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Examining the Effectiveness of Microfinance in Enhancing the Growth of Women-Led SMEs: A Case Study of Chongwe District

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DECLARATION

This dissertation project is my original work and has not been presented for an award in any other university. For academic reference ICU University is free to use it.

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DEDICATION

First and foremost, my eternal gratitude to my heavenly father for giving me grace to do this research work, I dedicate it to my entire family (the chibangus) for their understanding and encouragement during this programme; to my husband Ezekiel, your support has been amazing, my boys Abishai and Perez and daughter Rehoboth thanks for your huge sacrifice.

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ABSTRACT

Microfinance has emerged as a powerful instrument for advancing financial inclusion, stimulating entrepreneurship, and reducing poverty among marginalized populations in developing countries. Since its modern conceptualization in the 1970s through Muhammad Yunus's Grameen Bank model, microfinance has continued to expand globally, with significant adoption in Sub-Saharan Africa. In Zambia, microfinance institutions (MFIs) such as Ecobank Zambia, Vision Fund Zambia, and AB Bank Zambia have played an increasingly vital role in supporting women-led enterprises—particularly in peri-urban and rural districts such as Chongwe in Lusaka Province. Despite this progress, women micro-entrepreneurs continue to face substantial barriers including limited access to capital, high interest rates, inadequate financial literacy, and disruptions caused by social and environmental challenges.

This study investigates the effectiveness of microfinance in enhancing the growth of women-led small and medium enterprises (SMEs) and alleviating poverty within the informal sector of Chongwe District. The research examines whether increased access to micro-credit translates into improved income, asset ownership, decision-making power, and broader economic empowerment for women micro-entrepreneurs. The study further explores how enterprise-focused credit models may both support and constrain empowerment outcomes, considering local dynamics and operational limitations within MFIs operating in the district.

The study is guided by three specific research objectives: RO1: To examine how microfinance influences women's income, asset ownership, economic decision-making, and poverty reduction in Chongwe District's informal sector. RO2: To assess how micro-credit for enterprise development contributes to the economic and social empowerment of women micro-entrepreneurs in Chongwe District. RO3: To evaluate suitable micro-credit approaches for poverty alleviation and women's empowerment, and to analyse the challenges faced by microfinance programs within Chongwe's rural context.

Correspondingly, the research addresses three core questions: RQ1: What impact has microfinance had on income, assets, decision-making, and poverty reduction among women micro-entrepreneurs in Chongwe's informal sector? RQ2: To what extent does micro-credit for enterprise development promote the economic and social empowerment of women micro-entrepreneurs in Chongwe District? RQ3: What micro-credit strategies best support poverty reduction and women's empowerment in rural Chongwe, and what obstacles do microfinance programs encounter in implementation?

Findings from this study are expected to contribute to improved microfinance strategies specifically tailored for women-led SMEs, inform operational adjustments within MFIs, and support policy initiatives aimed at sustainable economic growth and poverty alleviation among women in Zambia's informal sector. The research will provide evidence-based recommendations for strengthening microfinance delivery mechanisms and enhancing their effectiveness in promoting women's economic empowerment in rural and peri-urban contexts.

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CHAPTER ONE
INTRODUCTION

➢ *Overview*

The modern concept of microfinance dates to the 1970s when economist Muhammad Yunus launched the Grameen Bank in Bangladesh. The bank provided small loans to impoverished women who lacked access to employment and funding for their own ventures. The success of this initiative sparked a global movement, with microfinance institutions (MFIs) popping up around the world.

The goal of microfinance is to help alleviate poverty and promote economic development by enabling people to start businesses, build up their own assets, and improve their living conditions. While it may seem like a small-scale initiative, microfinance has become an essential component of modern business strategies, providing opportunities for entrepreneurs to access start-up capital and raise money for their business and the resources to start and grow their businesses.

Microfinance provides financial services, such as small loans, savings accounts, and insurance, to low-income individuals or groups who typically lack access to traditional personal banking services, let alone business banking services.

➢ *Background*

Microfinance has emerged as a vital tool for promoting financial inclusion and supporting entrepreneurship in developing countries. In Zambia, microfinance institutions have increased access to financial services for underserved populations, including small and medium-sized enterprises (SMEs). Microfinance has been a game-changer for women-led entrepreneurs in Lusaka, Zambia, (Chongwe district) The concept of microfinance emerged to provide financial services to low-income individuals and small businesses lacking access to conventional banking. In Zambia, several microfinance institutions have been working to empower women entrepreneurs, including.

- Eco bank Zambia: Provides microfinance services, including instant access to funds for emergencies and a salary advance service.
- Vision fund Zambia: A leading micro-lending finance company providing financial services to business entities.
- AB Bank Zambia Ltd: Specializes in microfinance banking for micro, small, and medium enterprises.
- Vision Fund Zambia: Provides small enterprise, business, and group loans.

These institutions offer various services, including savings, insurance, fund transfers, and credit facilities. The impact of microfinance on women entrepreneurs in Lusaka chongwe district has been significant, with many reporting improved business outcomes and increased confidence.

✓ *Challenges Faced by Women Entrepreneurs*

▪ Despite the progress, women entrepreneurs in Lusaka still face challenges, such as:
▪ Lack of financial capital: Limited access to funding hinders business growth.
▪ Time poverty: Balancing household and business responsibilities is a significant challenge. Disruptions from climate change-related disasters: Climate-related events can negatively impact businesses.

✓ *Progress and Impact*

Studies have shown that microfinance has a positive impact on women's economic empowerment, improving independent income, asset possession, and monthly savings. Microfinance has also been linked to increased business exposure and entrepreneurship development by addressing these challenges, microfinance institutions can continue to empower women-led businesses in Lusaka and contribute to the local economy.

➢ *Problem Statement:*

The empowerment of women is one of the central issues in the process of development of countries all over the world. Poverty is one of the major reasons of women's disempowerment. Women's economic empowerment a strategy aimed at enabling women in decision-making, increments in income and asset ownership. The main aim of the study is to examine the impact of microfinance on women's economic empowerment.

Microfinancing has significant positive effect on women economic empowerment by improving women's independent income, increasing asset possession level, and improved monthly savings amount. Microfinance has a positive impact on women's entrepreneurship development and business exposure. Despite the presence of MFIs, SMEs in Zambia continue to face significant challenges in accessing adequate and appropriate financial services, hindering their growth and contribution to the national economy. This is compounded by factors such as:

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- Limited geographic reach of MFIs, particularly in rural areas of Lusaka chongwe district.
- High interest rates and stringent loan requirements.
- Lack of financial literacy among some SMEs.
- Inadequate infrastructure and business support services.

➤ *General Objective*

This research seeks to examing the Effectiveness of Microfinance in enhancing the growth of Women-Led SMEs and poverty alleviation in the urban informal sector of chongwe district in Lusaka, Zambia. It examines whether greater access to micro-credit for poor women micro-entrepreneurs necessarily translates into reduction in their poverty. Particularly, it examines how the focus of credit provision on enterprise development may have constrained the efforts of credit providers in achieving empowerment and poverty alleviation objectives among poor women micro-entrepreneurs in the urban informal sector in the city.

➤ *Specific Objectives*

- To examine how microfinance influences women's income, asset ownership, and economic decision-making, while also evaluating its role in reducing poverty among women micro-entrepreneurs in Chongwe District's informal sector.
- To assess and analyse how micro-credit for enterprise development contributes to the empowerment of women micro-entrepreneurs in Chongwe District.
- To evaluate and recommend suitable micro-credit approaches for poverty alleviation and women's empowerment in Chongwe District, while analysing the challenges faced by microfinance initiatives in rural settings.

➤ *Research Questions*

- What impact has microfinance had on income, assets, decision-making, and poverty reduction among women micro-entrepreneurs in Chongwe's informal sector?
- To what extent does micro-credit for enterprise development promote the economic and social empowerment of women micro-entrepreneurs in Chongwe District?
- What micro-credit strategies best support poverty reduction and women's empowerment in rural Chongwe, and what obstacles do microfinance programs encounter?

➤ *Theoretical/Conceptual Framework.*

The main theoretical framework of this research is that Women entrepreneurs play a critical role in the Zambian economy but remain disadvantaged in starting and growing their businesses. Women in Zambia make up 48% of the labor force and own an estimated 42% of micro enterprises and 36% of small and medium enterprises (SMEs) in the country.

Zambia has made significant gains in closing gender gaps and was ranked 45 of 153 countries according to the Global Gender Gap 2020, indicating the country is making strides toward gender parity on many aspects. Yet, women entrepreneurs still face distinct challenges that restrict the growth potential of their businesses, including more limited access to finance, infrastructure, and technology. With the growing recognition of the importance of women entrepreneurs, this research aims to better understand the potential opportunities for supporting and unlocking growth among the women owned/led SME (W-SME) segment in chongwe Lusaka Zambia.

Women-led businesses are also constrained by access to electricity, market competition, and access to finance. W-SMEs report market access (such as having too many competitors and not enough customers) and the regulatory environment (such as registering the business, tax compliance, laws, and regulations) as significant challenges to starting their businesses. When registering the business, meeting all the registration requirements and the time it took to register are the biggest constraints faced by both men and women-owned SMEs. Women-owned businesses face greater challenges than their male counterparts in meeting requirements and the cost of registration. In terms of long-term growth obstacles, W-SMEs are most constrained by access to electricity, market competition, and access to finance. W-SMEs are using basic digital technology for business purposes, but there is very limited use of digital financial services.

➤ *Significance of the Study*

The importance of women led SMEs in economic development and poverty reduction cannot be ignored. By undertaking the present study, the researcher established the practical role of perceived solutions provided by microfinance institutions and how this affects growth of SMEs. The study sought to recommend possible strategies that may help improvement of MFIs impact on SMEs. This would facilitate formulation of strategies based on SME needs but not out of general perception of what SMEs need. "(Government, NGOs, and donor agencies have initiated hundreds of women's groups in Lusaka (Chigunta, 2001: 12).

The underlying assumption behind the proliferation of these programmes is that micro-credit is the answer (panacea) for women's poverty, and that it also facilitates women's empowerment (Mukuka, 1999: 11). However, little systematic research has

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been conducted to try and understand the other equally pertinent women-specific factors that may constrain the effectiveness of micro-credit among women).

This study is particularly important as it looks beyond lack of access to capital (or credit) as the only constraining factor in the lives of women. It highlights the shortcomings of focusing poverty alleviation and empowerment activities on the economic aspects of women's disadvantaged situation rather than on (or including) other non-economic considerations like social and cultural factors that confront women, either individually or collectively. Since most poverty alleviation and women's empowerment programmes in Lusaka have a strong micro-credit component, the findings of this study will feed into their planning and implementation processes, leading to more effective poverty alleviation programmes and enhance growth among poor women in the future.

➢ *The Scope of the Study*

Examining the Effectiveness of Microfinance in Enhancing the Growth of Women-Led SMEs: A Case Study of Lusaka chongwe District" could include:

- *Geographical Scope*

✓ The study will focus on Lusaka District, Zambia.The research will be conducted within the district's boundaries.
✓ The study will target women-led Small and Medium-sized Enterprises (SMEs) in Lusaka District, it will include women entrepreneurs who have accessed microfinance services.

