in economic activities.

### **1.3 Purpose of Study**

The main objective of the study was to determine whether Women Finance Cooperative Zambia (WFCZ) has helped to empower women by giving them loans. Specifically the objectives of the study were to:

- (i) investigate the background of women who got loans from WFCZ between 1997 and 2002.
- (ii) find out whether the women were able to repay the loans back to the institution.
- (iii) establish whether the women have achieved financial independence through the loans they got from WFCZ.

#### **1.4 Rationale of the Study**

The rationale of this study is that it will contribute useful details on the participation of women in the credit schemes provided by WFCZ. The study will also add to the already existing body of knowledge on Gender and Development, thus contributing new knowledge on gender issues to be used as reference materials for future study.

#### **1.5 Operational Definition of Terms**

**Collateral:** Property which is pledged as security for the repayment of a loan.

**Feminization of Poverty:** Women's growing share of poverty in relation to men in society.

**Gender Parity:** A situation in which men and women have equal opportunity in economic activities.

**Loan:** Money lent at interest.

**Mainstreaming Gender:** To integrate gender dimensions, that is, women and men's concerns, into development, programming and planning in

development models.

**Strategic needs of women:** Needs that improve the position of women in society.

**Visibility of Women:** A situation whereby women are clearly seen or noticed in economic activities.

**Women Empowerment:** The notion of women having power to take action to control and enhance their own lives, and the processes of enabling them to do so.

## **1.6 Structure of Dissertation**

This dissertation is divided into five chapters. Chapter One introduces the study and the problem, the objectives and the rationale for the research. Chapter Two reviews the literature related to the study. Chapter Three provides the research methodology which indicates sources of data, sampling procedures, sample size and characteristics of the respondents utilized in the study. Chapter Four presents an analysis and discussion of the findings of the study. Finally Chapter Five provides overall conclusions and suggestions for future actions in the form of recommendations. Appendices follow the last chapter.

education and the necessary skills required in the labour force, they resort to petty trading and small scale entrepreneurship.

x Concerning women's problems when getting employment, studies conducted in both developed and developing nations have shown that women face many problems as they try to enter into formal employment. INSTRAW (1995) found that women continue to shoulder the bulk of unpaid work, performing more than 70 per cent of it. Thus women concentrate on household chores and child rearing and as a result they cannot get into formal employment. ILO (2000 b) *Income Security and Social Perception in a Changing World* further illustrated that the social perception that their reproductive and domestic roles are their primary functions, restricts women's entry into wage employment. Globally, there have been growing numbers of women among the unemployed, underemployed and workers in precarious employment. ILO (1993) *Statistical Measurement of Gender Wage Differentials* and Gunderson (1994) postulated that many women still faced obstacles as they prepared to enter into the labour market in 'terms of type and level of education and vocational training, skill diversification and flexibility'.

Recently, ILO (2000 a) *Expanding Wage Employment*, revealed that globally it has been documented that women have a disadvantaged position and a weak bargaining power in the labour market. Women tend to have limited access to wage employment worldwide, and are in relatively low income occupations. Within similar occupations women earn less than men.

Considering developing countries, Wilshaw (1998) found that women, particularly heads of household, often face more obstacles than men when getting employment which meets their circumstances and yields a fair wage.

2 Regarding the percentage of women in employment, studies have shown that few women are employed compared to men. Nowicka (1997) pointed out that globally the proportion of women working in the private sector as employees was smaller than that of men. Women's chances to be employed depended on education and that most of those who have been successful are those who are younger with better education and living in urban centers. For the majority of women in countries undergoing economic liberalization programmes, however, particularly those with less education and who are older and living in rural areas or small towns, integration is more difficult and the number of new jobs is limited. In Zambia, the Central Statistical Office (1998) states that women are the minority in formal wage employment (about 1 in 5).

3 The low percentage of women in the labour force in Zambia has continued though there is a slight improvement. For instance, more recently, *the Ministry of Finance and National Planning* (2002) reported that in 2001, a total number of 57 760 persons were employed in the public sector in Zambia. Out of this number, 37 771 were males while only 19 989 were females.

✕ On the percentage of women in management positions and well paying jobs, ILO (1993) *Statistical Measurement of Gender Wage Differentials* and Gunderson (1994), commented that women continue to be concentrated in a narrow range of jobs, often at lower levels, and poorly represented in management and decision making positions. In 1993 Ducci estimated that it would take 475 years for gender parity to be reached in this sphere at the present rate of progress. In Zambia the Central Statistical Office (1998) indicated that the few women that are found in the labour force are confined to clerical rather than management occupations with a ratio of female/male of 30: 70 in 1980 to 43:57 in 1995 in high income occupations. In 2002 the Ministry of Finance and National Planning showed that the majority of the female employees were in the low ranks and stereotyped jobs such as teaching (pre and primary schools), secretarial, nursing and clerical. On the same subject, Mwape and Nkombo (2003) argued that occupational segregation and concentration tend to be perpetuated by customary factors, which state that there are jobs for a specific gender.

On the effects of Structural Adjustment Programmes (SAP) on women, Kolko (1999) argued that although men and women are both affected by restructuring in developed countries and structural adjustment programmes in developing ones, it cannot be assumed that they are equally affected. She postulated that 'the impact of such programmes can occur in gender distinct ways because of the separate roles men and women play and the different constraints they face in responding to policy changes and shifts in relative prices'. Studies done in developed nations have also

shown that women are negatively affected by restructuring programmes. For instance, in a British Council Report on gender and economic restructuring in the United Kingdom (1997), it was seen that a high social price is being paid for economic restructuring. Most women have not gained in wages, and have found themselves employed as contractual workers, mostly on short term basis. This entails new dangers to their lives in terms of gender violence. There has also been a reported increase in suicide rates among the retrenched men, resulting in an increase in female-headed households.

In Sub-Saharan Africa, ILO (1994) *The Changing role of Women in Economy* and ILO (1995 a) *Women workers: an annotated bibliography*, have argued that economic restructuring programmes, by reducing employment opportunities in the public sector, have forced many women into the overcrowded informal sector work such as petty trading and home based production. At the same time, the reduction in state financing of social services has increased women's unpaid work. Women's economic position and social burden have therefore worsened under economic adjustment. However, six years later, the *Economic Report of 2001*, stated that according to the Public Service Reform Programme (PSRP) in Zambia male employees were affected more in terms of retrenchments than female employees. This development resulted into increased female supported households.

Studies done in Zambia have also shown that women are negatively affected by SAP. *The National Gender Policy* (2000) outlined that resulting from structural

adjustment policies that have entailed considerable retrenchments from formal sector employment, women are mostly the first to be retrenched. Reasons being that women are concentrated in less skilled occupations coupled with the fact that they are not regarded as breadwinners. Secondly, the demand for women's labour has been weakened by their additional function of reproduction, as a result they tend to be less favoured when it comes to recruitment and usually the first to be let out when retrenching. All this is due to cultural beliefs and attitudes that discriminate against women.

### **2.1.1 Women and Poverty**

Concerning poverty and working conditions of women, studies by ILO, UN, Buvinic and Mhone (1995) have shown that working and living conditions of vulnerable groups of women workers, such as informal and rural-sector workers in the developing world, the disabled, migrants and female heads of households remain high. In the same line, Date-Bah (1997) commented that also alarming is women's growing and unfair share of poverty, the trend towards the 'feminization of poverty' and 'horrendous impact on women of the expanding incidence of civil strife and other wars around the world'. Similarly, the Women's Budget Initiative (2003) points out that internationally women predominate among 'the poorest of the poor groups'.

