MICROFINANCE IN ETHIOPIA

Elixir or Poison?

A thesis submitted by

Degefe Duressa Obo
(Ethiopia)

In fulfilment of the requirements for the degree of
Doctor of Philosophy in Development Studies
of the Institute of Social Studies
The Hague, The Netherlands

23 July 2009
Thesis Committee

Promotor:
Professor Meine Pieter van Dijk
Institute of Social Studies

Co-promotor:
Dr Henk Moll
Wageningen University and Research Centre

Examiners:
Professor Hans Visser
VU University Amsterdam

Professor Hans van Mierlo
University of Maastricht

Professor Ashwani Saith
Institute of Social Studies

Professor Bert Helmsing
Institute of Social Studies

This dissertation is part of the research programme of CERES, Research School for Resource Studies for Development.
Funded by the SAIL/ISS/RLDS/AAU/Ethiopia Project

© Copyright Shaker Publishing 2009
All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publishers.

Printed in The Netherlands.


Shaker Publishing BV
St. Maartenslaan 26
6221 AX Maastricht
Tel.: 043-3500424; Fax: 043-3255090
http://www.shaker.nl
I express my sincere gratitude to the Institute of Social Studies (ISS), The Hague, and the Institute of Housing and Urban Development Studies (IHS), Rotterdam, for granting me the opportunity to pursue my PhD study. My primary gratitude and indebtedness goes, however, to my principal supervisor Professor Meine Pieter van Dijk who has facilitated my admission to IHS.

I owe a great deal to Professor van Dijk’s support and encouragement starting from the preliminary proposal and his critical professional comments and guidance thereafter and above all for his untiring, meticulous corrections of the texts. My indebtedness to professor van Dijk goes far beyond traditional acknowledgement of the patience and tolerance he has shown me despite the delays encountered and obviously consuming his precious free time. Dr. Henk A.J. Moll, my co-promoter, was involved right from the stage of developing the proposal. His profound professional input and guidance has been of immense impact on the entire work. I have also benefited from participation in his rural finance classes and several seminars to which he had kindly invited me. I am grateful for his generous time during consultations and discussions. I have also benefited from Professor van Dijk’s several visits and Dr Moll’s one-time visit to Ethiopia. Maria Zwanenburg of IHS willingly undertook the burden of helping me (with the consent of my professor) by reading and commenting on my draft reports and joined my promoters in the discussion at a critical stage. Her inputs helped me improve my data analysis and structuring of the text, which was much needed. I am very grateful for her unreserved professional and moral support and encouragement.

During my stays at IHS I received a generous logistical support from all departments and enjoyed the hospitality of the entire staff, especially during my 2005–06 stay in the Netherlands. I sincerely thank Jan Fransen for facilitating administrative and logistical support in addition to the follow-up of academic progress. Jan was so kind to even attend to my family and personal problems which I encountered while I was at IHS. I feel obliged to express my gratitude to all Dutch individuals (university employees and otherwise), whom I often found so hospitable and willing to share information and help a stranger.

This study would have been impossible without the cooperation of many people and offices. I am grateful to Dr Wolday Amaha, executive director of AEMFI, for his encouragement and assistance to conduct the research on the subject. He issued letter of introduction to MFIs requesting their cooperation and also in-
ACKNOWLEDGMENTS

vited me to several forums where I was introduced to many MFI officials. AEMFI staff has been so kind and cooperative in allowing me to use the resources in their library collection. The kind cooperation of OCSSCO, ACSI, SFPI, WMFI, PEACE, GMSC, SMFI, OMFI general managers and their staff is greatly appreciated. Special acknowledgement is in order to Mr Mekonnen Yelem-Wossen (General Manager) and Mr Getaneh Gobeze (Head of Planning and Research), of ACSI. In fact all department heads and staff of ACSI were very cooperative in supplying the information I needed. Mr Daniel of DECSI has been personally helpful and cooperative despite the highly secretive policy of DECSI that made it impossible to obtain much of the needed data. I also thank the branch and sub-branch office employees of the above MFIs, the client population and the non-clients in the vicinity of my sample for their kind cooperation. Staff of NBE, microfinance supervision department, were kind enough to share information. It is not possible to list all of those who contributed and cooperated, may I thank all of those who helped me during the research by responding to my interviews and who assisted directly or indirectly to obtain the necessary data.

