# Gara Godo site-specific topic: Micro-credit for men

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## Household 1 Old male participant

### Respondent information

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Education | Marital Status |
| HHH | M | 40 | 10 | Married |
| HHHf | F | 32 | 7 | Married |
| Daugther | F | 10 | 4 | Not Married |
| Daughter | F | 7 | 2 | Not Married |
| Son | M | 5 | 0 | Not Married |
| Daughter | F | 13 | 7 | Not Married |

### Knowledge of credit access

The respondent mentioned the existing sources of credit access in the community:

1. OMO Microfinance Institution, Gara Godo kebele branch, which is offering a credit service in group lending modalities. The branch has recently been established at the kebele level, which was previously established at Boloso Sore wereda office.
2. Wisdom Microfinance Institution
3. Saving Cooperatives Institution
4. Local money lenders
5. Individual Lending
6. Relative Lending
7. Neighbour Lending
8. Informal Lending

The respondent discussed each of the lending modalities available in the community and the experiences people have in the credit markets.

In OMO Microfinance Institution, Gara Godo Branch, there are 42 members sub-grouped into 5-7 persons per group.

There are 6 groups among these credit groups.

NGO lending is not direct, but the Wisdom Microfinance was initiated by World Vision Ethiopia-NGO.

People prefer private borrowing even to the OMO microfinance institution, because the default rate in group lending has been risky for group members.

Private money lenders in the community are easily accessible, but the interest rate payment is high, for example, a lender of 100 birr receives 200 birr in return.

He reported his personal experience of borring from OMO Microfinance Institution.

The major reason for his borrowing is to buy oxen and to fatten them for reselling in a better market, which takes only six months to earn profit. He received 2500 birr in the year 2008 and bought an ox for 2300 birr, 200 birr was given to his wife for retail trade.

He received the second term of 3000 birr in the year 2009. After buying an ox for 2300 birr again, he invested 700 birr in farming input purchases. He bought teff and maize seed.

The respondent also disclosed that the results are attractive:

* He sold an ox for 3300 birr with a profit of 1000 birr;
* His wife is still in retail trade with the initial loan, the profit is allotted to household expenses; she is also contributing to an equb, 20 birr per week;
* He has also saved 1800 birr from the trade done so far; he has 50 birr equb contribution per week.

The respondent indicated that there is a positive impact from using credit money if the client is wise enough and has a target to improve.

He also disclosed that the interest rate is not beyond the private borrowers. It is only 140 birr for every 1000 birr principal borrowed from OMO microfinance institution. It would have been 6000 birr if the credit had been received from private borrowers.

### Participation in the credit programme

Elderly people, adults, young women, youths, vulnerable people and poorer households are not taking part in the institutional credit market, because they are not active enough to repay loans.

Richer households, model farmers, petty trade groups and craftsmen are regular participants in the credit market.

The reason to include these groups is to minimize the default rate. The wealth of the credit applicant is estimated before giving a credit.

### Consequences for credit users

The participants are active persons in productive activities and the return is better for participants. He reported also that the group members participating in the credit have a communication and meeting about the progress. All have an intention to proceed with additional borrowing, which also confirms that the participation has a positive impact on participants’ livelihood improvement.

For requests about personal experiences of the respondent in this participation, he reported the following success and failure stories:

* Farmer participants have been engaged in oxen fattening; he is also part of it.
* Merchants involved in cash crop retail trading are taking more than six rounds of credit.
* Among participants in their group, one farmer is involved in ginger production, which has supported him to buy a home in Areka town.

Institutional credit access has been benefitting the community in many ways. Before this access, people were borrowing from individuals at expensive prices.

Participants have been undertaking the following major activities:

* Farmers- are mainly involved in buying improved seeds/fertilizer or fattening of ox/sheep;
* Traders are involved in cash crop retail trade;
* Shopkeepers have improved their shop capital;
* Government officers are also taking credit by forming groups with others.

He reported that there are no defaults because the group members included are in better financial positions.

He also reported problems related to credit programme participation: other categories excluded from credit access are also in need of it, but they have no guarantee for repayment.