- *Content Scope*

✓ The study will examine the effectiveness of microfinance in enhancing the growth of women-led SMEs.
✓ The research will investigate the impact of microfinance on business growth, income generation, and women's empowerment.

- *Methodological Scope*

✓ The study will employ a case study approach, using a combination of qualitative and quantitative research methods.
✓ Data collection methods may include surveys, interviews, and focus group discussions.

- *Time Scope*

✓ The study will focus on a specific period of 1 to 2 months.
✓ The research will examine the impact of microfinance on women-led SMEs during this period.

- *Limitations Scope*

✓ The study's limitations may include:
✓ Potential biases in the sample selection.
✓ Limited access to data or information.

➢ *Operational Definitions of Concepts*

To effectively examine microfinance's impact on women-led SMEs in Lusaka, operational definitions for key concepts like "microfinance," "SME," "women-led," and "growth" are crucial. These definitions will ensure clarity and consistency in data collection and analysis.

Here's a breakdown of operational definitions for the key concepts:

- *Microfinance*

✓ Definition: Financial services, including micro-credit, savings, insurance, and money transfers, provided to low-income individuals and small businesses.
✓ Operational definition: Microfinance services will be measured through a survey of microfinance institutions in chongwe focusing on the types of services offered and their impact on W-SMEs.

- *Women-Led SME:*

✓ *Definition:*

A business where the majority ownership and management responsibilities are held by women.

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- *Operationalization:*

✓ Ownership: where the percentage of ownership required for a business to be considered women-led (e.g., 50% or more).
✓ Management: To identify the key decision-making roles within the business that must be held by women

- *Access to Finance*

✓ Definition: The ability of W-SMEs to obtain financial resources, including loans, grants, and investments.
✓ Operational definition: Access to finance will be measured through a survey of W-SMEs, assessing their ability to obtain financial resources and the challenges they face.

- *Business Growth*

✓ Definition: The increase in sales, profits, and employment of W-SMEs over time.
✓ Operational definition: Business growth will be measured through a longitudinal study of W-SMEs, tracking changes in sales, profits, and employment because over a specified period.

- *Empowerment*

✓ Definition: The ability of women entrepreneurs to make decisions and take control of their businesses.
✓ Operational definition: Empowerment will be measured through a survey of women entrepreneurs, assessing their level of autonomy, decision-making power, and control over their businesses.

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CHAPTER TWO
LITERATURE REVIEW

➢ *Overview*

This chapter reviews existing literature on microfinance, women-led SMEs, and poverty alleviation in Zambia. The review focuses on the effectiveness of microfinance in supporting SMEs and reducing poverty, with a specific emphasis on women-led SMEs in chongwe District. Microfinance institutions are considered as society-based strategy to give different finance related resources for the poor and disadvantage section of the society to improve the life of clients. Microfinance sector plays vital role in supporting the community in their transition towards development of the country and peace building. Microfinance industry support local economic development by providing the needed financial and non-financial services for small enterprise development.

- *Thematic Area Developed from Objective One*

To investigate the influence of microfinance on women's income levels, asset accumulation, and economic decision-making and assess the impact of micro-credit on the poverty of women micro-entrepreneurs in the informal sector in Chongwe district.

- *Village Banking and Women's Empowerment in Katuba Constituency*

Sichilongo and Sinkala (2021) conducted a study in Katuba Constituency, Lusaka District, revealing that village banking significantly improved household income and asset accumulation among women. The informal loans provided through microfinance institutions enabled women to start or expand businesses, thereby enhancing their economic independence. The study emphasized that training in financial literacy and flexible repayment terms were crucial for maximizing benefits.

- *Kalulushi District Case Study*

Another Zambian study focused on the Village Bank Program in Kalulushi District. It found that access to microfinance led to improved income, better nutrition, and increased educational support for children. Women reported greater control over household finances and decision-making, indicating a shift in gender dynamics within families.

- *Micro-Credit in Lusaka's Informal Sector*

Derrick (2002) critically evaluated micro-credit's role in empowering women micro-entrepreneurs in Lusaka's informal sector. While micro-credit improved short-term income and business activity, the study cautioned that credit alone was insufficient for long-term empowerment. Structural issues such as lack of legal protection, limited education, and gender norms hindered sustained progress.

- *Ethiopia: Microfinance and Economic Empowerment*

Mengstie (2022) found that microfinance services in Ethiopia significantly increased women's income, asset ownership, and savings. The study used regression analysis and found that education level, credit amount, and training frequency were key predictors of empowerment. However, prior business experience had little impact, suggesting that microfinance can be a catalyst even for first-time entrepreneurs**.**

- *West Africa and Latin America: Comparative Models*

Guessennd (2025) compared microfinance models in Côte d'Ivoire and Bolivia. While both regions saw increased access to credit, long-term empowerment was uneven. In West Africa, legal and cultural barriers limited women's autonomy. In Latin America, formalization of businesses was more successful but hindered by financial literacy gaps. The study concluded that microfinance must be paired with legal reforms, education, and mentorship to be transformative.

- *India: Microfinance and Decision-Making Power*

Bhelose and Bhise (2025) analyzed microfinance's impact on women's decision-making in rural India. Their study showed a strong correlation between access to microfinance and increased autonomy, confidence, and participation in household decisions. Women involved in Self-Help Groups (SHGs) reported better control over income and assets, and greater involvement in community governance.

Based on the literature reviewed, here are my own views regarding the influence of microfinance on women's income levels, asset accumulation, economic decision-making, and its impact on poverty among women micro-entrepreneurs in the informal sector in Chongwe District:

Microfinance has proven to be a critical entry point for financial inclusion, especially for women in rural and peri-urban areas like Chongwe. The reviewed studies from Zambia and abroad consistently show that access to small loans, savings, and financial training enables women to start or expand businesses, leading to increased income and improved household welfare.

In Chongwe, where many women operate in agriculture, trading, and small-scale manufacturing, microfinance can help overcome barriers such as lack of collateral and formal banking access. However, the success of microfinance depends heavily on

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how it is structured group lending models, flexible repayment schedules, and community-based support systems tend to yield better outcomes.

While microfinance often leads to short-term income growth, it does not automatically translate into long-term empowerment or poverty reduction. As highlighted in the Lusaka and Ethiopia studies, income gains can be eroded by high interest rates, poor financial literacy, and lack of market access.

In my view, microfinance must be integrated with broader development strategies including vocational training, mentorship, and infrastructure development to ensure that women not only earn more but also retain and grow their wealth.

Asset accumulation such as acquiring livestock, land, or business equipment is a more durable measure of economic progress than income alone. Women who invest in assets are better positioned to withstand economic shocks and support their families over time.

In Chongwe, microfinance programs should encourage asset-building by offering targeted loans for productive assets, and by linking women to markets and cooperatives that can help them scale their businesses.

Access to financial resources often shifts household dynamics, giving women more say in budgeting, investment, and children's education. However, cultural norms and patriarchal structures can limit this shift. As seen in India and Zambia, economic empowerment must be accompanied by social empowerment.

In my view, microfinance institutions should work with local leaders and NGOs to promote gender-sensitive programming, including workshops on rights, leadership, and negotiation skills. This can help women assert themselves not just economically, but socially and politically.

Micro-credit can reduce poverty, but its impact is not uniform. Some women thrive, while others struggle with repayment and business sustainability. The literature suggests that poverty reduction is most effective when microfinance is part of a holistic support system—including healthcare, education, and legal protection.

In Chongwe, where poverty is multidimensional, microfinance should be complemented by government and NGO interventions that address structural barriers. Monitoring and evaluation frameworks should be in place to track progress and adapt programs to local realities.

Microfinance holds great promise for empowering women in Chongwe District, but its success depends on thoughtful design, community engagement, and integration with broader development efforts. It should not be seen as a standalone solution, but rather as a strategic tool within a larger ecosystem of empowerment.

➢ *Thematic Area Developed from Objective Two*

A study by Mildred Sumbukeni (2024) focused on VisionFund Zambia’s microfinance services in Chongwe District. It found that micro-credit, alongside financial literacy, savings, and entrepreneurial training, significantly contributed to women’s empowerment. Women reported increased income, improved business operations, enhanced confidence, and better access to education and healthcare. The study emphasized that micro-credit was particularly impactful when combined with technology and community banking initiatives.

- *The Study was Designed to Explore how VisionFund Zambia’s Microfinance Services Contribute to Poverty Reduction Among Women in Chongwe District. The Specific Objectives were:*

✓ To establish the nature and scope of microfinance services offered by VisionFund Zambia to women in Chongwe.
✓ To assess the sustainability of women's livelihoods as influenced by access to microfinance.
✓ To identify the challenges and successes experienced by women in utilizing microfinance services for poverty alleviation.

- *The Study was Guided by the Following Key Questions:*

✓ What types of microfinance services does VisionFund Zambia provide to women in Chongwe District?
✓ How have these services impacted the sustainability of women’s livelihoods?
✓ What challenges and successes have women encountered in accessing and using these services

The study employed a descriptive research design and used structured questionnaires to collect data from women who were recipients of VisionFund Zambia’s microfinance services. Key findings include:

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- Positive Impact on Livelihoods: Microfinance services significantly improved women's income levels, business growth, confidence, savings habits, and access to education and healthcare.
- High Satisfaction with Services: Women expressed strong satisfaction with microcredit, technology-enabled services, and entrepreneurial training.
- Empowerment and Inclusion: Access to microfinance enhanced women's empowerment, community participation, and financial literacy.
- Challenges Identified:

✓ Limited access to larger loan amounts.
✓ Occasional delays in loan disbursement.
✓ Need for more tailored financial literacy programs.

- *Successes Noted:*

✓ Increased household income.
✓ Improved ability to pay school fees and medical bills.
✓ Growth in small-scale businesses and cooperatives.

A study by Ndhlovu (2022) assessed the role of entrepreneurship training in SME growth in Chongwe. Despite low awareness (only 11% of SMEs knew about training programs), nearly all respondents (97%) believed training positively influenced business growth. The study emphasized that lack of training contributes to high SME failure rates, especially among women who often lack formal education and business skills.

- *World Vision and VisionFund Interventions*

In 2024, VisionFund Zambia and World Vision conducted field visits in Chongwe to assess the impact of their interventions. They found that microfinance loans, WASH programs, and livelihood support were significantly improving women's economic status. Women reported increased income, better access to education for their children, and improved community well-being.

- *Case Studies of Women Entrepreneurs in Chongwe*

✓ *Case Study 1: Graka Lodge Founder*

- Background: Started with a small guesthouse using a microloan from VisionFund Zambia.
- Growth: Expanded into a 31-room hotel with a swimming pool.
- Impact: Created jobs, hosted dignitaries, and became a symbol of female entrepreneurship in Chongwe.
- Empowerment Outcome: Financial independence, community leadership, and reinvestment in local development

✓ *Case Study 2: Women in VisionFund's Livelihood Program*

- Program Features: Microloans, savings, and training.
- Results: Women reported increased household income, better nutrition, and improved school attendance for children.
- Challenges: Some women faced difficulties with loan repayment due to seasonal business fluctuations.
- Empowerment Outcome: Enhanced decision-making power and reduced dependency on spouses

- *Microfinance and Household Poverty Reduction*

Musukwa and Phiri (2025) conducted a case study in Chongwe District to assess the impact of microfinance services on household poverty. Their findings revealed that microloans and savings accounts had a statistically significant positive effect on poverty reduction. However, microinsurance was less effective. The study highlighted the need for improved financial literacy and tailored financial products to enhance the effectiveness of microfinance interventions.