During this research I encountered two major unhappy events; my beloved mother passed away just at the start of the work while I was in the Netherlands; and my mother-in-law suddenly fell ill and subsequently passed away within a few months of my second stay in the Netherlands, leaving my wife (who had given birth to our second child just a month after my departure to Netherlands) in a difficult situation. These circumstances would have been very difficult for my wife and myself to bear if my brothers, Fetene Duressa, Tesfaye Erega, Lamessa Duressa and Ayalew Duressa, had not devoted their time to take care of my family. My dear brothers proved that the care and protection they always extended to their youngest brother is still intact. My love and respect to all of them! I also thank my neighbours and friends who consoled my wife and helped during the difficult times. My daughter Lemmane was only two months old when I first left for the Netherlands, but when I came back after the field work she was in her third year. It was so difficult for her to bear my departure, and she was the most affected by my absence from home. My son Surra was born while I was abroad. I owe them a great deal.

My indebtedness to my late beloved parents father Duressa Obo and mother Agitu Komboshi is beyond the usual word of acknowledgement. They never left a stone unturned to provide for the future of their children and yet never involved in a venture that did not contribute to the welfare of their children. I owe them for all what I earned in my life.

Finally, thanks and praise to the almighty God for all his gracious gifts!
Contents

Acknowledgments..................................................................................iii
List of Acronyms ................................................................................xiii
Abstract ..................................................................................................xv
Samenvatting........................................................................................xvii

1 Introduction.........................................................................................1
  1.1 Microfinance and international development .........................1
  1.2 Microfinance institutions in Ethiopia.....................................3
  1.3 Statement of the problem.......................................................4
  1.4 Objectives of the study............................................................8
  1.5 Institutional sustainability: Position in the literature...............8
  1.6 Research questions.................................................................11
  1.7 Hypotheses..................................................................................13
  1.8 Structure of the study...............................................................13

2 Theoretical Framework and Methodology .........................15
  2.1 Microfinance: Concept and evolution....................................15
    2.1.1 Microcredit and microfinance .............................................15
    2.1.2 The evolution of microfinance practice and institutions ...........16
  2.2 Sustainability versus outreach for poverty alleviation...........24
  2.3 The sustainability or financial self-sufficiency (institutionist)
    approach .......................................................................................25
    2.3.1 Depth of outreach or poverty lending (welfarist)
    approach .......................................................................................28
  2.4 Sustainability and outreach....................................................30
    2.4.1 Sustainability indicators .....................................................30
    2.4.2 Outreach .............................................................................37
    2.4.3 Institutional viability ..........................................................40
## CONTENTS

2.5 Regulatory framework for microfinance ......................................46  
2.5.1 Rationale and nature of regulation in microfinance ............47  
2.5.2 The role of governments in regulation ...............................50  
2.6 Methodology ........................................................................52  
2.6.1 Choice of analytical model ................................................54

### 3 Country Background ..................................................57

3.1 Introduction ........................................................................57  
3.2 The country profile ................................................................57  
3.3 Overview of policy regimes and macroeconomic performance  
3.3.1 A brief review of past and present economic policies .......59  
3.4 Economic performance .........................................................64  
3.4.1 Economic structure and trends in growth ...........................64  
3.4.2 Other macroeconomic indicators .....................................65  
3.5 Poverty profile in Ethiopia .....................................................66  
3.5.1 Poverty indices ...............................................................66  
3.5.2 Other basic welfare indicators .........................................70  
3.6 Financial sector development in Ethiopia .............................72  
3.6.1 The formal sector ...........................................................72  
3.6.2 The informal financial institutions ....................................77  
3.6.3 Formal microfinance institutions .................................83  
3.6.4 Financial sector regulation ..............................................84  
3.6.5 Conclusions .................................................................85