### Perceptions of different kinds of borrowers

He reported that women borrowers most of the time transfer the money to their husbands if they are not active traders. Youth are good in business making. Farmer borrowers included in group lending are assessesd for their productive activities. Those who are extravagant in consumption are not given credit and people do not allow including this category of people.

### Impact of micro-credit participation

At present, both his wife and himself, the respondent, are motivated in income generation activities in order to meet the requirements of the credit market and to gain some benefit from it. Saving has been compulsory in his household, which was not available or nil before his participation in credit. He has reported the following account of the impact partly brought about by credit market participation:

Household consumption has improved, saving is highly motivated, we spend on children’s education with no reservation, on health service, buying important household assets like an ox; family clothing and cleaning materials are bought regularly, we take part in all important social occasions, every farming activity is affected by use of fertilizer and improved seed inputs, Meskel and other larger festivals in the community are duly celebrated with no interruption and a few marginalized community members are supported.

## Household 2 Adult Male Participant

### Respondent information

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Education | Marital Status |
| Household head | M | 35 | 10+3 | MARRIED |
| wife | F | 33 | 4TH | MARRIED |
| Daughter | F | 14 | 4 | NA |
| Daughter | F | 13 | 3 | NA |
| Daughter | F | 11 | 3 | NA |
| Son | M | 9 | 2 | NA |
| Daughter | F | 7 | 1 | NA |
| Son | M | 5 | 0 | NA |
| Brother’s Son (Orphan) | M | 16 | 6 | NA |
| Brother’s Son (Orphan) | M | 12 | 3 | NA |
| Wife’s brother Son | M | 5 | 0 | NA |

### Knowledge of credit access

1. OMO Microfinance Institution
2. Wisdom Microfinance Institution
3. World Bank(HABP) - not operational at mass level
4. Private local money lenders
5. Saving Cooperatives Institution

### Participation in the credit programme

Richer households, model farmers, petty trade groups and craftsmen are regular participants in the credit market. With these group members, there is no default risk. However, elderly people, adults, young women, youths, vulnerable people and poorer households are difficult categories of people not willing to return the principal.

Therefore, the credit access is now targeting the wealth of the credit needy community members. The community people themselves forming a group do not need to include those with fewer guarantees. Because, the default amounts will be distributed to group members as a debt.

Borrowers prefer OMO microfinance borrowing scheme to all other kinds of credit access in the community for the following reasons:

1. Repayment rate is in year basis;
2. Interest rate is lower than private borrowers;
3. Saving is highly motivated in this microfinance institution;
4. Possibility to receive a larger amount of credit, from 1200 birr up to 5000 birr per individual.

The clients involved in this category of borrowing are at present in good status.

### Consequences for credit users

Participation has the following success and failure stories:

* Bought ox for farming and then fattening after some years; the remaining money was saved.
* When credit is sanctioned, the institution obliges to save 10% of the principal, which highly encourages saving habits.
* 320 birr has been saved so far cumulatively from 10 birr saving per month.
* Saved total amount is returnable.
* The group members: 45 male and 4 females in one group ; and there are 60 females in another group in total there are 109 members/clients in the community.

### Perceptions of different kinds of borrowers

Male and female merchants are better beneficiary client groups and the model farmers are the next best client group in terms of success.

There was one person who lost his business and could not repay the credit. He left the area in order not to repay the credit. His group members (#49) paid the debt of this person. This kind of debt is a failure story for the group members.

### Impact of micro-credit participation

The respondent reported his personal success as follows:

* Household consumption and expenditure for all household demand has become easier due to better asset ownership. The credit business refreshed the mindset to save money and reinvest for further development. He gave his personal experience as an example: he buys teff and saves it till it becomes expensive. Until it becomes expensive, the respondent uses the borrowed /saved money partly for consumption and partly for reinvestment.
* There is a real change for persons who use the money for productive activities.