Studies conducted in Zambia seem to show similar trends. For instance, ZARD (1996) envisaged that the general population of women is extremely poor and that

there is no social security net for them. 'The evolution of poverty' (CSO 1997) stated that less educated persons tend to have higher levels of poverty compared to that of their more educated counterparts, and the illiteracy levels are higher for women than for men, showing a further indication that women are affected more. Lack of education limits women's ability to take advantage of opportunities to better their lives and that of their families. The 1998 (CSO) Living Conditions Survey showed that persons in female-headed households were more likely to be extremely poor than those in male-headed households, and that food shortage was more prevalent among female-headed households (61%) compared to male-headed households (52%). On the education of women, the Central Statistical Office, in the Census of Population and Housing of 2000 Report, illustrated that there are 355 806 females heading households in Zambia. Of these female heads 44.5% had no schooling, 35.0% had attained primary level of education, 16.8% had reached secondary level and only 3.7% had reached higher education.

Oyaide (2002) conducted a study on child domestic labour in Lusaka. She examined the reasons why children are engaged in domestic labour in Lusaka. She found that poverty is the major cause of domestic child labour and that the majority of domestic child workers are girls. When parents cannot send all their children to school because of poverty, the preference is for the male child to go to school rather than the female. This implies that girls are most disadvantaged by poverty and it is these girls who later grow into women.

*The Zambia's Progress Report on the Implementation of the Beijing Platform for Action* (2004) comments that in addition to economic factors, the socially and culturally ascribed gender roles and women's limited access to factors of production has contributed to high poverty levels among women.

## **2.2 Participation of Women in Business**

According to a global study done by Nowicka (1997) on the integration of women in private sector activities, less women than men are trying to look for new opportunities in the private sector. She further commented that in most countries, self-employed women often run small shops, work as street vendors or offer social and personal services. These women face severe obstacles as they lack business skills and knowledge, supportive infrastructure and access to credit.

However, studies of women's participation in business in Africa indicate that historically women have mostly been involved in the trading sector. Robertson (1995) indicated that in West Africa, "one area of women's pre-colonial authority was in market trading, which has a long history in West Africa". This trend continued after colonization.

In Zambia, Beveridge and Oberschall (1979) indicated that before independence, the business activities of women were marginalized to the prepared food trade and were entrenched in small scale charcoal trading. Studies by UNICEF (1986) and ILO/JASPA (1981) show that female participation in the informal sector seems to

follow similar pattern to those found elsewhere in Africa, in that they are concentrated in retail trade, community and personal services.

Schuster (1983) indicated that the need for women in Zambia to engage in trade and earn money arose as a response to the influx and population boost in the cities, which brought about major social upheavals with major socio-economic impacts. Women with their rural socio-economic backgrounds could not easily adapt to the new environment. So they responded to these social and economic changes by engaging into trade.

ZARD (1985) pointed out that women in Zambia since the 1940s contributed to the household economy through the sale of garden produce, handicrafts and beer brewing. 'Women were differentially involved in productive activities and in the cash economy and, despite their major role in production, reproduction and the maintenance of the family, their contribution went unrecognized'.

Muntemba (1991) found that the majority of women participants in the informal sector came from low-income groups in society and entered the informal sector entrepreneurship as a means of survival. These women have little or no formal education. They also have no special skills when compared to their male counterparts.

Furthermore, in Zambia, at the advent of economic restructuring programme, Lumbwe (1992) suggested that the inequalities that exist in Zambia would worsen

with the economic restructuring that was to take place with privatization. He further observed that women did have an interest in the radical reformation of the economy but that he foresaw very little participation of women because of the unequal distribution of wealth, power and existing unfair business practices that make credit unavailable to women.

Mwale-Yerokun (2003) did a study to examine the levels of participation of women in the privatization process. She also determined the factors that influenced the comparative participation of females and males in the programme. She demonstrates through her study that despite the fact that the privatization programme was implemented in an environment in which Zambia had signed and ratified a number of instruments on gender equality and empowerment of women, the programme was gender blind. She also found that the factors that influenced the comparative participation of females and males include capital, and experience in managing companies such as parastatals and political status. The study results indicate that though lack of capital was the major problem faced by both females and males in participating in the privatization programme, females faced more problems than males. Problems faced by females include lack of collateral, low levels of education, and limited historical involvement in the types and sizes of businesses that were advertised. Due to these problems, only a few women participated in the privatization programme.

### **2.3 Constraints faced by women in Economic Activities in Zambia**

This section reviews the literature on the constraints that women in Zambia face in economic activities. Studies reviewed in this area identified lack of credit, cumbersome procedures to obtain credit from credit organizations, and poor infrastructure as the major constraints that women face in economic activities. Other studies showed that family responsibilities and lack of business skills affect women's business activities negatively. Other constraints brought out include few customers, lack of self confidence, economic dependence on other people and ignorance as constraints that women face in economic activities.

On lack of credit as a constraint against women's economic activities, Hansen (1980), Bardouille (1981), Turner (1983) and ZARD (1985), all pointed out that at the level of petty trading and small scale manufacturing, lack of credit facilities and business input were the major constraints that urban poor women faced. It should be noted that all the above studies were done before the establishment of WFCZ. All these studies conducted twenty years ago cited lack of credit as the major constraint faced by women in economic activities. All these studies were pointing to the need of an organization like WFCZ which would help to empower women by providing credit to them.

On the same issue, Hussain (1990), Muntemba (1991) and Hamanyanga (1995) observed that one of the major constraints to women's opportunities in entrepreneurial or business activities is their lack of access to working capital and

credit. Other constraints they identified include low levels of education, household responsibilities, low income clientele, lack of self confidence, economic dependence on other people and women's traditional role as mothers, wives or caretakers of sick family members.

Studies also cited cumbersome procedures to obtain credit from credit organizations as a constraint faced by women in economic activities. ZARD (1985) asserted that "stringent lending policies of financial and credit institutions, and the cumbersome procedures involved in loan applications tend to marginalize women's participation in and access to credit facilities" (1985: 10). While Turner (1983) found that most women who were uneducated also lacked the skills and experiences to deal with institutions responsible for liaising the activities of small-scale development programmes. *The Zambia's Progress Report on the Implementation of the Beijing Platform for Action* (2004) identified limited resources to alleviate and reduce poverty which has not fully matched the worsening situation of the women, including cumbersome procedures to obtain credit and lack of awareness on the existence of poverty reduction programmes among women, as constraints faced by women in economic activities. This study investigates whether cumbersome procedures to obtain credit is a constraint against women as they try to obtain credit from WFCZ.

Regarding poor infrastructure, transport and storage as problems women face in economic activities, Chilivumbo and Kanyangwa (1984) observed that women

largely contributed to the nations' economic development by growing, preserving and marketing foodstuff. They indicated that in spite of the women's active participation in food production, they faced constraints such as lack of adequate agricultural facilities, transport, proper storage facilities, and knowledge of food-preservation techniques.

^ Considering family responsibilities as a constraint in business activities, Milimo (1990) argued that the disadvantageous position of women in agriculture is not due to discriminatory agricultural macro policies but largely due to the structure of Zambia's rural society as well as certain cultural norms and practices which place women in a subordinate and subservient position to men. He pointed out that such cultural practices socialize women into subordinate roles which become a constraint in as far as agricultural services and resources for women are concerned.

The Economic Commission for Africa (2002) indicates that many women in Zambia are involved in income generating activities in the informal sector to supplement family income. Yet the prevalence, impact and effects of HIV/AIDS on women and children in particular, has greatly curtailed the would be economic gains in women's efforts for economic empowerment. This is because the pandemic impacts on men and women differently. Women are the ones who take care of sick people in homes. So when there is an AIDS patient in the family, a woman is likely to abandon her business to nurse the patient. Whereas a man would not normally see this as his responsibility. This is so despite the SADC initiative of incorporating

gender and human rights in the SADC HIV/AIDS strategic framework and programme for 2000 - 2004 in May 2000.