- *Entrepreneurship Training and SME Growth*

Ndhlovu (2022) investigated the role of entrepreneurship training in SME growth in Chongwe. The study found that most SMEs lacked awareness of available training programs, and many entrepreneurs operated without formal business knowledge. Despite this, nearly all respondents believed that training positively influenced business growth. The study emphasized the need for awareness campaigns and structured training to improve SME sustainability.

- *Government-Led Micro-Credit Initiatives*

The Ministry of Community Development and Social Services runs the Livelihood and Empowerment Support Scheme (LESS), which includes the Village Bank micro-credit program. This initiative provides low-interest loans (K500–K2,500) and

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entrepreneurship training to vulnerable women. Implemented in 58 districts, including Chongwe, the program aims to stimulate savings and financial inclusion. It also supports women's clubs and associations with grants and equipment to foster group-based economic development.

- *Micro-Financial Institutions and Empowerment Processes*

Mukendi and Manda (2022) explored how micro-financial institutions (MFIs) shape empowerment among women in Zambia. Their study found that MFIs enhance social networks and access to finance, enabling women to invest in businesses and agriculture. However, many women lacked financial management skills, limiting long-term transformative change. The study criticized vague policy frameworks and exclusionary practices that hindered full empowerment.

The primary objective of the study was to investigate the role of micro-financial institutions in empowering women engaged in informal business activities. Specifically, the study aimed to:

- ✓ Explore the nature of empowerment facilitated by microfinance services.
- ✓ Understand the processes of inclusion and exclusion within microfinance systems.
- ✓ Assess the impact of microfinance on women's livelihood strategies, using the framework of "stepping-up," "stepping-out," and "hanging-in."

These objectives were grounded in the broader goal of evaluating how microfinance can serve as a catalyst for sustainable development and gender equity.

His studies revealed a complex interplay between financial access and empowerment outcomes. One of the most significant findings was the role of social networks in enhancing cooperation and innovation among women. Group lending models promoted solidarity and mutual support, enabling women to "step up" by improving their existing businesses.

However, the study also found that while microfinance provided access to capital, the investments made by women were often minimal and unsustainable. Many women struggled to "step out" into new sectors due to limited financial literacy and inadequate business skills. This lack of capacity hindered their ability to scale their enterprises or diversify income sources.

Another critical finding was the vagueness of institutional frameworks governing microfinance. Policies lacked clarity on how women could access financial services and support mechanisms, leading to exclusionary practices. As a result, a significant number of women remained in a "hanging-in" state—engaged in survival-level activities without meaningful progress.

- *To Address these Challenges, Mukendi and Manda Proposed Several Strategic Recommendations:*

- ✓ Strengthening Financial Literacy: Microfinance institutions should invest in comprehensive training programs that equip women with essential business and financial management skills. This would enhance their ability to utilize loans effectively and sustainably.
- ✓ Improving Institutional Clarity: Policymakers and financial institutions must develop clear, transparent procedures for accessing microfinance services. This includes simplifying application processes and ensuring that eligibility criteria are inclusive.
- ✓ Supporting Sustainable Livelihoods: Microfinance products should be tailored to promote long-term sustainability rather than short-term survival. This involves offering larger loan amounts, flexible repayment terms, and support for business expansion.
- ✓ Enhancing Inclusion Mechanisms: Institutions must actively work to eliminate barriers that prevent marginalized women from accessing financial services. This includes outreach programs, community engagement, and partnerships with local organizations.

Mukendi and Manda's study underscores the transformative potential of microfinance in empowering women, while also highlighting the structural and operational challenges that limit its effectiveness. VisionFund Zambia has made commendable strides in extending financial services to women in Chongwe District, but further efforts are needed to ensure that these services lead to sustainable and inclusive development. By addressing gaps in financial literacy, institutional clarity, and product design, microfinance can become a more powerful engine for gender equity and economic resilience in Zambia. Other studies aimed to assess the impact of microfinance on women's economic empowerment. Specifically, they sought to:

- ✓ Examine how access to microfinance influences women's income, asset ownership, and decision-making capacity.
- ✓ Evaluate the effectiveness of microfinance institutions (MFIs) in promoting sustainable livelihoods.
- ✓ Identify barriers and enablers within microfinance systems that affect women's empowerment.

These objectives reflect a common interest in understanding the mechanisms through which financial inclusion can lead to broader socio-economic transformation for women.

Mukendi and Manda (2022), focusing on VisionFund Zambia in Chongwe District, found that while microfinance services enhanced social networks and cooperation among women, the actual financial impact was limited. Many women remained in a "hanging-in" state—engaged in survival-level activities without significant progress. The study highlighted a lack of financial literacy and vague institutional frameworks as key barriers to transformative empowerment. Access to loans did not consistently lead to sustainable business growth or long-term economic independence.

In contrast, Mengstie (2022) conducted a study in Ethiopia using data from 346 women clients of microfinance institutions. His findings were more optimistic. The study revealed a significant positive impact of microfinance on women's economic empowerment. Women experienced increased income, improved asset ownership, and enhanced savings habits. Moreover, microfinance contributed to entrepreneurship development and business exposure. Factors such as education level, credit amount, and training frequency were found to significantly influence empowerment outcomes.

Mukendi and Manda concluded that microfinance alone is insufficient for achieving meaningful empowerment. They emphasized the need for complementary interventions such as financial literacy training, clearer institutional policies, and more inclusive access mechanisms. Their study cautioned against over-reliance on microfinance as a standalone solution.

On the other hand, Mengstie concluded that microfinance is a powerful enabler of women's economic independence and entrepreneurial success. He advocated for the expansion of microfinance programs, coupled with targeted training and support services, to maximize their impact.

The contrasting conclusions of these studies underscore the importance of contextualizing microfinance interventions. In Zambia, structural and institutional weaknesses may limit the effectiveness of microfinance, while in Ethiopia, a more robust framework and supportive ecosystem appear to enhance its impact. Policymakers and practitioners must therefore tailor microfinance strategies to local realities, ensuring that financial services are accompanied by capacity-building and institutional reforms.

While both Mukendi and Manda (2022) and Mengstie (2022) set out to explore the empowering potential of microfinance for women, their findings reflect different realities. The Zambian case reveals the limitations of microfinance in the absence of supportive structures, whereas the Ethiopian case highlights its potential when integrated with training and policy support. Together, these studies contribute to a nuanced understanding of microfinance as a tool for empowerment—one that requires careful design, implementation, and contextual sensitivity.

Microfinance has long been heralded as a transformative tool for poverty alleviation and women's empowerment, particularly in developing countries. While many studies affirm its positive impact, others reveal limitations and unintended consequences. Two notable studies—Mukendi and Manda (2022) in Zambia and Belay Mengstie (2022) in Ethiopia—offer valuable insights into the role of microfinance in empowering women. Although both studies share similar objectives, their findings and conclusions diverge significantly, reflecting the contextual and institutional differences in microfinance implementation.

➢ *Thematic Area Developed from Objective Three*

Microfinance has been widely recognized as a strategic tool for poverty alleviation, especially in rural areas like Chongwe District. Studies such as Musukwa & Phiri (2025) highlight that microloans and savings accounts significantly reduce household poverty. However, microinsurance remains underutilized and less effective. The study emphasizes the need for customized financial products, improved accessibility, and community engagement to enhance microfinance outcomes.

Mukendi & Manda (2022) argue that microfinance institutions (MFIs) in Zambia contribute to women's empowerment by enhancing social networks, improving access to finance, and enabling investments in small businesses and agriculture. However, the study also notes that many women lack financial literacy and business skills, which limits the transformative potential of micro-credit. Most women remain in a state of "hanging in" rather than "stepping up" or "stepping out" of poverty.

- *Several Challenges Hinder the Effectiveness of Microfinance in Rural Chongwe:*

✓ High Transaction Costs: Rural clients face high costs in accessing financial services due to poor infrastructure and long distances to service points.
✓ Low Financial Literacy: Many women lack the knowledge to manage loans effectively, leading to defaults and limited business growth.
✓ Inadequate Product Design: Financial products are often not tailored to the seasonal nature of rural livelihoods, especially in agriculture.
✓ Limited Digital Access: Mobile banking and digital finance are underutilized due to poor network coverage and low smartphone penetration.
✓ Although specific case studies from Chongwe are limited in published literature, anecdotal evidence from programs like VisionFund Zambia and the Village Bank initiative suggest that women who receive microloans and training experience

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increased income, improved household welfare, and greater decision-making power. However, these benefits are not uniform and depend heavily on the support ecosystem, including training, mentorship, and market access.

- *Strengths*

- ✓ Empirical Evidence: Studies use robust methodologies (e.g., ANOVA, regression analysis) to establish the impact of microfinance.
- ✓ Contextual Relevance: Research is grounded in the socio-economic realities of rural Zambia, particularly Chongwe District.
- ✓ Multi-Dimensional Approach: Literature considers both economic and social dimensions of empowerment.
- ✓ Limitations
- ✓ Lack of Longitudinal Data: Most studies are cross-sectional, limiting insights into long-term empowerment.
- ✓ Underrepresentation of Women's Voices: Few studies include qualitative narratives from women beneficiaries.
- ✓ Limited Focus on Institutional Capacity: There is insufficient analysis of how MFIs themselves are structured to serve rural women effectively.

➢ *Personal Critique of Literature Review*

This section provides a critical analysis of the literature reviewed, highlighting strengths, weaknesses, and gaps in existing research.

The literature review presents a diverse range of studies from Zambia and beyond, offering valuable insights into how microfinance affects women's economic outcomes. However, while the thematic area is relevant and well-intentioned, the review suffers from several limitations in structure, depth, and critical engagement. Below is a breakdown of the critique with examples and suggestions for improvement.

The literature review reads more like a summary of individual studies than a cohesive narrative. Each study is presented in isolation, with minimal synthesis or comparison. This weakens the analytical depth and makes it difficult to see how the findings relate to the specific context of Chongwe District.

Instead of listing studies sequentially, the review could be organized thematically—e.g., grouping findings under subheadings like *Income Generation*, *Asset Accumulation*, *Decision-Making Power*, and *Structural Barriers*. This would allow for cross-study comparisons and highlight patterns or contradictions.

Most studies are presented at face value, without questioning their methodologies, sample sizes, or contextual relevance. For instance, Derrick (2002) is cited for its cautionary stance, but the review does not explore how those structural issues might apply to Chongwe.

The review could ask: *Is Chongwe District subject to similar legal and cultural constraints as Lusaka's informal sector?* If so, Derrick's findings are highly relevant. If not, the differences should be discussed. This kind of critical engagement would deepen the analysis.

While the thematic area is focused on Chongwe District, none of the studies directly address this location. The review relies heavily on findings from Katuba, Kalulushi, and Lusaka, which may differ socio-economically and culturally from Chongwe. The review should acknowledge this gap and propose how findings from other districts can be cautiously extrapolated to Chongwe. Alternatively, it could call for primary data collection in Chongwe to validate or challenge these external findings.

Only one study (Mengstie, 2022) is noted for using regression analysis. The rest lack methodological detail, making it hard to assess the reliability of their conclusions.