## Household 3 another male participant

### Respondent information (Borrowed from World Bank-HABP)

|  |  |  |  |
| --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Marital Status |
| HHH | M | 49 | Married |
| HHHf | F | 40 | Married |
| Son | M | 28 | Married |
| Son | M | 25 | Not MARRIED |
| Daughter | F | 22 | Not MARRIED |
| Son | M | 15 | Not MARRIED |
| Daughter | F | 13 | Not MARRIED |
| Daughter | F | 9 | Not MARRIED |

### Knowledge of credit access

The respondent reported the following sources of credit access in the community:

1. OMO Microfinance Institution
2. Wisdom Microfinance Institution
3. World Bank (HABP) - not operational at mass level
4. Private local money lenders
5. Saving Cooperatives Institution

### Participation in the credit programme

He reported that for the World Bank category of credit access, the following groups are eligible. Ten people are grouped in one group and select one person for each other as a guarantee. The respondent received 1500 birr four years ago; he prefers OMO microfinance credit to both World Bank and the private local money lender groups.

### Consequences for credit users

Model farmers, traders and hard workers in any area are beneficiaries from the credit programme.

### Perceptions of different kinds of borrowers

The respondent’s personal perceptions about the women, men, youth and elderly groups are as follows:

* Women’s groups are very active if they are involved in petty trade.
* Men who are working in trade or ox fattening/farming on cash crops/ as carpenters are successful.
* Youth who are involved in shops are very productive.
* Elderly people are not taking part directly, because group formation by elderly people is not accepted.

### Impact of micro-credit participation

The responded shared his personal successes due to participation in credit programme as follows:

* He gave his land for share cropping to another person who has oxen, but after receiving the credit he could buy an ox and now has stopped share cropping.
* He reported also that access to credit is a means to save and spend on all possible household expenditures, which were not possible before this access.
* There is better consumption for the family members due to better farm products.

|  |  |  |  |
| --- | --- | --- | --- |
| **Impact Indicators** | **How changed** | **Amount of change** | **Reasons for change** |
| Household consumption | Better | Not easy to estimate | Farming is good |
| Household saving | Better | Proxy - ox bought | Initial credit reinforced |
| Expenditure on child education | Not implemented |  |  |
| Expenditure on health service | Better | Frequent visit to health centre for malaria | Income available |
| Household fixed asset building | Better | ox | Income available |
| Household clothing expenditure | Better | Everyone wears | Working condition |
| Household cleaning material expenditure | Better | Washing clothes and body is improved | Expense possible due to income available |
| Expenditure on social occasions | Better | Do equb | Income is available |
| Agricultural input purchase improved | Better | No share cropping | Credit facility |
| Expenditure during festivals | Better | Every important festival is celebrated | Income is available |
| Supporting Vulnerable people | Not implemented |  |  |

## Household 4 Adult male non-participant

### Respondent information

|  |  |  |  |
| --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Marital Status |
| HHH | M | 47 | Married |
| HHHf | F | 40 | Married |
| Son | M | 34 | Married |
| Son | F | 30 | Married |
| Son | M | 28 | Not Married |
| Son | M | 25 | Not Married |

### Knowledge of credit access

He reported that there are many categories of credit access in the community, but the known ones are as follows:

1. OMO Microfinance Institution – group lending
2. Wisdom Microfinance Institution
3. Private local money lenders

### Participation in the credit programme

He reported that those who are involved in trade are beneficiaries of the credit programme. He mentioned coffee retail traders as one the best participants receiving a credit. Other people take the credit and fail to return the principal as well as the interest rate, which has led a few of the borrowing groups into penalty/prison.

### Consequences for credit users

Those who received the credit with a clear business plan benefited from the credit access. There is better business operation and subsequent participation in equb. He reported “unknown” for the request for information about participant numbers as is usual for others in the above report.

### Perceptions of different kinds of borrowers

He reported that males who are selling cash crops are more active than all others listed.

### Impact of micro-credit participation

He reported his personal observation of the participants in his neighbourhood:

* His neighbour was using an ox for farming from neighbours or relatives, but now he has bought one after taking part in credit access;
* There is saving the neighbour has started, which was not available previously;
* The neighbour used to give land for share cropping, but now he is farming with his own ox;
* The neighbour started receiving fertilizer as well as improved maize and teff seeds.