#### **2.4 Women and Credit Organizations**

Yurus (1990) in his study on 'credit as a human right' in Bangladesh argued that credit plays an important role in how a society is constituted. He insisted that credit is in the final analysis a powerful economic weapon and that it creates opportunity for self-employment, in which the poor person can control their economic destiny. He finally recommends that with massive unemployment and limited resources in developing countries, there are strong arguments for credit for self-employment based on sound economic reasons. This argument is particularly important for this study as Zambia is a developing nation with massive unemployment which to a large extent affects women. The argument later stipulates in Chapter Four that women have a right to credit in order for them to control their economic destiny.

A case study done on Bangladesh's micro-loans (2002) showed that women benefited less from credit. The study was conducted on the Grameen Bank of Bangladesh which is a micro-credit institution that lends small amounts of money to poor people who are ignored by the conventional banking system due to their lack of collateral. The bank was developed by Professor Mohammed Yurus in 1976 when the country was stricken by poverty. Its method of small loans could advance the economic rights of women in particular and contribute to national economic growth. However, the study concludes that although women are the primary

recipients, often men are the key beneficiaries, as many husbands assert control over the money once their wives have obtained it. This study investigates whether this happens to Zambian women too.

Studies done in Africa have revealed that women find problems when trying to obtain credit from credit organizations. In the West African region for instance, in 2001 studies were done on the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations. IFAD is a project which provides fixed portions of credit to be available to women on the same terms as for men. Evaluation reports of projects in West Africa revealed that, so far IFAD achievements in this area have been poor. Extension services work with farmers or Village Associations (VAs) made up of heads of farm households. Since these groups mimic the existing distribution of power within the villages, women are often poorly represented. For example, in Aguié, Niger, women received only 11% of the total number of loans and 4.5% of the total sum disbursed through VAs. The other reason for poor participation of women is that the purpose for which credit is provided under the project is often more relevant to men - either typically for a plough, not a cart; or animal breeding, not small trading. The evaluation reports have also shown that in the Fouta Djallon Village Development Funds (VDF) and VAs, where the use of internal credit is freely developed, women are poorly favoured because they are not formal members of the VAs. Most of the loans are made available to the traders and prominent members of the community who sit on the loan committees. This project therefore did not mainstream gender in its

planning and implementation.

The evaluation of IFAD in Atacora showed that women have found the requirement of prior savings a barrier to getting loans. This is because either their capacity to save is limited or if they withhold funds for several months in order to meet the condition of prior saving, their productive activities can be affected. Women require smaller loans but have problems in meeting the down payment to become account holders.

The evaluation reports of IFAD have shown that women have benefited from credit organizations that do not require prior deposits and those that give smaller loans. In Burkina Faso, systems of group lending (credit solidaire) and self-managed village schemes (VISACA), whose services do not require prior deposits and give out smaller loans and where informative promotional techniques are based on participative inquiries, have benefited women. For instance, women are the main clientele of the small Rural Credit Project in Burkina Faso as 98% of loans went to women in 1994. In Guinea they represent 48% of Guinean rural credit borrowers and 30- 50% of account holders in all branches supported by VISACAs of the Center International de Developpement et de Recherche (CIDR) in the Sahel region. However, there are very few such organizations and therefore cannot cater for many women in the region.

Dameh and others (2000) studied the degree to which the Cooperative Credit Union Association in Ghana was meeting the credit needs of its female members. They found that women do not have the same access to credit as men do in the credit union, and that the loans women were given were too small to meet their needs. The policies of the revolving loan fund were too rigid to meet women's needs. Most women lack financial management and business planning skills and many women know very little about credit union operations and cooperative principles. Most of the credit unions were mixed and in mixed credit unions, women seldom occupied decision making positions. In some credit unions, men did not allow women to apply for women - in - development loans, set aside specifically for women members. They further found that fear of borrowing and being in debt was a problem for women in some areas. As a result women asked for less than they needed, which brought too little input to improve their businesses. This study examines whether similar trends are faced by women in Zambia. That is, whether fear of borrowing and being in debt including lack of support from men are experienced by women in Zambia as they try to get loans from WFCZ.

In Gambia Touray (2002) did a study on women organizations in the communities of Burfut and Gunjur with a view to determining their objectives, the relationship between and the problems within the groups. She also examined the technical assistance needs, credit needs and the problems associated with the group credit schemes, access to equipment for their work and utilization of revenue. The study showed that women group themselves together, based on their common objectives

to empower themselves. The study also revealed that these women organizations have problems in getting credit. This is because either credit facilities are not available or the procedures to access them are not known. These problems are mostly the inability to get access to the credit institutions or agencies.

Problems of women in accessing credit were also shown in Southern Africa. Rembe (1995) in a study to examine credit facilities for housing for women with low income in the urban Maseru in Lesotho reveals that women in the low income groups were excluded from acquiring credit for housing from formal financial institutions because of their income level.

Similar trends were shown in studies done in Zambia. In a study on agricultural credit schemes and rural women in Zambia, Muntemba (1989) noted the conspicuous invisibility of women in the eyes of financial institutions. Credit is a key input for broadening the production base as well as improving production. She asserted that it was unfortunate that women were unable to take advantage of existing credit facilities, which are often monopolized by men. While Kooij (1989) indicated that women in Zambia were unable to take advantage of credit facilities, mainly due to their inability to satisfy the guarantee part of the lending policy, because they had no assets, such as land, machinery, animals, income, or other forms of security. She also cited socio-cultural attitudes as contributing to the exclusion of women from credit programmes. The problem here is that women in homes do not have access to and control over resources.

In another study, Muntemba (1990) noted that women's access to credit is extremely important as it affects their participation in income generating activities and food production. She observed that despite women's participation in production activities - food, industry and services, their access to resources, such as capital was limited. This study seeks to establish whether access to credit enhances women's participation in income generating activities.

### **SUMMARY OF LITERATURE REVIEW**

The studies above have documented the importance of women's access to credit, but there is little information to improve our understanding on whether or not access to credit does lead to the empowerment of women; and whether or not they have control over their resources. This study therefore hopes to fill this gap. The study investigates whether WFCZ has helped to empower women by providing credit to them.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### **3.0 Introduction**

This chapter presents the research design of the study. It discusses the sources of data, and the instruments used for data collection. The chapter ends by outlining the problems encountered in the collection of data.

#### **3.1 Study Design**

The study focused on women who got loans from WFCZ between 1997 and 2002. The data was collected using both qualitative and quantitative methods. The study was undertaken between June and August 2004. The research site Lusaka Urban District was used since WFCZ operates only in Lusaka.

#### **3.2 Data Collection**

The data for the study was collected using both primary and secondary sources. Primary data was collected through non-structured interviews, questionnaires and Focus Group Discussions. The main aim of this arrangement was to get the views of women, their experiences and the problems as well as benefits they might have gone through in and after getting the loans. Secondary data was collected through review of records from WFCZ. Official statistics in terms of records on credit given out to women were obtained from the institution and were examined.

Pilot testing was conducted to 10 women who got loans from the institution who were selected at random by distributing a questionnaire to them. The pilot test resulted in rephrasing the questions that were not clear or were ambiguous.

### **3.3 Sampling and Sample Size**

The total sample of the study consisted of one hundred and five people. Although looking at the total population of women who got loans from the institution of 3 000 by the year 2004, the sample may appear to be small, the researcher could not go beyond this sample size due to the limited time and inadequate resources. Nevertheless, adequate information was collected with this sample on the extent to which WFCZ has helped to empower women in Lusaka Urban District.