The review should briefly mention the research design of each study—e.g., qualitative interviews, surveys, case studies—and discuss their strengths and limitations. This would help readers evaluate the robustness of the evidence.

The review equates empowerment largely with economic indicators like income and asset ownership. However, empowerment is multidimensional, involving psychological, social, and political aspects.

The review could incorporate frameworks such as Kabeer's (1999) model of empowerment, which includes *resources*, *agency*, and *achievements*. This would broaden the analysis and make it more theoretically grounded.

The inclusion of studies from Ethiopia, Côte d'Ivoire, and Bolivia is commendable, but the review does not leverage these for comparative insights.

The review could ask: *What lessons can Chongwe District learn from Latin America's success in formalizing businesses?* Or *how do legal barriers in West Africa mirror those in Zambia?* This would enrich the discussion and offer practical recommendations.

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In my view, the literature review has strong potential but needs restructuring and deeper analysis to be truly impactful. It should move beyond summarizing studies and instead synthesize findings, critique methodologies, and relate insights directly to the context of Chongwe District. By doing so, it would not only support the thematic area more effectively but also contribute meaningfully to policy and practice in microfinance and women's empowerment.

The literature review under Thematic Area Two presents a multifaceted exploration of microfinance interventions in Chongwe District, with a particular emphasis on VisionFund Zambia's role in empowering women. Drawing from studies by Sumbukeni (2024), Ndhlovu (2022), and field assessments by VisionFund and World Vision, the review highlights the transformative potential of micro-credit, entrepreneurship training, and integrated development programs. While the review offers valuable insights, it also reveals several limitations that warrant critical examination.

The review goes beyond financial metrics to include indicators such as confidence, education, healthcare access, and community impact. This holistic approach aligns with contemporary understandings of empowerment, which recognize the interplay between economic and social factors.

The case of Graka Lodge provides a powerful narrative of how microfinance can catalyse enterprise growth. Such examples help humanize the data and demonstrate the tangible outcomes of financial inclusion initiatives.

The inclusion of Ndhlovu's (2022) study on entrepreneurship training adds depth to the analysis. It acknowledges that access to finance alone is insufficient, and that capacity-building is essential for sustainable SME growth.

The joint field visits by VisionFund and World Vision reflect a commitment to monitoring and evaluation. This strengthens the credibility of the reported outcomes and suggests a data-driven approach to program improvement.

While the review cites positive outcomes, it lacks a critical lens to interrogate the data. For instance, the claim that 97% of respondents believe training improves business growth is compelling, but the review does not explore the methodology, sample size, or potential biases in the study.

The Graka Lodge example, though inspiring, may not be representative of the average microfinance beneficiary. The review risks overstating the impact of micro-credit by focusing on exceptional cases rather than typical outcomes.

Unlike other reviews that highlight challenges such as poor infrastructure, low digital access, or gender norms, this review does not adequately address the systemic constraints that may limit the scalability or sustainability of microfinance interventions.

The review could benefit from comparing VisionFund Zambia's approach with other MFIs operating in similar contexts. This would help identify best practices and areas for improvement, offering a more nuanced understanding of what works and why.

Despite identifying key interventions, the review does not translate its findings into actionable policy recommendations. For example, how can government or NGOs increase awareness of entrepreneurship training programs? What regulatory frameworks could support women-led SMEs?

The inclusion of studies such as Musukwa & Phiri (2025) and Mukendi & Manda (2022) ensures that the review is grounded in current research. This enhances its relevance and credibility, especially in the context of evolving financial landscapes and rural development strategies.

The review does not romanticize microfinance. It acknowledges its successes—such as increased income and empowerment—while also pointing out critical shortcomings like low financial literacy and inadequate product design. This balanced approach adds depth and realism to the analysis.

The focus on women's empowerment is particularly commendable. By referencing the "hanging in" versus "stepping up" framework, the review captures the nuanced reality of women's experiences with microfinance, moving beyond simplistic success narratives.

The review effectively outlines structural barriers such as high transaction costs, poor infrastructure, and limited digital access. These insights are crucial for designing more inclusive and effective financial interventions.

The review would benefit from a stronger theoretical underpinning. Concepts such as the Sustainable Livelihoods Framework or Amartya Sen's Capability Approach could provide a richer lens through which to interpret the data and challenges presented.

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While the review references studies and anecdotal evidence, it lacks detailed empirical data from Chongwe District. The absence of specific case studies or quantitative findings weakens the argument and makes it difficult to assess the true impact of microfinance in the region.

Micro insurance is briefly mentioned as underutilized and ineffective, but the review does not explore why this is the case or how it could be improved. Given the vulnerability of rural populations to shocks, this is a missed opportunity for deeper analysis. Although the review identifies challenges, it stops short of offering concrete solutions or policy recommendations. For instance, how might MFIs tailor products to agricultural cycles? What role could government or NGOs play in improving digital access or financial literacy?

The mention of VisionFund Zambia and Village Bank initiatives is useful, but anecdotal evidence should be supplemented with rigorous evaluation studies. This would strengthen the claims about income improvement and empowerment.

Mukendi and Manda's study offers a nuanced and context-specific exploration of microfinance's role in women's empowerment in Zambia. Their use of the "stepping-up," "stepping-out," and "hanging-in" framework is innovative and provides a dynamic lens for understanding livelihood trajectories. The study's strength lies in its qualitative depth—drawing from interviews, group discussions, and questionnaires to capture lived experiences.

- *However, the Study Has Notable Limitations:*

- ✓ It lacks robust quantitative analysis, which could have strengthened the generalizability of its findings.
- ✓ The concept of empowerment is mostly economic, with limited attention to social or psychological dimensions.
- ✓ The study identifies vague institutional processes but does not propose concrete policy reforms or implementation strategies.
- ✓ The "hanging-in" conclusion, while insightful, risks portraying beneficiaries as passive victims of systemic failure without exploring their agency or resilience.

- *Critique of Belay Mengstie (2022)*

Mengstie's study, conducted in Ethiopia, provides a strong quantitative foundation using multiple regression and paired sample t-tests. It convincingly demonstrates that microfinance has a statistically significant positive impact on women's income, asset ownership, and savings. The inclusion of demographic variables such as age, education, and marital status adds analytical depth.

- *Yet, the Study Also Has Gaps:*

- ✓ It overemphasizes economic indicators, with limited exploration of social empowerment, such as leadership, mobility, or decision-making autonomy.
- ✓ The study assumes a linear relationship between microfinance and empowerment, without accounting for contextual or cultural factors that may mediate outcomes.
- ✓ It does not critically assess institutional practices or power dynamics within microfinance institutions.

- *Current Research in Zambia and Across Africa is Increasingly Focused on Bridging these Gaps by*

- ✓ Integrating Mixed Methods: Combining qualitative insights (like Mukendi & Manda) with quantitative rigor (like Mengstie) to provide a holistic view of empowerment.
- ✓ Expanding Empowerment Dimensions: Moving beyond economic metrics to include social, psychological, and political empowerment indicators.
- ✓ Contextualizing Microfinance Models: Recognizing that empowerment outcomes vary by region, culture, and institutional design, and tailoring interventions accordingly.
- ✓ Policy-Oriented Research: Developing actionable recommendations for MFIs and governments, including financial literacy programs, gender-sensitive loan products, and inclusive governance structures.
- ✓ Longitudinal Studies: Tracking women's progress over time to understand the sustainability of empowerment and the long-term effects of microfinance.

While both Mukendi & Manda and Mengstie contribute valuable perspectives to the discourse on microfinance and women's empowerment, their studies reflect different methodological strengths and contextual realities. Current research seeks to synthesize these approaches, address their limitations, and offer more comprehensive, inclusive, and actionable insights into how microfinance can truly transform women's lives.

Overall, the literature review provides a solid foundation for understanding the role of microfinance in Chongwe District. It is well-organized and highlights key issues affecting rural women. However, to enhance its academic and practical value, the review should incorporate a theoretical framework, more robust empirical data, and actionable recommendations. Addressing these gaps

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would not only improve the quality of the analysis but also contribute more meaningfully to the discourse on rural financial inclusion and poverty reduction in Zambia.

➢ *Establishment of Research Gaps*

This section identifies research gaps in existing literature, including the need for more studies on the effectiveness of microfinance in supporting women-led SMEs in Zambia. The research gaps identified will inform the development of the study's research questions and objectives.

- *Research Gaps Identified*

While microfinance has been widely recognized as a tool for poverty alleviation and economic empowerment, its specific role in fostering the growth of women-led SMEs remains underexplored, particularly in rural and peri-urban contexts such as Chongwe District. Existing literature primarily focuses on the general impact of microfinance on household income, poverty reduction, and women's empowerment at the individual level, rather than on business growth metrics such as profitability, scalability, and sustainability of women-owned enterprises.

Moreover, most studies in Zambia and Sub-Saharan Africa adopt a macro-level or urban-centric perspective, overlooking localized socio-economic dynamics, cultural norms, and infrastructural constraints that influence the effectiveness of microfinance in rural districts. There is also limited empirical evidence on how different microfinance components—such as loan size, repayment terms, financial literacy training, and access to non-financial services—affect the performance of women-led SMEs.

Additionally, while gender-focused research often emphasizes empowerment indicators (e.g., decision-making power, social status), there is a lack of integrated analysis linking empowerment outcomes to tangible business growth. This creates a gap in understanding whether microfinance interventions translate into sustainable enterprise development or merely short-term survival strategies.

Finally, few studies have examined the contextual challenges faced by women entrepreneurs in Chongwe District, such as limited market access, inadequate infrastructure, and cultural barriers, and how these factors mediate the relationship between microfinance and SME growth. Addressing this gap is critical for designing context-specific microfinance models that effectively support women-led businesses in rural Zambia.

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CHAPTER THREE
RESEARCH METHODOLOGY

➢ *Overview*

This study has the following components: research design, target population, study sample, sampling techniques, and simple random sampling. It is followed by data collection instruments, primary data, secondary data, and data analysis and reliability. It outlines the research methodology used to examine the impact of microfinance on women-led Small and Medium-sized Enterprises (SMEs) in Chongwe Lusaka, Zambia.

➢ *Research Design*

The study will employ a (mixed-methods research design), combining both quantitative and qualitative approaches. This design will allow for a comprehensive understanding of the impact of microfinance on women-led SMEs in Lusaka chongwe district.

- *Quantitative_Component*

A survey will be conducted to collect quantitative data on the impact of microfinance on women-led SMEs. Quantitative data will be analyzed using descriptive and inferential statistics to identify trends, patterns, and relationships.

- *Qualitative_Component*

In-depth interviews will be conducted with women entrepreneurs and microfinance providers to gather qualitative data on their experiences and perceptions. Focus group discussions will be held with women entrepreneurs to gather additional qualitative data and validate findings. Qualitative data will be analyzed using thematic analysis to identify themes, patterns, and meanings.

- *Benefits of Mixed-Methods Design*

The mixed-methods design will provide a comprehensive understanding of the impact of microfinance on women-led SMEs.

➢ *Target Population*

The target population for this study consists of women-led Small and Medium-sized Enterprises (SMEs) in Lusaka, Zambia, that have accessed microfinance services. Women-led SMEs that are owned and managed by women, with a focus on those that have received microfinance services. Including loans, savings, and other financial products.