### 4 The Selected Microfinance Institutions ..........................87

4.1 Introduction .........................................................................87  
4.2 Genesis and ownership .......................................................87  
4.3 Governance structure .........................................................94  
4.4 Mission and vision of the institutions ...................................95  
4.5 Organizational structure and size .......................................97  
4.6 Client targeting .................................................................98  
4.7 Credit products and operational procedures ......................101  
4.8 Conclusions .................................................................105
5 The Financial Performance of the Selected MFIs ....... 107
  5.1 Introduction ................................................................. 107
  5.2 Portfolio quality ............................................................ 107
  5.3 Operational and financial sustainability ..................... 108
  5.4 Subsidy dependence index ........................................... 112
  5.5 Volume of operations and efficiency ............................ 114
  5.6 Conclusions ................................................................. 116

6 Outreach and Client Profile ................................. 119
  6.1 Introduction ................................................................. 119
  6.2 Outreach of MFIs ........................................................... 119
    6.2.1 Scale of outreach ..................................................... 119
    6.2.2 Depth of outreach .................................................... 129
  6.3 Client data analysis ...................................................... 132
    6.3.1 Household and other characteristics of respondents 136
    6.3.2 Client business and financial services of the MFI .... 143
    6.3.3 Financial relations with other institutions .......... 150
    6.3.4 Former clients and non-clients ............................. 152
    6.3.5 Household and farm property ownership .......... 153
  6.4 Other aspects of outreach ........................................ 157
    6.4.1 Worth of outreach to clients ................................. 157
    6.4.2 Cost of outreach ..................................................... 159
    6.4.3 Breadth of outreach ............................................... 161
    6.4.4 Length of outreach ............................................... 161
  6.5 Conclusions ................................................................. 161

7 Institutional Viability ............................................ 165
  7.1 The regulatory and policy framework ...................... 165
    7.1.1 The regulatory framework ..................................... 165
    7.1.2 Rationale for the regulatory framework in Ethiopia 166
    7.1.3 Definition and scope of the business of microfinance 170
    7.1.4 Main features of the regulatory frameworks ......... 171
  7.2 The supervisory authority ........................................ 175
  7.3 The microfinance network (AEMFI) ......................... 177
  7.4 Ownership, institutional design and governance ......... 179
CONTENTS

7.4.1 Ownership and form of business ........................................179
7.4.2 Governance .........................................................................184
7.4.3 Organizational aspects such as internal systems and resources .........................................................191
7.5 Prudential requirements and supervision .................................203
7.5.1 Prudential requirements ..................................................203
7.5.2 Reporting requirements and supervision ..........................205
7.6 Conclusions ...........................................................................210

7  Discussion and Conclusions ....................................................213
8.1 Introduction .............................................................................213
8.2 Sustainability and scale of operation .......................................213
8.2.1 Operational and financial sustainability .........................213
8.2.2 Dependence on subsidy and concessional funds .............216
8.2.3 Volume of operation and efficiency .................................219
8.3 Outreach and client relations ....................................................220
8.3.1 Level of outreach and client profile .................................220
8.4 Institutional viability .............................................................222
8.4.1 Impact of current regulatory framework .........................222
8.4.2 Ownership and governance ............................................223
8.5 Conclusions and policy issues ...............................................227

Annexes ....................................................................................231
Bibliography ..............................................................................243