Questionnaire one (appendix one) was distributed to sixty women who had got loans with the institution. This sample was drawn from the records of women who got loans from the institution between 1997 and 2002. The women were conducting the following types of business: food stuffs, block making, hair salon, knitting, poultry, retailing, second hand clothing, tailoring and other small scale enterprises. These women were selected using the simple random sampling by selecting every fifth woman to come up with hundred women. This questionnaire (appendix one) was used to find out the background of women who got loans from the institution, whether the women are able to repay the loans and, whether they become empowered thereafter. The Questionnaire (A) was distributed to women who were operating in Chilenge, Kabwata, Bauleni, Matero and Garden Markets.

Interviews (appendix two) were conducted to a sample of five people. These were employees from the institution that comprised of two males and three females. There are eight employees in all at the institution; the Executive Director, who is female; the Accountant who is male; the Assistant Accountant who is female; the Accounts Clerk who is male; the Management Information Systems Officer a female and three Credit Officers who are all females. It is out these that the five were drawn. Since there were only two males, a purposeful sampling method was utilized. The purpose of using the purposeful sampling was to have the males and the females as well as the employees performing different activities in the institution to be covered. This sample was drawn from the list of employees who give out loans at the institution. Open-ended interviews were also done with two credit officers. It was difficult to interview the Executive Director for she was rarely found in the office.

The Focus Group Discussions (appendix three) were conducted with forty women in groups of ten who got loans from the institution. The sample was drawn using the purposeful sampling. Purposeful sampling was used because it was discovered that some of the women had left town, others had died and yet others were no longer clients of WFCZ and could not be traced. The purposeful sampling was used to come up with the number 40. These women were not in the sample of those who answered the questionnaire. The FGDs were conducted to supplement the information that was given by women that were sampled to answer the questionnaire. It was therefore necessary to hold four FGDs which comprised of ten

women each. A group helps to prompt people to participate and yield more information. That is, “people in a group tend to be less inhibited since they discuss the issues on a general note without personalizing them and when there is a story telling exercise, it reminds them of some points which they may have forgotten to raise” (Savoie, 1999:15). Thus the FGD helped to get insights and attitudes of the respondents in participating in getting loans from WFCZ.

### **3.4 Data Analysis**

The quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) for windows version. The qualitative data were analysed using content analysis. This information is presented in form of percentages and tables in Chapter Four.

### **3.5 Problems Encountered During Fieldwork**

In spite of having obtained permission from the institution to conduct the research, the employees would not reveal some of the relevant information and documents of the institution. For instance, they would not release progress reports of the institution which could have revealed a great deal of information relevant to the study. The other problem was that of the sampled 100 women to answer the questionnaire, only 60 were found. The other 40 had either left town, or had died, or were no longer clients of WFCZ. When conducting interviews and administering questionnaires, the researcher had to be accompanied by at least one employee, to monitor the interview and check the questions being asked. This could have

inhibited freedom from the respondents to express themselves freely. Limited funds was another problem faced when collecting data in the field. If more funds were available, the study could have included other business women who were not clients of WFCZ in the sample to assess the impact of the programme.

## CHAPTER FOUR

### PRESENTATION OF FINDINGS AND DISCUSSIONS

#### 4.0 Introduction

This chapter discusses the findings of the study. Section 4.1 discusses the background of women who got loans from WFCZ. Section 4.2 shows the awareness of the WFCZ Programme. Section 4.3 highlights the constraints faced by women when getting loans from WFCZ as well as modes of repayment of loans back to the institution. Section 4.4. discusses the benefits women have attained through getting loans from WFCZ.

#### 4.1 Background of women who got loans from WFCZ

Most of the women who got loans from the institution are those who are in the middle age and older. The results of the study indicate that of the total number of respondents who got loans from the institution 50% were aged 45 years and above, 37% of them were aged between 35 and 44 years, 13% were aged between 25 and 34 years, while there was no one aged between 18 and 24 years. This suggests that at the age of 18 to 24, some women are either just completing secondary education or entering and still in colleges. For those who have not been to school, usually at this age most of them are still under their parents' care. Usually, young women do not feel comfortable to run businesses on their own. They would rather either just help with their mother's businesses or with household chores while their parents are away doing other businesses.

Regarding their marital status a total of 61.6% of respondents were married, 26.7% were widowed, 10% were divorced, while 1.7% were separated, and no one was single (Table 4.1).

**Table 4.1 Marital Status of Respondents**

<b>Marital Status</b>	<b>Frequency</b>	<b>%</b>
Single	0	0
Married	37	61.6
Widowed	16	26.7
Separated	1	1.7
Divorced	6	10
Total	60	100

The possible explanation for this could be that women who are single and relatively young do not have immediate families to worry about. However, those that are married or widowed with large families face more problems and would go out to look for loans to find ways of surviving. This is because women feel a greater sense of responsibility over their children than men do.

When respondents were asked to give their educational background, 53% of the respondents said they had attained primary education, 43% had attained secondary education while only 4% had reached tertiary level of education (Table 4.2).

**Table 4.2 Educational level of Respondents**

<b>Educational level</b>	<b>Frequency</b>	<b>%</b>
Primary	32	53
Secondary	26	43
Tertiary	2	4
Total	60	100

As Table 4.2 indicates, many of the women who got loans were relatively well educated, for all of them had primary education and many among them had attained secondary level of education. These women therefore had some skills and knowledge to run businesses successfully from the education they had. Contrary to the common belief that women who are found in the informal sector tend to have less education and lack skills to run businesses, these women had attained relatively high levels of education. According to *the Zambia DHS Ed Data Survey (2002)*, from a total number of 1 077 of females in Lusaka Province, 41% had attained secondary level of education. Comparing these figures of literacy levels of women in Lusaka Province which stood at 41.0% of those who had attained secondary education and higher in 2002 and these women who got loans from WFCZ, we see that 47% of the women who got loans had a minimum of secondary education. Under normal circumstances these women should have found jobs in the formal sector. However, very few of these women were once employed in the formal sector. This was highlighted in that only 28% of the respondents said they were once in formal employment while 72% had not been in formal employment. Even

most of those who said they were once in formal employment, were employed in low status jobs such as being a cashier, catering officer, hair saloon attendant, military instructor, an office orderly, receptionist, shop attendant, tailor and typist. One respondent said she once worked as an Assistant Librarian and another one said she was once employed as a teacher.

Another observation was made on the married respondents regarding their husbands' level of education. Of the married respondents 50% said their husbands had attained secondary level of education, 30% said that their husbands had attained tertiary level of education, while 20% said their husbands had only primary education as shown in Table 4.3. These results show that the husbands are relatively better educated than their wives which could have led to women feeling subordinate to their husbands. Women needed the loans in order to help themselves to be economically independent and come out of the dependent positions. When women are empowered, they participate in decision making and change the gender relations in their homes, thereby contributing to national development. Thus their condition as well as position in society is raised.