- *The Target Population is Women-Led SMEs in Lusaka, Zambia, Because:*

✓ Women’s economic empowerment: Women-led SMEs are a key driver of women's economic empowerment in Zambia.
✓ Microfinance impact: Understanding the impact of microfinance on women-led SMEs can inform policies and programs aimed at promoting women's economic empowerment.
✓ Contextual relevance Focusing on chongwe district allows for a nuanced understanding of the local context and the specific challenges faced by women-led SMEs in the region.

➢ *Sampling Design*

- *Sampling Method*

A purposive sampling method will be used to select participants for the study. This method involves selecting participants based on their relevance to the research objectives and their ability to provide rich and detailed information.

- *Sampling Frame*

The sampling frame will consist of women-led SMEs in Lusaka, Zambia, that have accessed microfinance services. The sampling frame will be developed using a combination of sources, including:

✓ Microfinance institutions: Lists of women-led SMEs that have received microfinance services from local microfinance institutions.
✓ Business associations: Lists of women-led SMEs from local business associations and industry groups.

➢ *Sample Size Determination*

The sample size will be determined based on the research objectives and the need for both quantitative and qualitative data. A sample size of 50 women-led SMEs is anticipated and 20 people working for Microfinance Institutions, with a subset of participants selected for in-depth interviews and focus group discussions.

- *Participants will be Selected Based on the Following Criteria:*

✓ Women-led SMEs: SMEs that are owned and managed by women.

- ✓ Microfinance access: SMEs that have accessed microfinance services.
- ✓ Location: SMEs in chongwe district.

By using a purposive sampling method, the study aims to select participants who are well-suited to provide rich and detailed information on the impact of microfinance on women-led SMEs in Lusaka, Zambia. By determining an appropriate sample size, the study aims to ensure reliable and generalizable findings on the impact of microfinance on women-led SMEs in Lusaka, Zambia.

➢ *Data Collection Methods*

Primary Data Collection Methods like Structured questionnaires will be used to collect quantitative data from women-led SMEs. Semi-structured interviews will be conducted with women entrepreneurs and microfinance providers to gather qualitative data. Focus group discussions will be held with women entrepreneurs to gather additional qualitative data and validate findings.

Secondary Data Collection Methods like Literature Review. A review of existing literature on microfinance, women-led SMEs, and poverty alleviation will be conducted. Document Analysis*: Relevant documents, such as policy reports and industry publications, will be analyzed to gather secondary data.

- *Data Collection Tools*

✓ *Questionnaire:*

A structured questionnaire will be developed to collect quantitative data from women-led SMEs.By using a combination of primary and secondary data collection methods, the study aims to gather comprehensive and reliable data on the impact of microfinance on women-led SMEs in chongwe district.

➢ *Data Analysis*

- Quantitative Data Analysis frequencies, and percentages will be used to describe the characteristics of women-led SMEs and microfinance services. Regression analysis and correlation analysis will be used to examine the relationships between microfinance services and women-led SMEs' performance. Statistical software such as SPSS or R will be used to analyze quantitative data.
- Qualitative Data Analysis Qualitative data will be analyzed using thematic analysis to identify themes, patterns, and meanings. Coding of Data will be coded using open, axial, and selective coding techniques and Qualitative Data Analysis Software

- *Expected Outcomes*

Qualitative analysis will identify key themes and patterns related to microfinance services and women-led SMEs. Quantitative analysis will quantify the relationships between microfinance services and women-led SMEs' performance. The study will provide a comprehensive understanding of the impact of microfinance on women-led SMEs in chongwe district. By using a combination of quantitative and qualitative data analysis methods, the study aims to provide a nuanced understanding of the impact of microfinance on women-led SMEs.

➢ *Triangulation*

To validate findings on women's led SMEs, data triangulation can be achieved through:,Surveys,Interviews and Focus groups.

- *Methodological Triangulation*

- ✓ To gain a comprehensive understanding of women's led SMEs, methodological triangulation can be achieved through:
- ✓ Quantitative methods .Using statistical analysis to examine the financial performance and growth of women's led SMEs.
- ✓ Qualitative methods. Using thematic analysis to examine the experiences, challenges, and successes of women entrepreneurs.
- ✓ Mixed-methods approach.Combining quantitative and qualitative methods to gain a more nuanced understanding of women's led SMEs.

➢ *Limitations of the Study*

Methodological_Limitations The study may be subject to sampling bias, as the sample may not be representative of all women-led SMEs in chongwe district. The study's findings may not be generalizable to other contexts or populations.

- *Data_Limitations*

The study may be limited by the availability of data on women-led SMEs and microfinance services. The quality of the data collected may be affected by various factors, such as respondent fatigue or lack of understanding of the questions.

Contextual_Limitations The study's findings may be specific to the context of Chongwe district and may not be applicable to other contexts. And be able to control for all external factors that may influence the impact of microfinance on women-led SMEs.

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Researcher_Limitations: The study may be subject to researcher bias, as the researcher's perspectives and experiences may influence the interpretation of the data. The study may be limited by the resources available, including time, budget, and access to data and participants.

➢ *Ethical Considerations*

The researcher will obtain permission from the Microfinance Company and marketers as authorization to do the study will need to be granted. Agreement must be obtained and as such only volunteers who agree to participate in the study will be considered. All participants will be fully informed of their ability to refuse to participate or withdraw at any moment throughout the study. The researcher will ensure that the participants understand that their contributions to the study will be used only for the research at hand and nothing else.

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CHAPTER FOUR
PRESENTATION OF RESEARCH FINDINGS AND DISCUSSION OF RESULTS

➢ *Overview*

Welcome to the fourth Chapter, findings, and analysis of data regarding the general research objective of examining the effectiveness of Microfinance in enhancing the growth of Women-Led SMEs and poverty alleviation in the urban informal sector of Chongwe district in Lusaka, Zambia. It examines whether greater access to micro-credit for poor women micro-entrepreneurs necessarily translates into reduction in their poverty.

Particularly, it examines how the focus of credit provision on enterprise development may have constrained the efforts of credit providers in achieving empowerment and poverty alleviation objectives among poor women micro-entrepreneurs in the urban informal sector in the city. This chapter demonstrated the processing of data and how it was presented basing on the qualitative research type. Data was gathered using semi –structured interviews and by designing questionnaires and largely followed a qualitative data approach with an element of quantitative data approach which may came because of semi- structured interviews and testing the hypothesis. Before data analysis and presentation, the study looked at the research questions such as, RQ1: How does the narrow approach to micro-credit impact the ability of poor women-led Small and Medium-sized Enterprises (SMEs) to overcome poverty in Chongwe district.?, RQ2: To what extent has micro-credit for enterprise development empowered poor women-led SMEs and achieved its objectives?

RQ3: What effect would a broad-based integrated approach have on the effectiveness of micro-credit in empowering women-led SMEs and alleviating poverty in the urban informal sector of Chongwe district?

The study used Linkert scale in collecting and analysing data and a scale of 1 to 5 was used in giving answers to the questions. Data was also analysed using SPSS to come with tables and graphs. The chapter will start by giving a description of the demographic profile of respondents and there after providing solutions to the research questions.

➢ *Presentation of Results on Background Characteristics of the Respondents*

Data was collected through questionnaires and semi – structured interviews Distribution of questionnaires was done to fifty (50) VisionFund customers conducting business at Chongwe market and a sample of fifteen (20) employees of Vision Fund Zambia were also given the questionnaires and conducted semi- structured interviews. For the employees a 100% response was obtained due to the sample size and understanding of the study. A further 90% response rate was also obtained from the market traders at Chongwe Market and a 10% non –response was due to lack of full understanding of the study and hesitation to give out information on their personal businesses. Moreover, according to Denscombe (2010, pg.20-22) a 70% response rate is still rated very well. The location of the market was of great help in collecting adequate data, especially that it was a walkable distance, and this took five days to collect all the data.

• *Distribution by Age*

Figure 1 shows distribution by age just to determine the level of responsibility among VisionFund customers. The distribution showed that 30% of the respondents were between 20-30 years of age, 40% were between 30 years and 45 years, 10% were between 15 years and 20years and 20% were between 45 and 60 years.

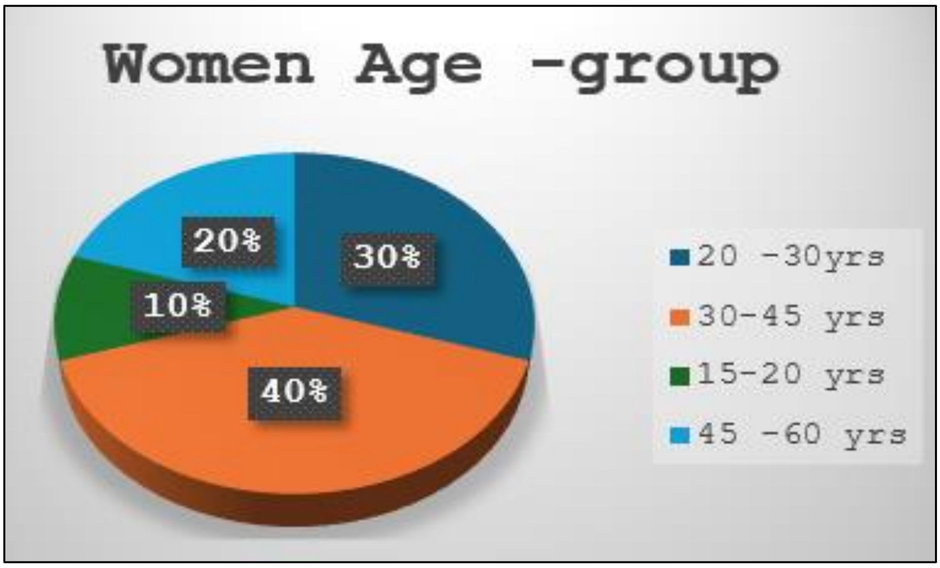

Fig 1 Distribution by Age

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* *Distribution by Level of Education*

Data on the level of education was gathered on VisionFund customer's sample of fifty (50). This was to determine the literacy levels when it comes to understanding the loan products and their ability to make an informed decision. Figure 2 shows the apportionment of 15 respondents attended secondary, 25 attended primary, 10 attended tertiary.

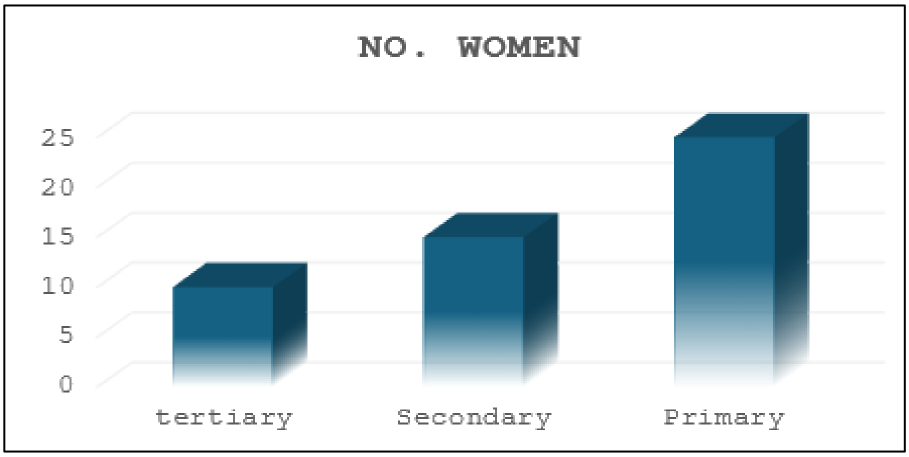

Fig 2 Distribution bEy Level of Education

* *Distribution by Marital Status*

Since VisionFund is child focussed and we wanted to know if married women tend to benefit more than the other. Research conducted on the marital status confirmed that 30% were married, 36% were single, 24% were divorced and 10% were widowed.