Tables
2-1 Selection of MFIs for the survey, based on 2002 data (those selected are shaded) .................................................................54
3-2 Sectoral shares of GDP (%) ....................................................65
3-1 Growth in GDP, 1980/81-2000/01 averages, and the last two years (%) .................................................................65
3-3 Trends in inflation (%) ............................................................67
3-5 Regional profile of poverty levels (percentage of population below national poverty line) ..................................................69
3-4 Trends in poverty .................................................................69
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-6</td>
<td>The gender dimensions of poverty</td>
<td>70</td>
</tr>
<tr>
<td>3-7</td>
<td>International comparisons in education, 1999 (%)</td>
<td>71</td>
</tr>
<tr>
<td>3-8</td>
<td>Access to other economic infrastructure (average distance in km), 1999/2000</td>
<td>72</td>
</tr>
<tr>
<td>3-9</td>
<td>Comparison of banks’ market shares of loans and deposits, Ethiopia</td>
<td>76</td>
</tr>
<tr>
<td>3-10</td>
<td>Capital and branch outreach of the formal banks in Ethiopia (capital in million ETB)</td>
<td>77</td>
</tr>
<tr>
<td>4-1</td>
<td>The selected MFIs, sample areas, distributions of the MFIs, and branch, sub-branch and kebeles coverage</td>
<td>88</td>
</tr>
<tr>
<td>4-2</td>
<td>Ownership structures of the 9 MFIs and their origins</td>
<td>93</td>
</tr>
<tr>
<td>4-3</td>
<td>Summary of mission and vision of the MFIs</td>
<td>96</td>
</tr>
<tr>
<td>4-4</td>
<td>Selected MFIs with size parameters as of end of 2003</td>
<td>98</td>
</tr>
<tr>
<td>4-5</td>
<td>Target clients, eligibility criteria and products</td>
<td>100</td>
</tr>
<tr>
<td>4-6</td>
<td>Loan portfolio per sector of three MFIs (%)</td>
<td>101</td>
</tr>
<tr>
<td>4-7</td>
<td>Loans, terms and conditions</td>
<td>102</td>
</tr>
<tr>
<td>5-1</td>
<td>Portfolio quality indicators, 1999-2003 (%)</td>
<td>109</td>
</tr>
<tr>
<td>5-2</td>
<td>Operational sustainability, 1999-2003 (%)</td>
<td>111</td>
</tr>
<tr>
<td>5-3</td>
<td>Financial sustainability, 1999-2003 (%)</td>
<td>111</td>
</tr>
<tr>
<td>5-4</td>
<td>Subsidy dependence indexes, 1999-2003 (proportions)</td>
<td>113</td>
</tr>
<tr>
<td>5-5</td>
<td>The branches of ACSI: main parameters, 2003 (ETB)</td>
<td>116</td>
</tr>
<tr>
<td>5-6</td>
<td>Relationships between volume of operation, costs and returns in branches, correlation coefficients, adjusted R square</td>
<td>117</td>
</tr>
<tr>
<td>6-1</td>
<td>Scale of outreach attained in loan disbursement, number of clients and number of outlets by the nine MFI, 2003</td>
<td>120</td>
</tr>
<tr>
<td>6-2</td>
<td>Number of active clients</td>
<td>124</td>
</tr>
<tr>
<td>6-4</td>
<td>Savings and deposit balance, end of period 1999-2003 (ETB ‘000)</td>
<td>125</td>
</tr>
<tr>
<td>6-3</td>
<td>Loans outstanding balance end of period of the nine MFIs (million ETB)</td>
<td>125</td>
</tr>
<tr>
<td>6-5</td>
<td>Outreach to potential clients in regional states</td>
<td>129</td>
</tr>
<tr>
<td>6-6</td>
<td>Loan statistics</td>
<td>132</td>
</tr>
<tr>
<td>6-7</td>
<td>Are you currently an active client of an MFI?</td>
<td>135</td>
</tr>
<tr>
<td>6-8</td>
<td>Number of respondents by institution</td>
<td>135</td>
</tr>
<tr>
<td>6-9</td>
<td>Residential location of respondents</td>
<td>136</td>
</tr>
<tr>
<td>6-10</td>
<td>Distance in walking minutes from MFI service centre</td>
<td>137</td>
</tr>
<tr>
<td>6-11</td>
<td>Percentage of loan clients who are women</td>
<td>138</td>
</tr>
</tbody>
</table>
CONTENTS