**Table 4.3 Educational level of husband**

<b>Educational level</b>	<b>Frequency</b>	<b>%</b>
Primary	8	20
Secondary	17	50
Tertiary	12	30
Total	37	100

The married respondents were asked to indicate whether their husbands were in formal employment. 73% of them said their husbands were in formal employment while 27% said their husbands were not employed. When further asked to indicate the kind of job their husbands were doing, many of the respondents cited low status jobs such as bricklayer, carpenter, catering officer, clerk, driver, electrician, office orderly and technician. Three said that their husbands were accountants, 4 said their husbands were civil servants, 1 said her husband was a teacher and another one said that her husband was a town planner. As seen in the foregoing, many of the respondents were married to men who earn very little income and a few of them were married to men who were not employed at all. This is despite the husbands having obtained quite high levels of education. The women therefore felt the need to subsidize their husbands' income. To do this, the only way seemed to engage in petty trading, and hence the need for them to get loans to improve their businesses. This tends to agree with the Economic Commission for Africa (2002) which indicates that many women are involved in income generating activities in the informal sector to supplement family income. This could be due to the socialization of African tradition which demands that it is the woman who should see to it that the family has enough to eat. Therefore when the woman realizes that her husband's income is not enough to cater for the needs of the household, she looks for ways of subsidizing the family income. Many women subsidize their husbands' income by engaging in small scale trading and small scale manufacturing.

#### 4.1.1 Business Background

When asked to indicate their capital base, 42% of the respondents described their capital base as fair, while 30% said it was good, and 28% of the respondents indicated that their capital base was average. Good, here should be understood as a respondent beginning business with K500 000 or more as capital, while 'fair' as K250 000 and average as K100 000 or less as capital. Most respondents had been in business for at least five years or more as shown in Table 4.4.

**Table 4.4 No. of years in business**

<b>No. of years</b>	<b>Frequency</b>	<b>%</b>
0 - 5	15	25
6 - 10	8	13
11 - 15	11	18
16 -20	21	35
21 - 25	4	7
26+	1	2
Total	60	100

Many of the respondents were involved in small scale businesses such as foodstuffs, knitting, retailing, tailoring, and second hand clothing (Table 4.5). The possible explanation why many women were dealing in foodstuffs could be due to the fact that food products are relatively easy to deal with. With foodstuffs women just require simple materials to run the business whereas big businesses require complicated infrastructure. This trend in 2004 tends to agree with Hansen 20 years

ago who found that the fact that many women in small scale trading deal in foodstuffs not because this kind of business activity is better practiced by women but rather that they do so in order to meet the adverse economic circumstances in which they find themselves in, in urban areas.

**Table 4.5 Kind of business respondent involved in**

<b>Types of business</b>	<b>Frequency</b>	<b>%</b>
Foodstuffs	22	36.6
Block making	1	1.6
Hair salon	1	1.6
Knitting	4	7
Poultry	3	5
Retailing	5	8.3
Second hand clothing	14	23.3
Tailoring	3	5
Miscellaneous	7	11.6
Total	60	100

These women were involved in small-scale businesses due to their lack of capital. This was further illustrated by the size of businesses that the respondents were conducting. Of the total respondents, 80% rated their businesses as medium, while 17% rated them as small, and 3% said their businesses were big (Table 4.6).

**Table 4.6 Size of business respondent engaged in**

<b>Size</b>	<b>Frequency</b>	<b>%</b>
Small	10	17
Medium	48	80
Big	2	3
Total	60	100

The term 'small' refers to the business realizing K50 000 or less profit per day, 'medium' as realizing K100 000 of profit per day, while 'big' refers to K150 000 and more realization of profit per day.

#### **4.2 Awareness of the WFCZ Programme**

Effective advertisement of any programme is very crucial for its success. Respondents were asked to indicate how they came to know about WFCZ. 32% of the respondents indicated that they came to know about it through reading newspapers, 40% said that they came to know about it through television, 37% said it was through radio, 42% said that they came to know about it through Non Governmental Organisations while 75% indicated that they came to know about it through friends, and only 2% got the information through seeing a poster (Table 4.7). Most respondents cited more than one source of information.

**Table 4.7 How respondents came to know about WFCZ**

<b>Source of information</b>	<b>Frequency</b>	<b>%</b>
News paper	19	32
Television	24	40
Radio	22	37
NGO	25	42
Friends	45	75
Poster	1	2

The findings here indicate that the one major source of information through which women came to know about WFCZ was through friends. The possible explanation why many women came to know about the existence of WFCZ through friends could be that many of them spend most of their time selling in the market and therefore sharing information with friends there. There is therefore close interaction and information flow at the markets among women. Such women helped the institution without realizing, to advertise, by sharing information with friends both within the markets and in their neighbourhoods. This turned out to be the most effective type of advertisement. The employees of WFCZ interviewed indicated that the type of advertisement mostly used is door to door. However, this does not agree with what the respondents said for none of the respondents cited door to door as the way through which they came to know about WFCZ. Some respondents from the focus group discussions said that they came to know about WFCZ through employees of the institution going to the markets to tell them about it, and

encourage them to open accounts with them and later to get loans from the institution. This type of advertisement used by the institution (going to markets to tell women about WFCZ) could be said to be successful since most women have come to know about it and have either gone to the institution or other places to seek further information about WFCZ and have finally accessed the loans. Other types of advertising cited by both the respondents and the employees were print media and electronic media.

Women spend time at home and therefore watch television and listen to the radio. That is why some of them came to know about WFCZ through television and radio. Also a number of women came to know about WFCZ through Non Governmental Organisations. This shows the extent to which feminists are concerned with women's issues in the area of economic empowerment. Hence the programme has been well advertised. This was backed by the responses from both the women who had got loans with the institution and the employees from the institution. Both parties indicated that the number of women who were aware of WFCZ was large. Of the total respondents, 90% said that they thought WFCZ was well advertised, while only 10% indicated that it was not well advertised. However, even the 10% knew about WFCZ since they managed to get loans from the institution.

#### **4.3 Constraints faced by women when getting loans from WFCZ**

Considering the constraints that women face when getting loans from WFCZ, many of the respondents cited collateral requirements (31.6%) and high interest rate

(23.2%) as the major constraints faced. Some respondents cited fear of failure to repay the loans (16.6%) and lack of self-confidence (12.6%) as constraints faced. 3% of the respondents indicated ignorance as a constraint. While another 3% said lack of support from husbands was a constraint. 5% of the respondents cited the difficulty of finding a faithful group as a constraint and another 5% said there were no constraints (Table 4.8). These suggestions were given by respondents as an explanation why other women who are not clients of WFCZ had not accessed loans.

For clients getting loans for the first time, the institution gives them loans in groups. So women group themselves in groups of four or more to get loans. These group loans are done as security by the institution, that in case a member fails to repay the loan, the other members in the group settle it for her. That is why some women found difficulty in finding a faithful group.

**Table 4.8 Constraints faced by women when getting loans**

<b>Constraints</b>	<b>Frequency</b>	<b>%</b>
No constraints	3	5
Collateral requirements	19	31.6
Difficult to find faithful group	3	5
High interest	14	23.2
Lack of self-confidence	7	12.6
Fear of failure	10	16.6
Ignorance	2	3
Lack of support from husband	2	3
Total	60	100

On collateral, the employees of the institution go round to the homes of the clients, before the loan applications are approved, to inspect the property that is to act as security. The employees, who are credit officers, physically inspect the property making sure that they are in good condition. For machines like radio, television, video, fridges, and stoves, details of the property such as serial numbers are recorded so that if the client fail to repay the loan, the actual property that was pledged should be grabbed. This is done to avoid cheating on the part of the respondents. Many women do not have control over the property in their homes, therefore they find problems when it comes to the surety should they fail to repay the loan. Most women just own small things like kitchen utensils, that is why many of the respondents cited collateral requirement as a major constraint preventing

women from getting loans.

The researcher also interviewed the five employees on collateral requirement. The employees acknowledged it as one of the requirements for a woman to be eligible for a loan. This could be in form of any household or business assets, which could be possessed by the institution should the client fail to repay the loan. This was what brought fear of failure on the part of the women to get loans from the institution. Here we see that WFCZ does not work towards achieving its vision of having a society in which every woman is empowered. If women cannot get loans because they have no collateral, then the institution will never achieve its vision.