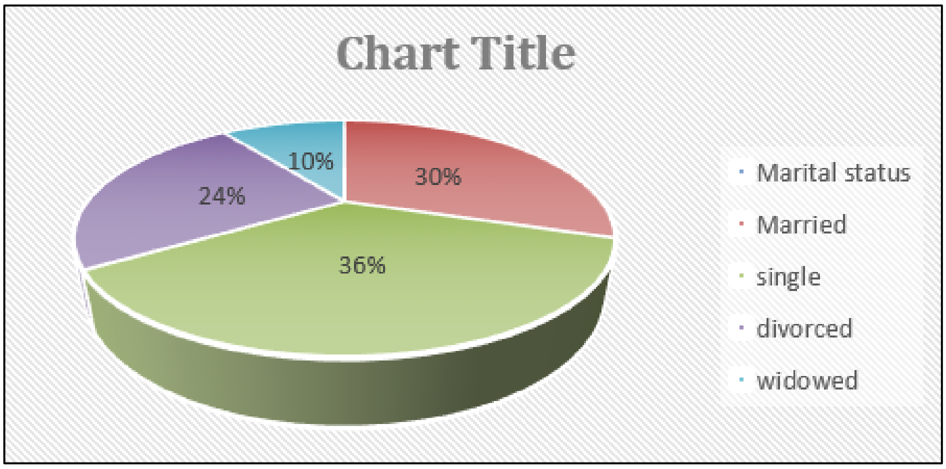

Fig 3 Distribution by Marital Status

➢ *What Impact Has Microfinance Had on Income, Assets, Decision-Making, and Poverty Reduction Among Women Micro-Entrepreneurs in Chongwe's Informal Sector?*

Microfinance has become a cornerstone of poverty alleviation strategies across developing countries, including Zambia. In rural districts like Chongwe, where formal financial institutions are scarce and economic opportunities limited, microfinance offers a lifeline to women operating in the informal sector. This objective explores the multifaceted impact of microfinance on income, asset accumulation, decision-making power, and poverty reduction among women micro-entrepreneurs in Chongwe.

One of the most transformative impacts of microfinance is its effect on women's decision-making autonomy. In Chongwe, women involved in microfinance programs report:

* Greater control over household finances.
* Increased participation in community leadership and savings groups.
* Enhanced confidence in making business and personal decisions.

Microfinance empowers women by improving their self-worth and social standing. As they become income earners and contributors to household welfare, their voices gain weight in family and community matters. Microfinance has played a vital role in reducing poverty in Chongwe District. By enabling women to generate income and accumulate assets, it addresses both immediate and structural causes of poverty. Key outcomes include:

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- Improved food security and nutrition.
- Better access to education and healthcare.
- Reduced reliance on informal money lenders.

To assess this objective the author used a questionnaire to find out the level of income before and after the loan and other community responsibility has been attained. The other question was framed to find out the affordability of meals per household and medical services to ascertain the poverty reduction.

Fig 4 Income Levels before Loans

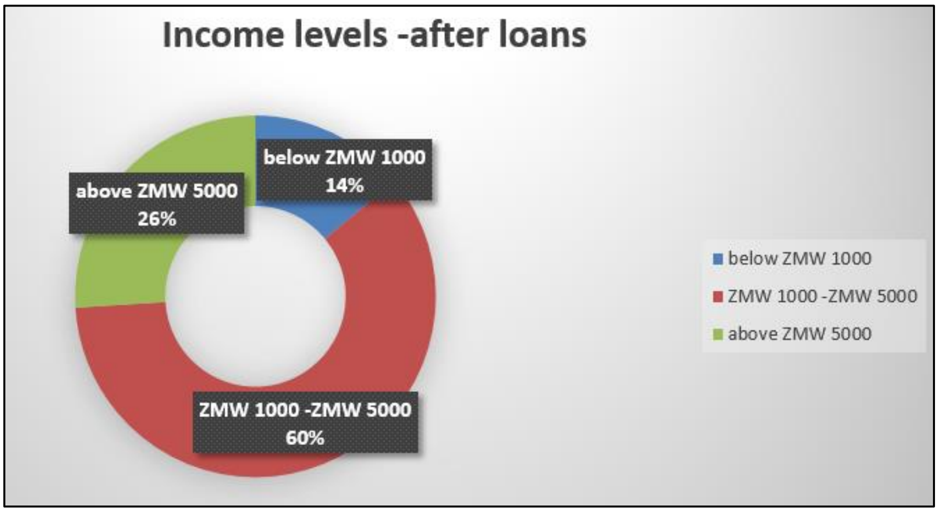

Fig 5 Income Levels -After Loans

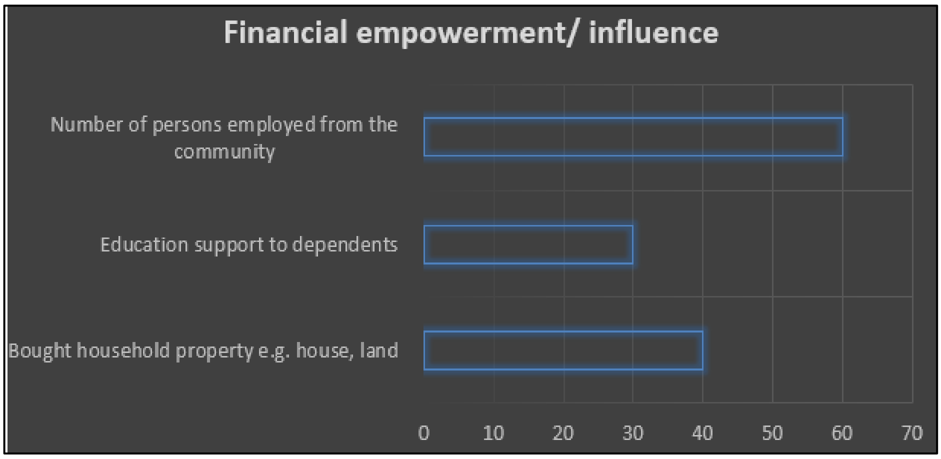

Fig 6 Financial Empowerment/ Influence

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➢ *To What Extent Does Micro-Credit for Enterprise Development Promote the Economic and Social Empowerment of Women Micro-Entrepreneurs in Chongwe District?*

Micro-credit has emerged as a vital tool for promoting inclusive development, particularly among marginalized groups such as women in rural areas. In Chongwe District, Zambia, where the informal sector dominates and access to formal financial services is limited, micro-credit programs have targeted women micro-entrepreneurs to stimulate enterprise development, reduce poverty, and foster empowerment. This objective will explore the extent to which micro-credit has promoted both economic and social empowerment among women in Chongwe.

Micro-credit has enabled women in Chongwe to start or expand small businesses in agriculture, retail, tailoring, and food processing. According to a study by VisionFund Zambia, women who accessed micro-credit reported increased income, improved business sustainability, and greater financial independence. These gains have allowed women to meet household needs, pay school fees, and invest in their enterprises.

Access to credit has facilitated the acquisition of productive assets such as farming tools, livestock, and inventory. This asset growth is a key indicator of economic empowerment, as it enhances women's capacity to generate income and build wealth over time. Micro-credit programs often operate through group lending models, which foster solidarity and collective action. Women in Chongwe have formed cooperatives and savings groups, enhancing their visibility and influence in community affairs. These platforms have also enabled women to take on leadership roles and advocate for their needs.

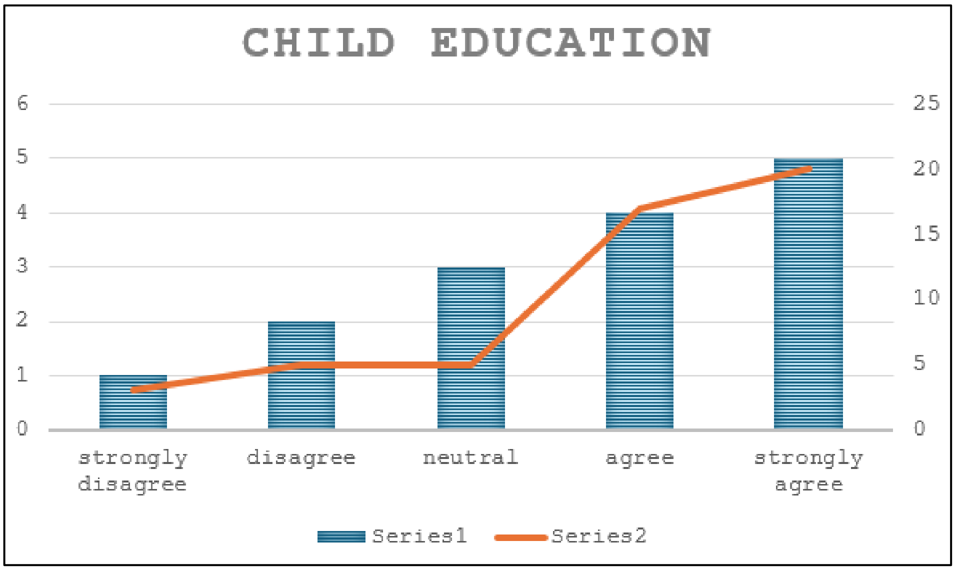

Fig 7 Child Education

➢ *What Micro-Credit Strategies Best Support Poverty Reduction and Women's Empowerment in Rural Chongwe, and What Obstacles Do Microfinance Programs Encounter*

This research question addresses two critical dimensions of rural development: the effectiveness of micro-credit strategies in achieving socio-economic goals, and the operational challenges that hinder their success. Based on the findings from Chongwe District, the analysis reveals a nuanced understanding of how micro-credit can be optimized to support women micro-entrepreneurs and reduce poverty, while also identifying systemic barriers that must be addressed.

The studies found that certain micro-credit strategies are particularly effective in supporting poverty alleviation and women's empowerment in rural Chongwe:

- *Group Lending Models*

Group lending has proven to be a powerful strategy in rural settings. It fosters:

- ✓ Social cohesion and peer accountability, reducing default rates.
- ✓ Collective empowerment, as women form savings groups and cooperatives.
- ✓ Leadership development, with many women taking on roles within their groups.

- *Integrated Financial Literacy and Business Training*

Micro-credit programs that combine loans with training in financial management and entrepreneurship are more successful. These programs:

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- ✓ Improve loan utilization and repayment discipline.
- ✓ Enhance business sustainability and profitability.
- ✓ Empower women to make informed economic decisions.

- *Flexible Loan Products*

Tailoring loan products to the realities of rural economies is essential. Effective strategies include:

- ✓ Seasonal repayment schedules aligned with agricultural cycles.
- ✓ Low-interest or subsidized loans for first-time borrowers.
- ✓ Graduated loan schemes that grow with the entrepreneur's capacity.