The respondent witnessed that the participant, the neighbouring farmer, at least owned an ox due to credit.

## Household 5 Younger adult male non-participant

### Respondent information

|  |  |  |  |
| --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Marital Status |
| HHH | M | 35 | Married |
| HHHf | F | 31 | Married |
| Son | M | 19 | Not Married |
| Daughter | F | 16 | Not Married |
| Daughter | M | 13 | Not Married |
| Son | M | 6 | Not Married |

### Knowledge of credit access

Available credit access in the community is reported as follows:

There are OMO Microfinance Institution group lending, Wisdom microfinance, saving cooperatives and private lending groups. Lending by relatives is not based on an interest rate. People prefer OMO microfinance borrowing scheme to private local lending due to the latter’s high interest rate and shortage of time for repayment.

Relatives are not regularly asked to lend, because they do not receive any kind of interest. At present, clients are increasing for the OMO microfinance Institution since its establishment of branches at kebele level.

### Participation in the credit programme

As to his knowledge, farmers and traders are active participants in credit programme. The poorer sections of the community are not subject to this kind of intervention since they are not ready to do business and return the payment on the required amount.

The active participants have no default problem and they earn a kind of profit. The active participant groups are also not willing to include those who have no guarantee to pay back. Significant numbers of participants are from traders and active model farmers included in credit client groups though their number is not known.

### Those with no current access to irrigation

He reported that model farmers have better land holdings and they receive a significant amount of credit. The return is also perceived to be better for them, because they produce in better amount. Traders who are involved in cash retail trades have increased their initial capital.

He observes that the participant traders or farmers have no failure story, which is an indicator of profitability. The receiving of credit in many rounds is another important indicator of the success signal; otherwise, no one would have taken it again.

### Perceptions of different kinds of borrowers

Men who are involved in ox fattening are more effective. Women in cash crop retailing are also better performing in it.

### Impact of micro-credit participation

He reported that there is a better situation with participants, because they are doing business and gaining some additional income due to the credit.

## Household 6 young male non-participant 23

### Respondent information

|  |  |  |  |
| --- | --- | --- | --- |
| Relation to HHH | Sex | Age | Marital Status |
| HHH | M | 55 | Married |
| HHHf | F | 40 | Married |
| Son | M | 30 | Married |
| Son | F | 26 | Not Married |
| **Son** | **M** | **23** | **Not Married** |
| Son | M | 19 | Not Married |
| Son | M | 17 | Not Married |
| Son | M | 13 | Not Married |

### Knowledge of credit access

As the young man, Gebre Mamo, reported, there is an OMO microfinance Institution branch recently established. There are also private local money lending groups, but their interest rate is 100%. Borrowing from relatives borrowing is not done regularly and also not for significant amounts.

There are groups of people engaged in many categories of credit access. However, the OMO microfinance institution demands a guarantee for group lending schemes. The poorer are excluded. He reported his personal experience. He wanted to take credit to begin a retail trade in the area, but group formation was not possible due to lack of trust from others.

### Participation in the credit programme

He has information about the farmer participants and the retail traders. They are active enough to do business and own some assets, which has a positive impact on formation with better trust. They respect each other and meet regularly for decisions as well as payment. They are very significant in number. He guessed that there are more than 35 farmers and 50 retail trade groups in the credit market.

### Consequences for credit users

Changes observed are many: farmers use improved seeds and fertilizers. Traders regularly do their cash crop business. They have no conflicts or failure of information. This is an indication of success.

### Perceptions of different kinds of borrowers

Young men in the area are very active. Maize, teff, coffee and boloke retail trades are major businesses of these groups.

### Impact of micro-credit participation

The respondent shared his personal successes due to participation in credit programme as follows:

* He used to give his land for share cropping to another person who has oxen, but after receiving the credit he could buy an ox and now stopped share cropping.
* He reported also that access to credit is a means to save and spend on all possible household expenditures, which was not possible before this access.
* There is better consumption for the family members due to better farm products.

Participants have at least a means to spend on household expenditure if a severe situation happens.