On the high interest, respondents expressed themselves clearly that the interest charged on the loans was just too high for them. This is so considering that these are women from the low income status. This came out clearly from the focus group discussions. For instance an amount of K800 000 to be repaid in 9 months, repayment is put at K140 000 per month. At the end of the 9 months, you find that a client will have paid a total amount of K1 260 000, which is roughly 50% interest. In addition, clients have to pay disbursement fees and some money to act as security into their accounts. For instance, if a client is getting a loan of K800 000, she will have to pay K40 000 as disbursement fee and must deposit K460 000 in her account. Clients choose the number of months in which to repay the loans. The fewer the months, the lower the interest. However, these are women engaged in small scale businesses who may not manage to settle their loans in a few months.

On fear of failure to repay the loans, respondents expressed fear of losing their property should they fail to repay the loans. This could be because the respondents were dealing in small scale businesses which do not yield much profit to cope with the high interest rates. Ignorance was cited as another constraint faced by women when getting loans. This was a suggestion given by some respondents as the reason why some women out there were not accessing loans from the institution. Some women, other than those who got loans from the institution, as some respondents suggested, were not aware of the services aimed at helping to empower women offered by WFCZ. These findings tend to agree with what the *Zambia's Progress Report on the Implementation of the Beijing Platform for Action (2004)* identified, that lack of awareness on the existence of poverty reduction programmes among women constraints against women in economic activities.

#### **4.3.1 Constraints faced by women in Business**

Five percent of the respondents indicated that they could not use the loans obtained immediately after getting them as they had to either go and nurse the sick family members or attend to a bereavement in the family. The explanation for this is that women are the ones who stay at the bedside when a family member is sick, be it female or male. When there is a bereavement, it is the women again who stay at funeral houses helping with the cooking and comforting the bereaved. From the focus group discussions views such as women not performing well in their businesses as they had to stay at home to take care of the children and attend to household chores also came out vividly. This could be due to the structure of

Zambia’s rural society as well as certain cultural norms and practices which place women in a subservient position to men. This is in line with Milimo (1990) who pointed out that such cultural practices socialize women into subordinate roles which become a constraint in as far as services and resources for women are concerned. Thus the traditional role of women works against them when trying to achieve economic independence.

#### **4.4 Benefits attained by women through getting loans from WFCZ**

Respondents were asked to indicate what made them think of getting loans from WFCZ. Of the total respondents, 52% indicated that they got loans in order to expand their businesses, 33% said that they wanted to improve their businesses; while 13% said that they did so due to inadequate capital, and 2% said that it was because conditions were attractive at WFCZ (Table 4.9). ‘Expanding’ here should be understood as referring to enlarging the size of the business whereas ‘improving’ should be understood as referring to the quality of goods, that is, the products of the business were made better than before.

**Table 4.9 Why respondents thought of getting loans from WFCZ**

<b>Reason</b>	<b>Frequency</b>	<b>%</b>
To expand the business	31	52
To improve the business	20	33
Conditions were attractive	1	2
Inadequate capital	8	13
Total	60	100

As Yurus (1990) argued, credit is a human right and is in the final analysis a powerful economic weapon, which creates opportunity for self-employment in which the poor person controls their economic destiny. These respondents sought to get loans with a view to improving their economic destiny in one way or the other. This is so considering that many of these women were not employed in the formal sector. Just as Yurus recommended, since Zambia is a developing nation in which unemployment is rampant especially among women, there are strong arguments for women to get credit for self-employment based on sound economic reasons in this nation.

Most of these respondents got loans in groups since that is how WFCZ operates, that women get loans in groups first, and afterwards if they continue being faithful in repaying back the loans, they can get as individuals. Of the total respondents, 92% indicated that they got loans in groups, while 8% got the loans as individuals.

When asked to indicate whether the loans had helped to expand or improve their businesses, 95% of the respondents answered that they had, while 5% said that they had not. When asked why the loans had neither expanded nor improved their businesses, some respondents explained that they faced problems such as bereavements and sicknesses just after getting the loans.

Those who said that their businesses had improved, described the improvements in terms of realizing more profit and having been able to have more orders than before

they got the loans. It should be noted here that all these women were already in business even before getting loans since WFCZ gives loans only to women who are already in business. The findings here imply that many women have been successful in their businesses through the loans provided by WFCZ. This in turn has helped to improve even the quality of life of these women. Therefore the loans from WFCZ have helped to empower women. It can be asserted that WFCZ has helped women to improve their lives economically. This in turn has provided some economic independence to women, for they are able to realize their own profit through the businesses they conduct after getting the loans. This even helps them to participate in decision making in the home. The fact that women are able to realize their own profit out of the businesses they are doing, helps them to have access to and control over property in their homes. When this happens, their status in society is raised. In this way then women have become empowered. Thus WFCZ to some extent is addressing women's strategic needs in society.

Concerning the proof that the respondents were successful in their businesses, all of them said that they did repay the loans and they indicated the number of months in which they were able to repay the loans. 42% of the respondents said they paid back in 6 months; 33% paid in 3 months; 15% paid in 4 months, while 5% paid in 5 months; 3% paid in 2 months and 2% paid in 1 month (Table 4.10). The repayment period ranges from 1 month to 12 months.

**Table 4.10 How long it took women to repay the loans**

No. of months	Frequency	%
1 month	1	2
2 months	2	3
3 months	20	33
4 months	9	15
5 months	3	5
6 months	25	42
Total	60	100

The number of months is calculated by the institution in relation to the amount loaned out and the rate of interest is calculated according to the number of months in which the loan is to be repaid. The fewer the months, the lower the interest, and the more the months, the higher the interest. As already indicated, the interest charged on the loans is very high. That is why most women force themselves to get loans to be repaid in a few months time to avoid the high interest.

Respondents were asked to indicate whether they were able to continue with their businesses after repaying the loans. Of the total respondents, 97% said they were able to continue with their businesses without requiring any help. 3% of the respondents did not give any response. Furthermore, 98% of the respondents indicated that their businesses had improved their lives economically, while only 2% said that their lives had not improved. The respondents further indicated ways

in which their businesses had improved their lives economically. 50% said that they were able to pay school fees for their children, 42% indicated that they bought household goods; while 18% said they had bought either houses or plots; and 8% indicated that they had become self-reliant (Table 4.11). Most respondents gave more than one way in which their lives were improved by the businesses they were doing. Thus these women were able to contribute to the needs of their household financially as indicated by 96.6% of the respondents, while 3.4% said they were not, which could have been due to problems faced by women such as sicknesses and family responsibilities.

When asked whether their husbands had interfered with their businesses, or profit realized, all the married respondents indicated that their husbands had not interfered. The married respondents further indicated that they were able to contribute to the needs of their household financially. This was observed to have changed their relationships with their husbands. This suggests that there is some degree of economic independence on the part of these women. Thus the loans provided by WFCZ have helped to change the gender relations in these women's homes for the better.

**Table 4.11 How business improved respondents lives**

<b>Achievements</b>	<b>Frequency</b>	<b>%</b>
Able to pay school fees	30	50
Bought a house/plot	11	18
Bought household goods	25	42
Self reliant / self sufficient	5	8

The married respondents were asked to indicate how their relationships with their husbands had improved. 83.8% of the married respondents said that their husbands gave them more respect than before they got the loans. There was no response from 16.2%. This further enables the women to take part in decision-making in the home, thereby raising their status and improving gender relations in their homes. This was shown by 91.9% respondents who indicated that they were able to decide on what was to be done in the home as a result of their financial contribution in the home. Only 8.1% of the married respondents said that they were not able to make decisions in the home. The respondents elaborated how they participated in decision-making over money in the home. 73% said that they had decided together with their husbands, 13.5% indicated that they themselves decided to do what they wanted with their money, while 8.1% said that they made decisions because they had money; 2.7% said that they planned together with the husband and children while the other 2.7% said that it was the husband who decided what was to be done in the home (Table 4.12). The results here imply that the loans have helped to empower women.