- *Asset-Based Lending*

Providing loans for the acquisition of productive assets—such as farming tools, livestock, or inventory—has a direct impact on:

- ✓ Income generation and business expansion.
- ✓ Long-term financial stability and resilience.
- ✓ Reduction in household poverty through improved livelihoods

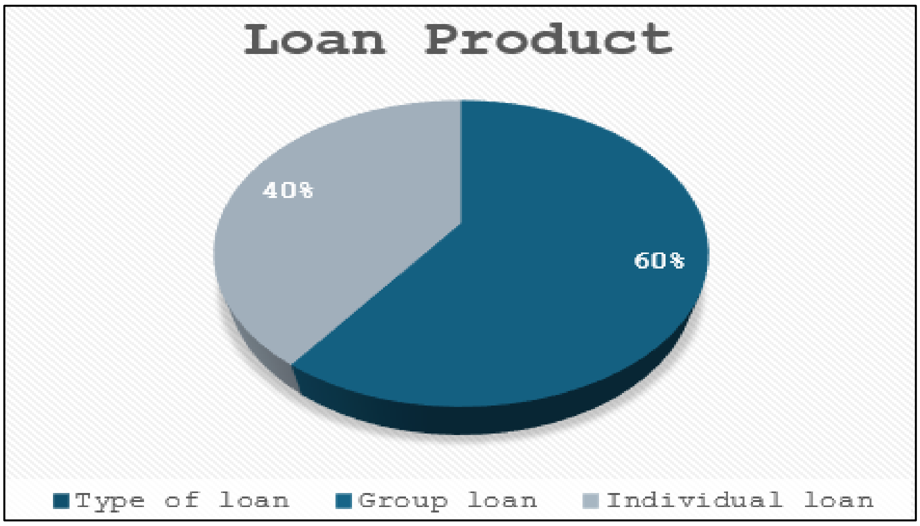

Fig 8 Loan Product

➢ *Discussion of Research Findings*

Micro-credit has emerged as a transformative instrument in the global fight against poverty and gender inequality. In Zambia's Chongwe District, where rural poverty and limited access to formal financial services persist, micro-credit programs have targeted women-led Small and Medium Enterprises (SMEs) to stimulate economic growth, foster social empowerment, and reduce poverty. This essay explores the extent to which micro-credit has empowered poor women entrepreneurs and achieved its intended objectives, drawing on findings from field research and community-level data.

Women-led SMEs in Chongwe face systemic barriers such as lack of collateral, limited financial literacy, and exclusion from formal banking systems. Micro-credit programs have sought to address these challenges by offering small loans, financial education, and support services tailored to the needs of women in the informal sector. These interventions have enabled women to start or expand businesses in agriculture, retail, tailoring, and food processing—sectors that are vital to local economies. Figure 4.121 shows that 36% of women interviewed were single which was the highest percentage accessing the loans this has been attributed to the fact that single women though they did not seem to have a lot of assets to use as collateral than Married women, they still had more freedom to make such decisions and leverage on group loans that had less demand on collateral and the mostly used as shown in figure 8.

The provision of credit has facilitated the acquisition of productive assets such as farming tools, livestock, and inventory. These assets not only enhance business sustainability but also contribute to long-term wealth creation. The economic empowerment of women through asset accumulation is a key indicator of success, as it reflects increased capacity to generate income and withstand financial shocks beyond economic gains, micro-credit has catalyzed significant social transformation. Women participating in micro-credit programs report greater involvement in household financial decisions, increased confidence, and leadership in community groups. The formation of women's cooperatives and savings groups has further strengthened social bonds and collective agency.

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Figure 4, 5 and 6 illustrates how income levels and asset accumulation have been affected. Income levels before the loans shows 54% of the sampled women accessing less than ZMW 1,000 and after the loans were granted the income levels 60% of the women moved between ZMW1000 -ZMW5000. Specifically figure 4.15. illustrates the influence loans have in empowering women and the influence this posses on their communities. Thirty (30) respondents agreed to have managed to support their children school, fifty (50) respondents agreed to have managed to buy assets such as houses, cars, and shops etc.

These shifts in gender dynamics are critical indicators of empowerment. As women gain financial independence, their voices become more influential in both family and community matters. The questionnaire used in the study revealed that access to loans has positively impacted personal well-being, household stability, and community participation. Women are now more likely to contribute to decision-making processes, advocate for their needs, and assume leadership roles.

Microfinance has proven to be a cornerstone of poverty alleviation strategies in Chongwe. The study found that women micro-entrepreneurs experienced notable increases in income after receiving loans. This financial uplift has translated into improved food security, better access to education and healthcare, and reduced reliance on informal money lenders.

The questionnaire results highlighted a clear before-and-after comparison of income levels, affordability of meals, and access to medical services. These indicators demonstrate that micro-credit has not only addressed immediate financial needs but also contributed to structural poverty reduction. Women are now better positioned to invest in their families and communities, creating a ripple effect of development.

Micro-credit programs in Chongwe often operate through group lending models, which promote solidarity and mutual accountability. These models have led to the formation of cooperatives and savings groups, where women support each other financially and socially. Such platforms have enhanced women's visibility and influence in community affairs, enabling them to advocate for inclusive policies and development initiatives.

The social capital generated through these groups is invaluable. It fosters trust, collaboration, and resilience—qualities that are essential for sustainable development. Women who were once marginalized are now recognized as key contributors to local economies and community well-being.

He findings from Chongwe District affirm that micro-credit has significantly empowered poor women-led SMEs and achieved many of its objectives. It has bridged financial gaps, promoted economic independence, and catalyzed social transformation. Women have gained confidence, leadership, and a stronger voice in their households and communities.

However, challenges remain. The sustainability of micro-credit programs depends on continued support, capacity building, and integration with broader development strategies. Financial literacy, market access, and infrastructure improvements are necessary to ensure that women entrepreneurs can scale their businesses and maintain long-term success.

In conclusion, micro-credit is not a panacea, but it is a powerful tool for inclusive development. When implemented thoughtfully and supported by complementary interventions, it can unlock the potential of women entrepreneurs and drive meaningful change in rural communities like Chongwe.

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CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

➢ *Overview*

Chapter five (5) presents a summary of the main findings of the study and provide recommendations and areas of future research. The empirical and theoretical issues regarding the study: *Examining the Effectiveness of Microfinance in enhancing the growth of Women-Led SMEs: A Case Study of Chongwe District*. This research study was conducted to explore the role of micro-credit in promoting enterprise development, alleviating poverty, and empowering women micro-entrepreneurs in Chongwe District, Zambia. The study focused on women operating in the informal sector, who often face systemic barriers to accessing formal financial services. Through a combination of field surveys, questionnaires, and community-level analysis, the research aimed to assess the effectiveness of microfinance initiatives and provide actionable recommendations for enhancing their impact. None the less a summary is presented here under.

- *RO1. To Examine How Microfinance Influences Women's Income, Asset Ownership, and Economic Decision-Making, While Also Evaluating its Role in Reducing Poverty Among Women Micro-Entrepreneurs in Chongwe District's Informal Sector.*

The investigation into the influence of microfinance on women's income, asset ownership, economic decision-making, and poverty reduction among micro-entrepreneurs in Chongwe District reveals a compelling narrative of empowerment and transformation. Microfinance has proven to be more than a financial tool—it is a catalyst for socio-economic change, particularly in rural and underserved communities.

The findings demonstrate that access to micro-credit has significantly improved income levels among women in the informal sector. Many participants reported increased earnings, which enabled them to meet household needs, invest in their businesses, and contribute to community welfare. This financial uplift has had a direct impact on poverty reduction, as evidenced by improved food security, access to healthcare, and the ability to afford education for their children.

In terms of asset accumulation, microfinance has facilitated the acquisition of productive resources such as livestock, farming equipment, and business inventory. These assets not only enhance business sustainability but also serve as a buffer against economic shocks, contributing to long-term financial stability.

Equally important is the shift in economic decision-making power. Women who previously had limited influence over household finances now report greater autonomy and confidence in making both personal and business-related decisions. This empowerment extends beyond the household, with many women taking on leadership roles in savings groups, cooperatives, and community development initiatives.

The study also highlights the broader social impact of microfinance. Participation in micro-credit programs has elevated women's status within their communities, fostering solidarity, collective action, and a sense of agency. These social dynamics are essential for sustaining empowerment and ensuring that economic gains translate into lasting change.

However, the research also underscores the need for continuous support and strategic refinement of microfinance programs. Challenges such as limited financial literacy, market access, and infrastructure gaps must be addressed to maximize the impact of micro-credit. Moreover, integrating microfinance with training, mentorship, and policy support can enhance its effectiveness and sustainability.

Microfinance has made substantial strides in empowering women micro-entrepreneurs in Chongwe District. It has improved income, facilitated asset growth, strengthened decision-making, and contributed to poverty alleviation. To build on these gains, stakeholders must adopt a holistic and inclusive approach that addresses existing challenges and promotes long-term development for women in the informal sector.

- *RO2. To Assess and Analyse How Micro-Credit for Enterprise Development Contributes to the Empowerment of Women Micro-Entrepreneurs in Chongwe District.*

The assessment of micro-credit for enterprise development in Chongwe District reveals that it has played a significant role in empowering women micro-entrepreneurs economically and socially. The findings of the research indicate that micro-credit has not only enabled women to start and expand their businesses but has also contributed to broader changes in their personal and community lives.

Economically, access to micro-credit has led to increased income generation, improved business sustainability, and the accumulation of productive assets such as farming tools, livestock, and inventory. These outcomes have enhanced the financial independence of women, allowing them to meet household needs, invest in their enterprises, and contribute meaningfully to their families' welfare. The ability to acquire and control assets is a key indicator of economic empowerment, as it strengthens women's capacity to build wealth and withstand financial shocks.

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Socially, micro-credit has elevated the status of women within their households and communities. Women who previously had limited influence over financial decisions now report greater autonomy and confidence in managing both personal and business finances. This shift in decision-making power reflects a deeper transformation in gender dynamics, where women are increasingly recognized as capable leaders and contributors to community development.

The group lending models, and cooperative structures associated with micro-credit programs have further reinforced this empowerment. By fostering solidarity and collective action, these platforms have enabled women to form savings groups, advocate for their needs, and take on leadership roles. Such social capital is essential for sustaining empowerment and ensuring that economic gains translate into long-term development.

However, the research also highlights several challenges that must be addressed to maximize the impact of micro-credit. These include limited financial literacy, inadequate market access, and infrastructural constraints that hinder business growth. Moreover, the sustainability of micro-credit programs depends on continuous support, capacity building, and integration with broader development strategies.

Micro-credit for enterprise development has significantly contributed to the empowerment of women micro-entrepreneurs in Chongwe District. It has enhanced their economic independence, strengthened their decision-making power, and elevated their social standing. To build on these achievements, stakeholders must adopt a holistic approach that addresses existing challenges and promotes inclusive, sustainable development for women in the informal sector.

- *RO3. To Evaluate and Recommend Suitable Micro-Credit Approaches for Poverty Alleviation and Women's Empowerment in Chongwe District, While Analysing the Challenges Faced by Microfinance Initiatives in Rural Settings.*

The evaluation of micro-credit approaches for poverty alleviation and women's empowerment in Chongwe District reveals that microfinance has made meaningful contributions to improving the socio-economic conditions of women micro-entrepreneurs. However, the effectiveness of these programs is closely tied to the suitability of their design, delivery mechanisms, and responsiveness to the unique challenges of rural settings.