6-12 Average age of respondents by institution ...................................140
6-13 Educational level of respondents ..................................................141
6-14 Family sizes .......................................................................................142
6-15 Mean family size ...............................................................................142
6-16 Permanent source of income ...........................................................144
6-17 Length of time respondents had been MFI clients.....................145
6-18 Types of financial services used by clients and non-clients...........146
6-19 Home ownership among clients and non-clients ........................155
6-20 Floor type of client and non-client houses .....................................156
6-21 Ownership of oxen by clients and non-clients ...........................157
6-22 Households with television set .......................................................157
6-23 Households owning a radio or radio/tape player .........................158
6-24 Households owning beds .................................................................158
6-25 Size of landholdings, 2002 ...............................................................159
6-26 Respondents’ household landholdings by location of residence...........................................................................................................................................160
7-1 AIDB portfolio performance with rural credit, mid-1986 to 1993..........................................................................................................................168
7-2 Some key provisions of regulations and level of applicability ....174
7-3 Number and profile of the board members ................................187
7-4 Employee profile of the MFIs ...........................................................194
7-5 Is what you earn satisfactory for your qualifications and position? .........................................................................................................................195
7-6 Are the facilities used sufficient to discharge your responsibilities? .................................................................................................................198
7-7 Systems used to process data by MFIs, survey results.................199
A-1 Permanent source of income for the respondents .......................231
A-2 Purpose 1 for which loan funds are used .....................................232
A-3 Purpose 2 for which loan funds are used .....................................233
A-4 Number of respondents to interviews from each MFI .............234
A-5 Status or unit in which the employee works .................................234
A-6 Educational status of the employees interviewed ......................234
A-7 Employees with experience in other organization prior to coming to MFI ...........................................................................................................235
A-8 Relevance of previous experience in other organization to current position ................................................................................................235
CONTENTS

A-9 Current responsibility in line with qualification and experience ..............................................................235
A-10 Number that received skill upgrading training since joining the MFI ..........................................................235
A-11 How far did training help in discharging responsibility? ..........236
A-12 Is mission and objective of your organization clear to you? ......236
A-13 Do you take part in meetings with Management of the institution? ..............................................................236
A-14 Is there clear policy and procedure manual in your area of responsibility? ................................................236
A-15 Are the facilities used sufficient to discharge your responsibilities? .............................................................237
A-16 Is the organizational structure sufficiently clear defining your responsibility, accountability, and line of command? ..........237
A-17 Do you think there is a need to improve organizational structure, policy, and service to clients? ................237
A-18 Typical organizational structure of small sized MFI: Gasha Microfinance Share Company (one of the smallest MFIs), 2003 .................................................................238
A-19 Organizational structure of ACSI (largest MFI in branch network and client population), 2003 .....................239

Figures

4-1 Relationships between branch/sub-branch staff and the borrowers .................................................................103
5-1 Development trend in SDI over the five-year period ............113
5-2 Assets and subsidy dependence index ........................................114
6-1 Mean household size of respondents in survey .................143
7-1 Institutional frameworks of the financial sector and microfinance ...............................................................176

Boxes

2-1 Components of the definition of sustainability ......................33
2-2 Subsidy dependence index ..................................................36
3-1 Ethiopian government’s investment policy prior to 1974 .............60
3-2 Ethiopian anti-usury law, Ethiopian civil code .......................82
CONTENTS

6-1 Households and loans.................................................................139
6-2 A case of enforcement problems..............................................149
6-3 Money-keeping ......................................................................151
6-4 The “left hand” and “666 money” myth .................................154
7-1 Major shortcomings of NGO credit schemes in Ethiopia
prior to 1996 ............................................................................169
7-2 Regional government and party-related organizations
holding MFI shares .................................................................178
7-3 Restructured ownership of SMFI ...........................................181
7-4 Governance problems and three types of ownership ............189