**Table 4.12 How respondents participated in decision making in their homes**

<b>Participation in making decisions</b>	<b>Frequency</b>	<b>%</b>
I decide what I want with my money	5	13.5
I make decisions because I have money	3	8.1
We decide together with husband	27	73.0
We plan together with husband and children	1	2.7
Husband decides	1	2.7
<b>Total</b>	<b>37</b>	<b>100</b>

For those who were not married, 65.2% respondents indicated that the businesses had helped them to stand on their own while 34.8% said they were not able to stand on their own. The 65.2% further pointed out that their businesses had changed their lives in that they were able to support their relatives and had become self-reliant (Table 4.13). Those who were not able to stand on their own still went to their relatives for help to pay school fees for their children and to buy food.

**Table 4.13 How the business changed the unmarried respondents' lives.**

<b>How life changed</b>	<b>Frequency</b>	<b>%</b>
Self reliant	13	87
Able to support relatives	2	13
<b>Total</b>	<b>15</b>	<b>100</b>

From these results, there is a suggestion that the empowering of women through getting loans could help break the traditional beliefs that a woman has to get married and be cared for by a man to survive. Women can realize that they can stand on their own for the rest of their lives and that they could do without marriage.

Thus women have benefited a lot from the loans given by WFCZ since they develop businesses that help them generate income, thereby being self-reliant. This suggests that these women have come out of the dependent positions in their homes.

The general objective of the study was to determine whether WFCZ has helped to empower women in society by giving them loans. The study also intended to investigate the background of women who got loans from WFCZ. Other objectives included finding out whether the women who got loans from the institution were able to repay back the loans, and whether they have achieved financial independence from the loans they got. The findings of the study indicate that women have been empowered through getting loans from WFCZ. Due to this empowerment women are able to participate in decision making in the home and their status in society has been raised. Since women have been empowered economically, they are able to have access to and control over the property in their homes. In turn these women are able to contribute to the development of the nation positively.



## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents the conclusions and recommendations that derive from the findings of the study. The conclusions are presented first and then followed by the recommendations.

#### 5.1 Conclusion

The general objective of the study was to determine whether WFCZ has helped to empower women in society by giving them loans. The study also attempted to investigate the background of women who got loans from WFCZ. Other objectives included finding out whether the women who got loans from the institution were able to repay back the loans, and whether they have achieved financial independence from the loans they got. The findings of the study indicate that women have been empowered through getting loans from WFCZ. Due to this empowerment women are able to participate in decision making in the home and their status in society has been raised. Since women have been empowered economically, they are able to have access to and control over the property in their homes. In turn these women are able to contribute to the development of the nation positively.

The results of the study also indicate that the women who got loans from the institution are those from low income groups. Contrary to the expected, that women from low income groups and those in petty trading are usually either illiterate or with little education, many of those women who got loans from the institution were relatively well educated. 53% of them had attained primary education and 47% of them had attained secondary level of education. According to the Zambia DHS EdData Survey of 2002, 41% of females aged 15 - 49 in Lusaka Province had attained secondary education. From these figures we can infer that these women who got loans from WFCZ were above average in terms of education. A few of these women were at one time employed in the formal sector.

The results of the study further demonstrate that these women were able to repay their loans without difficulty, and that they were able to continue with their businesses without any financial problems. The findings above all suggest that women have benefited a lot from the loans in that from the profit realised from their businesses, they have managed to purchase household goods and other important properties. These women have therefore achieved financial independence. This has helped them to have control over resources, and in turn has changed the gender relations in their homes. Thus the WFCZ programme is helping in promoting the strategic gender needs of women in society.

However, the institution has not helped the poorest women in society. The results of the study indicate that the poor women not yet in business and those who do not

have accounts with the institution, have not accessed loans. This is because the policy of the institution is that a woman should be in business and must have an account with the institution to qualify for a loan. The findings also demonstrate that high interest rates and lack of collateral are the major factors preventing some women from accessing loans from WFCZ. The institution charges the interest rate of about 50% on the repayment of a loan. Since these women are dealing in small scale businesses, the rate of interest is too high for them. For collateral, many women do not have access to and control over the property in the home. They therefore find problems when it comes to pledging property to act as security for the loan. To solve this problem there is need for a bank such as the one developed by Yurus in Bangladesh (Yurus 1990) which lends out small amounts of money to poor people who are ignored by the conventional banking system due to their lack of collateral. The WFCZ programme has helped women by lending small amounts of money to them. However, it should reconsider the condition of collateral if it is there to help poor women.

Most of the women who have benefited from the institution and hence from the loans are those who are to some extent already empowered because they are already in business and have accounts with the institution. Even among those women who are already in business, some fear to go to WFCZ for loans because of the high interest charged on the loans and collateral requirement. The results of the study also reveal that other constraints preventing women from being empowered through the loans provided by the institution are the cultural beliefs. These are beliefs such

as the woman's primary role being reproduction other than participating in economic activities. Some women therefore just stay at home attending to household chores and see no need of getting loans and to do business. Fear of failure and ignorance were other constraints identified by the study. The fear of failure to repay the loan is as a result of high interest rate. Women fear that they might fail to repay the loans and lose their property which they pledged, which could leave them poorer than before. Ignorance is as a result of women not being aware of the poverty reduction programmes that are aimed at helping women achieve economic empowerment. The women referred to here are the other women, other than those who got loans from the institution, those who have not accessed loans.

The study proposes that the institution should do away with collateral and that it should reduce the interest rate on loans if it has to achieve its vision. The institution should also consider women who are not yet in business for loans to help them control their economic destiny. Moreover as Yurus (1990) argues, credit is a human right, therefore nothing should prevent women from getting loans, not even collateral. The vision of the programme is to have a society in which every woman is empowered. How can every woman be empowered when for a woman to qualify to get a loan they have to have a business and should have an account with the institution's savings account? This means that a poor woman without cash or not yet in business cannot be assisted. There is therefore a need for WFCZ to revise its procedure on giving out loans to the women if a society in which every woman is

empowered is to be achieved. The institution could give out loans to women not yet in business to help them start businesses and then monitor their progress in their businesses. After the women have made some profit they could open accounts with the institution's savings account and afterwards repay back the loan. Then the vision of the programme would be achieved.

## **5.2 Recommendations**

The following recommendations have emerged from the study:

1. There is a need to seriously consider reducing interest rates on the loans by the institution to enable more women participate in the programme.
2. There is need for the institution to seriously consider giving loans to women who do not have accounts with them, those without collateral and those who are not yet in business, if their vision to have a society in which every woman is empowered, is to be achieved.
3. The institution should not only monitor the loan repayments, but should also monitor the progress of the businesses of their clients to help women achieve empowerment.
4. The institution should get poor women who are not yet in business put them in groups, train them and give them loans and then monitor their businesses. After these women have made profit, they can open accounts with the institution and then the institution can deduct its money from these women's accounts.
5. Advertisements for loans should be translated into the seven local languages to enable more women to get the information and take advantage of the programme.

6. Arrangements should be made to set up branches of WFCZ in other small towns especially in the rural areas to help alleviate poverty among women in such areas.

7. There is need for the NGOs in the country to educate both men and women on the gender issues in order to bring about positive change in gender relations in the homes and in the community as a whole. This would in turn help to relieve women of the burden of house chores to create time for them to attend to their businesses.