The findings indicate that well-structured micro-credit programs have enabled women to start and expand small businesses, particularly in agriculture, retail, and food processing. These enterprises have led to increased household income, improved food security, and better access to education and healthcare. Women who accessed micro-credit reported enhanced financial independence and greater control over economic decisions, both within their households and in their businesses. These outcomes are strong indicators of empowerment and poverty reduction.

Moreover, micro-credit has facilitated asset accumulation, allowing women to acquire tools, livestock, and inventory that contribute to long-term business sustainability. The group lending models commonly used in Chongwe have fostered solidarity, trust, and collective action, enabling women to form cooperatives and savings groups. These platforms have not only supported financial growth but also elevated women's social status and leadership in community affairs.

Despite these successes, the research highlights several challenges that hinder the full potential of microfinance initiatives in rural areas. These include:

- ✓ Limited financial literacy, which affects loan management and business planning.
- ✓ Inadequate infrastructure, such as poor road networks and limited access to markets.
- ✓ High operational costs for microfinance institutions, which can lead to high interest rates and limited outreach.
- ✓ Lack of tailored financial products that reflect the seasonal and informal nature of rural enterprises.

- *To Address These Challenges and Enhance the Impact of Micro-Credit, the Study Recommends A Multi-Pronged Approach:*

- ✓ Integrate financial literacy training with loan disbursement to improve business management and repayment capacity.
- ✓ Develop flexible loan products suited to rural economic cycles and informal business models.
- ✓ Strengthen partnerships between microfinance institutions, government agencies, and community organizations to improve outreach and support services.
- ✓ Invest in infrastructure and market access to enable women entrepreneurs to scale their businesses and reach broader customer bases.
- ✓ Monitor and evaluate programs regularly, ensuring that feedback from beneficiaries informs program design and delivery.

Micro-credit has demonstrated its potential as a tool for poverty alleviation and women's empowerment in Chongwe District. However, its success depends on context-sensitive approaches that address the realities of rural life. By refining program design and tackling implementation challenges, stakeholders can ensure that microfinance continues to uplift women and contribute to inclusive, sustainable development.

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➢ *Conclusion*

The research conducted in Chongwe District to evaluate the role of micro-credit in enterprise development, poverty alleviation, and women's empowerment presents a compelling case for the transformative potential of microfinance in rural Zambia. Across all three objectives, the findings consistently demonstrate that micro-credit has had a positive and multifaceted impact on women micro-entrepreneurs, though not without challenges that require strategic attention.

Firstly, the study confirms that microfinance significantly influences women's income levels, asset accumulation, and economic decision-making. Women who accessed micro-credit reported increased earnings, which enabled them to meet household needs, invest in their businesses, and contribute to community welfare. The acquisition of productive assets such as livestock, farming tools, and inventory further strengthened their financial resilience and business sustainability. Importantly, women gained greater autonomy in managing household and business finances, marking a shift in traditional gender roles, and enhancing their confidence and leadership within their communities.

Secondly, the research highlights that micro-credit contributes meaningfully to poverty reduction among women in the informal sector. Improved access to food, healthcare, and education were among the most notable outcomes. The reduction in reliance on informal money lenders and the ability to plan for long-term financial goals reflect a deeper structural change in the economic lives of these women. Micro-credit has not only addressed immediate financial needs but also laid the foundation for sustainable development.

Thirdly, the study assessed the extent to which micro-credit empowers women socially and economically. Beyond financial gains, micro-credit programs have fostered solidarity and collective action through group lending models and savings cooperatives. These platforms have enabled women to take on leadership roles, advocate for their needs, and participate actively in community development. The social capital generated through these networks has elevated women's status and influence, reinforcing the broader goals of empowerment.

However, the research also brings to light several challenges faced by microfinance initiatives in rural settings. These include limited financial literacy, inadequate infrastructure, high operational costs for microfinance institutions, and a lack of tailored financial products that reflect the realities of rural and informal economies. These barriers can undermine the effectiveness and sustainability of micro-credit programs if not addressed.

In response to these challenges, the study recommends a holistic and context-sensitive approach to micro-credit provision. Key recommendations include:

- Integrating financial literacy and business training with loan programs.
- Designing flexible loan products suited to seasonal and informal business cycles.
- Strengthening partnerships between microfinance institutions, government agencies, and community organizations.
- Investing in infrastructure and market access to support business growth.
- Establishing robust monitoring and evaluation systems to ensure continuous improvement.

In conclusion, micro-credit has proven to be a powerful tool for empowering women micro-entrepreneurs and alleviating poverty in Chongwe District. Its success lies not only in financial outcomes but also in the social transformation it fosters. To maximize its impact, stakeholders must adopt inclusive, adaptive, and sustainable strategies that address the unique challenges of rural communities. With the right support, micro-credit can continue to unlock the potential of women entrepreneurs and drive meaningful development across Zambia's rural landscape.

➢ *Recommendations*

The findings from the research conducted in Chongwe District underscore the transformative potential of micro-credit in empowering women micro-entrepreneurs and alleviating poverty. However, to maximize its impact and ensure sustainability, a set of strategic and context-sensitive recommendations must be considered. These recommendations address the core areas of income generation, asset accumulation, decision-making autonomy, and the structural challenges faced by microfinance initiatives in rural settings.

- *Strengthen Financial Literacy and Business Skills Training*

While micro-credit has enabled women to start and grow businesses, many face challenges in managing loans and making informed financial decisions. To address this:

✓ Integrate financial literacy programs into micro-credit schemes to equip women with budgeting, record-keeping, and loan management skills.
✓ Provide basic business development training, including marketing, customer service, and inventory management, to improve enterprise sustainability.

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- ✓ Encourage mentorship and peer learning through community-based training models.

- *Design Flexible and Inclusive Loan Products*

  Micro-credit products must reflect the realities of rural and informal economies:

- ✓ Develop seasonal loan repayment schedules aligned with agricultural cycles and informal trade patterns.
- ✓ Offer low-interest or subsidized loans for first-time borrowers to reduce entry barriers.
- ✓ Introduce graduated loan schemes that allow women to access larger amounts as their businesses grow and repayment history improves.

- *Promote Asset-Based Lending and Support for Productive Investments*

  Asset accumulation is a key indicator of economic empowerment. To support this:

- ✓ Encourage microfinance institutions to offer asset-based loans that enable women to acquire tools, equipment, and livestock.
- ✓ Provide technical support and follow-up services to ensure that assets are used productively and maintained properly.
- ✓ Link micro-credit programs with agricultural extension services and cooperatives to enhance productivity and market access.

- *Enhance Social Capital through Group Lending and Cooperatives*

  Group lending models have proven effective in fostering solidarity and accountability:

- ✓ Continue promoting savings groups and cooperatives as platforms for financial inclusion and collective empowerment.
- ✓ Support the formation of women-led community organizations that advocate for local development and policy change.
- ✓ Facilitate leadership training for women in these groups to strengthen their role in community governance.

- *Address Structural and Operational Challenges in Rural Microfinance*

  Microfinance initiatives in rural areas face logistical and systemic barriers:

- ✓ Improve infrastructure, such as roads and communication networks, to enhance access to markets and financial services.
- ✓ Encourage digital financial solutions (e.g., mobile banking) to reduce transaction costs and expand outreach.
- ✓ Provide government and donor support to microfinance institutions to lower operational costs and extend services to remote areas.

- *Establish Monitoring, Evaluation, and Feedback Mechanisms*

  To ensure continuous improvement and responsiveness:

- ✓ Implement regular impact assessments to track changes in income, asset ownership, and empowerment.
- ✓ Create feedback channels for beneficiaries to share experiences and suggest improvements.
- ✓ Use data-driven insights to refine program design and target interventions more effectively.

Micro-credit has demonstrated its potential to uplift women micro-entrepreneurs in Chongwe District, but its success depends on thoughtful implementation and ongoing support. By adopting these recommendations, stakeholders including government agencies, microfinance institutions, NGOs, and community leaders can enhance the effectiveness of micro-credit programs and ensure they contribute meaningfully to poverty alleviation and women's empowerment. A holistic, inclusive, and adaptive approach is essential to unlock the full potential of microfinance in rural Zambia.

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APENDIX

APENDIX 1: QUESTIONAIRE – Women Loan (CUSTOMERS)

➢ *Section A :* Demographics Data

(Tick were appropriate)

- *Marital Status*

Married [ ]

Single [ ]

Divorced [ ]

Widowed [ ]

- *Age*

15 - 20 [ ]

20 - 30 [ ]

30 - 45 [ ]

45 and above [ ]

- *Level of Education*

Primary [ ]

Secondary [ ]

Tertiary [ ]

University [ ]

➢ *Section B:*

- What impact has microfinance had on income, assets, decision-making, and poverty reduction among women micro-entrepreneurs in Chongwe's informal sector?
- To what extent does micro-credit for enterprise development promote the economic and social empowerment of women micro-entrepreneurs in Chongwe District?
- What micro-credit strategies best support poverty reduction and women's empowerment in rural Chongwe, and what obstacles do microfinance programs encounter?
- How has access to micro-credit changed your role in the household or community?

✓ *Tick that Applies.*

▪ Bought household property e.g. house, land {}
▪ Education support to dependents {}
▪ Number of persons employed from the community {}

- Please indicate the level of agreement with the following statement concerning how loan empowerment has supported your children education. Where 1= strongly disagree, 2= disagree, 3= neutral, 4 = agree, 5= strongly agree
- Has your role in your household or community changed since starting or growing your business?
- What was your Monthly income before getting the loan empowerment

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- ✓ Below K1000
- ✓ K1000-K5000
- ✓ Above k5000

- What is your Monthly income after getting the loan empowerment?

- ✓ Below K1000
- ✓ K1000-K5000
- ✓ Above k5000

➢ *Section C*

- Which aspects of the micro-credit program were most helpful in improving your business or livelihood?
- How has access to micro-credit affected your household income and financial stability?
- Have you experienced any changes in your decision-making power at home or in your community since receiving micro-credit?
- In your opinion, what strategies should microfinance institutions adopt to better support women in rural areas like Chongwe?

➢ *Section D:* Institutional Factors influencing women Micro credit loans – (Employees only)

- Current role……….
- What is the company policy to women lending?
- What loan products are mostly taken by women

Tick what applies {} Individual loans {} Group loans

- Please indicate the level of agreement with the following statement concerning how institutional factors influence Women Loan accessibility. Where 1= strongly disagree, 2= disagree, 3= neutral, 4 = agree, 5= strongly agree

Institutional Factors	**1**	**2**	**3**	**4**	**5**
Loans are given on collateral based					
Women who underwent financial literacy training loan default rate was low					
Collateral based loans had low default rate					
The company prefers to give loans to groups than individuals					

➢ *Section E:* Micro –economic variables influencing business activities in Chongwe (both customers & employees)

- Please indicate the level of agreement with the following statement concerning how micro – economic factors influence business activities. Where 1= strongly disagree, 2= disagree, 3= neutral, 4 = agree, 5= strongly agree

Micro -economic variables	**1**	**2**	**3**	**4**	**5**
Chongwe district has a good population to benefit business activities					
Most of the people in Chongwe depend on farmining activities for their livelihood					
Most women in Chongwe own properties					
The level of unemployment in the district					

Thanks for your participation and cooperation!