Maps

A-1 Location of sample weredas ...................................................240
A-2 Amhara regional state wereda map .......................................241
## List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACSI</td>
<td>Amhara Credit and Savings Institution, Share Company</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ADLI</td>
<td>Agricultural Development-Led Industrialization Strategy</td>
</tr>
<tr>
<td>AEMFI</td>
<td>Association of Ethiopian Microfinance Institutions</td>
</tr>
<tr>
<td>ANRS</td>
<td>Amhara National Regional State</td>
</tr>
<tr>
<td>BancoSol</td>
<td>Banko Solidario</td>
</tr>
<tr>
<td>BKK</td>
<td>Bank Rakyat Indonesia</td>
</tr>
<tr>
<td>CAMEL</td>
<td>Capital, Asset quality, Management, Earnings, Liquidity and Social Impact</td>
</tr>
<tr>
<td>CBB</td>
<td>Construction and Business Bank of Ethiopia</td>
</tr>
<tr>
<td>CBE</td>
<td>Commercial Bank of Ethiopia</td>
</tr>
<tr>
<td>CBO(s)</td>
<td>Community Based Organization(s)</td>
</tr>
<tr>
<td>CGAP</td>
<td>Consultative Group for the Poorest</td>
</tr>
<tr>
<td>CSA</td>
<td>Central Statistical Authority, Ethiopia</td>
</tr>
<tr>
<td>DBE</td>
<td>Development Bank of Ethiopia</td>
</tr>
<tr>
<td>DECSI</td>
<td>Dedebit Credit and Savings Institution, Share Company</td>
</tr>
<tr>
<td>DFC(s)</td>
<td>Development Finance Company (ies)</td>
</tr>
<tr>
<td>DFI(s)</td>
<td>Development Finance Institution(s)</td>
</tr>
<tr>
<td>DOI</td>
<td>Depth of Outreach Index</td>
</tr>
<tr>
<td>ETB</td>
<td>Ethiopian Birr (Ethiopian currency ETB1 is about USD 0.115)</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDRE</td>
<td>Federal Democratic Republic of Ethiopia</td>
</tr>
<tr>
<td>FeMSEDA</td>
<td>Federal Micro and Small Enterprise Development Agency</td>
</tr>
<tr>
<td>GB</td>
<td>Grameen Bank (Bangladesh)</td>
</tr>
<tr>
<td>GBCS</td>
<td>Green Bell Consultancy Service</td>
</tr>
<tr>
<td>GMFSC</td>
<td>Gasha Microfinance Share Company</td>
</tr>
<tr>
<td>GTZ</td>
<td>Gesellschaft fuer Teschniche Zusammenarbeit (German Technical Cooperation)</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IFPRI</td>
<td>International Food Policy Research Institute</td>
</tr>
<tr>
<td>IPRSP</td>
<td>Interim Poverty Reduction Strategy Paper (Government of Ethiopia)</td>
</tr>
</tbody>
</table>
MEDAC Ministry of Economic Development and Cooperation (Ethiopia)
MFI(s) Microfinance Institution(s)
MIS Management Information Systems
MoFED Ministry of Finance and Economic Development, Ethiopia
MOTI Ministry of Trade and Industry, Ethiopia
NBE National Bank of Ethiopia
NGO Non-Governmental-Organizations
OCSSCO Oromia Credit and Savings Institution, Share Company
OMFI Omo Microfinance Institution, Share Company
ONRS Oromia National Regional State
PEACE Poverty Eradication & Community Empowerment Microfinance Institution, Share Company
ReMSEDA Regional Micro and Small Enterprise Development Agency
ROSCAs Rotating Savings and Credit Associations
RUFIP Rural Financial Intermediation Programme
SDPRP Sustainable Development and Poverty Reduction Programme (Ethiopia)
SDI Subsidy Dependence Index
SFPI Specialized Financial and Promotional Institution, Share Company
SMFI Sidama Microfinance Institution, Share Company
TNRS Tigray National Regional State
WMFI Wisdom Microfinance Institution, Share Company
Abstract

This study examines microfinance in Ethiopia. The introductory chapter formulates the issues to be examined and the research questions. The second chapter reviews the relevant literature and presents the theoretical framework. On that basis, the methodology used to collect and analyse data is presented. The third chapter introduces the background of the study (country situation) to provide a brief overview of Ethiopia’s macroeconomic condition and financial sector development as relevant to microfinance in the country.