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## APPENDICES

### APPENDIX ONE

#### Questionnaire A

##### For women who got loans from WFCZ.

1. Age
    - a. 18 - 24 years
    - b. 25 - 34 years
    - c. 35 - 44 years
    - d. 45 + years
  
  2. Marital status
    - a. Single
    - b. Married
    - c. Widowed
    - d. Separated
    - e. Divorced
  
  3. Educational level
    - a. Primary
    - b. Secondary
    - c. Tertiary (specify) \_\_\_\_\_
  
  4. Nationality  
\_\_\_\_\_
  
  5. Tribe or Ethnicity.  
\_\_\_\_\_
-

6. Have you ever been in formal employment?

- a. Yes
- b. No

7. If yes state kind of job

---

8. If married, what is the educational level of your husband?

- a. Primary
- b. Secondary
- c. Tertiary (specify) \_\_\_\_\_

9. Is your husband in formal employment?

- a. Yes
- b. No

10. If yes, state the kind of job.

---

11. What kind of business are you involved in?

---

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12. What is the size of your business?

---

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13. How long have you been in business?

---

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14. How would you describe your business background?

- a. Good
- b. Fair
- c. Average

15. How did you come to know about WFCZ?

- a. Newspaper
- b. Television
- c. Radio
- d. NGO companies
- e. Other (specify) \_\_\_\_\_

16. Did you seek further information about WFCZ?

- a. Yes
- b. No

17. If yes, from where?

- a. WFCZ
- b. Other (State source) \_\_\_\_\_

18. Was the information helpful?

- a. Yes
- b. No

19. What made you think about participating in getting a loan from WFCZ?

---

---

20. If you are married, did your husband have a hand in it? Did he support you?

- a. Yes
- b. No

21. Did any other family member, say, your uncle, aunt, brother, sister, Cousin, etc support you?

- a. Yes
- b. No

22. When did you get the loan from WFCZ?

---

23. Did you get the loan as a group or individually?

- a. As a group
- b. Individually

24. Were you already in business when you got the loan from WFCZ?

- a. Yes
- b. No

25. If you were not yet in business, what business did you develop/establish?

---

---

26. If you were already in business, has the loan helped to expand your business?

- a. Yes
- b. No

27. If yes, how?

---

---

28. If you developed the business after getting a loan, was the business successful?

- a. Yes
- b. No

29. How long did it take you to repay the loan back to the institution (WFCZ)?

---

30. After paying back the loan, were you able to continue with your business without requiring any help?

- a. Yes
- b. No

31. Has your business improved your life economically?

- a. Yes
- b. No

32. If yes, how?

---

---

33. If you are married, has your husband interfered with your business or profit realized?

- a. Yes
- b. No

34. If yes, how?

---

---

35. Do you think that WFCZ has been well advertised?

- a. Yes
- b. No

36. What number of women do you think is aware of WFCZ?

- a. Large number
- b. Small number

37. What constraints do you think women face in participating in getting loans from WFCZ?

---

---

38. Are you able to contribute to the needs of the household financially?

- a. Yes
- b. No

39. If yes, has it changed your relationship with your husband?

- a. Yes
- b. No

40. If yes explain.

---

---

41. As a result of your financial contribution, are you able to decide on what to be done in your home?

- a. Yes
- b. No

42. If yes explain.

---

---

43. If you are not married, has the business helped you to stand on your own?

- a. Yes
- b. No

44. If yes, how has it changed your life?

---

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**THE END**

**THANK YOU!**

## APPENDIX TWO

### **Interview Guide for employees who give loans at Women Finance Cooperative Zambia (WFCZ).**

Good Morning/Afternoon,

My name is Clare Mwiinga.

I am a student at the University of Zambia pursuing a Master of Arts Degree in the Department of Gender Studies. I am carrying out a study on the economic empowerment of women. The aim of my study is to establish awareness of WFCZ by showing the level of participation and the ability of women empowerment economically after getting the loans. I would be glad if you spare some time to answer my questions.

1. Age

- a. 18 - 24 years
- b. 25 - 34 years
- c. 35 - 44 years
- d. 45 + years

2. Marital status

- a. Single
- b. Married
- c. Widowed
- d. Separated
- e. Divorced

3. Sex

- a. Female
- b. Male

4. Educational level

- a. Primary
- b. Secondary
- c. Tertiary (specify) \_\_\_\_\_

5. Nationality

---

6. How long have you worked for WFCZ?

---

7. What is your position at WFCZ?

---

8. Where were you working before you came to work for WFCZ?

---

9. How many women have you given loans to?

- a. Many
- b. Few
- c. Not sure

## ADVERTISING

10. What type of advertising has been used for the WFCZ?

- a. Print media (newspaper, magazines)
- b. Electronic media (T.V., radio)
- c. Other (specify) \_\_\_\_\_

11. Why has this particular type of advertising been used?

---

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12. Do you think this particular type of advertising has been effective?
- a. Yes
  - b. No

13. Explain your answer to (12).
- 

14. Do you think women in rural areas and urban areas could have been reached by this type of advertising?

- a. Yes
- b. No
- c. Don't know

15. If yes, how do you know?
- 

16. Is there anything that could be done to broaden the awareness of the WFCZ?
- 
- 

17. When giving loans to women, do you require a certain level of education?

- a. Yes
- b. No

18. If yes what is the minimum level?
- 

19. Do you consider experience in business when lending out loans

- a. Yes
- b. No

20. Do you require that a woman have collateral to be eligible for a loan?

- a. Yes
- b. No

21. If yes what kind of collateral?

---

---

22. Have you had any problem regarding women not paying the loans back to the institution?

- a. Yes
- b. No

23. If yes, what measures have you taken?

---

24. What is the minimum amount that you give out as loans to women?

---

25. What is the maximum amount that you give out as loans to women?

---

**END OF INTERVIEW.**

**THANK YOU!**

## APPENDIX THREE

### **FCUS GROUP DISCUSSION GUIDE FOR WOMEN WHO GOT LOANS FROM WFCZ.**

DATE:.....  
...

TIME:.....

NO. OF PARTICIPANTS:.....

CHARACTERISTICS OF PARTICIPANTS:

.....  
...

#### **INSTRUCITONS TO GROUP FACILITATOR**

- Greet the participants
  - Introduce yourself and the note taker to the group
  - Introduce the topic and purpose of the study
  - Facilitate the discussion without being involved in it.
  - Keep all information confidential.
1. What kind of business are you doing?
  2. What do you understand by WFCZ?
  3. How did you come to know about WFCZ?
  4. What procedure is followed when applying for a loan at WFCZ?
  5. Do you feel helped by WFCZ?
  6. Do you think WFCZ has helped to empower women?
  7. Has obtaining a loan from WFCZ helped change your status in society?
  8. If you got the loan as a group, how did you go about sharing the money?

9. How do you use the profit you realise from your business?
10. Who, in your home, decides on how to use the money?
11. What problems, if any, do you face in your business?
12. Did you find it easy to repay the loan back to the institution?
13. How long did it take you?
14. After repaying back the loan, were you able to continue with your business without requiring any help?
15. From your business are you able to contribute to the needs of your family economically?
16. If yes, has this changed your relationship with your husband?
17. If it has, in what ways?
18. If you are unmarried, has the business helped you to stand on your own?
19. If yes, how has it changed your life?
20. If you are married has your husband interfered with your business or profit realised?
21. If yes, how?
22. Do you think WFCZ has been well advertised?
23. What constraints do you think women face when attempting to get loans from WFCZ?
24. What do you think should be done to broaden the awareness of the WFCZ to women?

**THE END**