Chapter 4 introduces the general profile of the selected microfinance institutions with respect to formation, source of capital, policy for financial service provision, products, operational locations in the country and, to some extent, internal organization. Chapters 5 to 7 are the main chapters, presenting the findings of the empirical research. Chapter 5 analyses the financial performance of the institutions studied. The chapter shows progress made by the microfinance institutions (MFIs) towards self-sufficiency, comparing them based on operational and financial self-sufficiency. A more rigorous analysis of financial performance is done using the subsidy dependence index. An in-depth analysis of one of the MFIs follows, regarding the relationship between volume parameters and output parameters including some variables related to infrastructure. Some 170 retail outlets (sub-branches) of ACSI, one of the two largest MFIs in the country, are analysed for this purpose.

Chapter 6 examines the outreach of microfinance in both scale and depth, together with the profile of clients and non-clients by exploring features of the client population. Institutional sustainability is discussed in chapter 7. The chapter analyses the ownership, the governance structure and the impact of the regulatory framework on ownership and governance, including aspects of the regulatory framework that have implications for the sustainable operation of the MFIs. The final chapter presents the major findings of the research and draws some conclusions.
Samenvatting

Het eerste hoofdstuk beschrijft het onderwerp van deze studie en de onderzoeksvragen en in het tweede hoofdstuk volgt een overzicht van de relevante literatuur, het theoretisch kader en de in het onderzoek gebruikte methoden en technieken. Het derde hoofdstuk schetst de achtergrond van het onderzoek en geeft een beknopt overzicht van de macro-economische toestand in Ethiopië en van de ontwikkeling van de financiële sector voor zover die relevant is voor de verstrekking van microkredieten in het land.

Het vierde hoofdstuk beschrijft de onderzochte organisaties die microkredieten verstrekken (Microfinance Institutions of MFI's). Daarbij komen de volgende aspecten aan de orde: de oprichting, waar het kapitaal vandaan komt, het beleid voor financiële dienstverlening, de producten, de gebieden waar deze organisaties actief zijn en tot op zekere hoogte hun interne organisatie.

De onderzoeksresultaten worden gepresenteerd in hoofdstuk vijf, zes en zeven. Hoofdstuk vijf bevat een analyse van de financiële prestaties van de bestudeerde organisaties. Om te laten zien in hoeverre deze verstrekkers van microkredieten (MFI's) vooruitgang hebben geboekt op de weg naar onafhankelijkheid, worden ze vergeleken op basis van hun operationele en financiële onafhankelijkheid. Voor een nauwkeurigere analyse van de financiële prestaties is een subsidie-afhankelijkheidsindex gebruikt. Verder is er bij een van de MFI's een gedetailleerd onderzoek gedaan naar het verband tussen omvang en resultaten, waarbij onder meer gekeken werd naar factoren die met de infrastructuur te maken hebben. Hiervoor zijn honderdzeventig filialen van ACSI (Amhara Credit and Saving Institution) geanalyseerd. Dit is een van de twee grootste MFI's van het land.

In hoofdstuk zes wordt de reikwijdte van de verstrekking van microkredieten geanalyseerd, zowel in kwantitatief als in kwalitatief opzicht. Daarbij wordt gekeken naar enkele kenmerken van de cliëntenpopulatie. De institutionele duurzaamheid wordt besproken in hoofdstuk zeven. Daarin worden de eigendoms- en bestuursstructuur en de invloed van regelgeving op het eigendom en het bestuur geanalyseerd. Daarbij komen ook de aspecten van regelgeving die van invloed zijn
op het duurzaam functioneren van MFI's aan de orde. Het laatste hoofdstuk geeft een overzicht van de belangrijkste onderzoekresultaten en bevat de conclusies van het onderzoek.