Former sex workers in Kenya making microfinance work

- The role of Social Capital for the sustainability

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“It has brought me from nothing to something”

Member of K-VOWRC

My thoughts and thanks to the members of Kenya Voluntary Women Rehabilitation Centre who made this study possible.
ABSTRACT

**Introduction:** The purpose of the study was to research on how to achieve sustainability in a small microfinance organization that serves the poorest women in Nairobi, the sex workers, with microcredit. The study explores how norms of trust and reciprocity are acquired and how social capital is created among the members of the microfinance organization. As sex workers the individuals belong to a highly marginalized group with little connection to the formal society. The study looks at what factors are considered important to get a successful outcome in a small scale business. Kenya Voluntary Women Rehabilitation Centre (K-VOWRC) is a microfinance institution where the business support is one activity out of six. The study inquires what impact the social programs have for the members and for the sustainability in the business support.

**Method:** The method used was Focus Group Discussions. Data was collected from three different groups. The first group of respondents had received a loan and was running a business which made them able to repay the loan. The second group of respondents had received a loan but was not able to repay the loan. And a third group of respondents was waiting to receive a loan from the organization. Between six and eight respondents participated in each focus group. The data was analyzed according to the themes in the interview guide used in the Focus Group Discussions. The data was structured logically under each of the four main themes. Three or four subthemes were added under each main theme.

**Result:** The prime reason why the respondents became members of the microfinance organization was to receive a loan to be able to start up a small scale business. The results illustrated the social programs initiated in the organization many times were as important as the financial program itself. The peer group system that all the members participated in served a fundamental and stable purpose as a forum to bring up business issues as well as social subjects. The women began a journey of rebuilding self respect in an equal environment provided by the organization. This demonstrated that the loan program and the social programs in the organization returned wider perspectives than only socio-economic empowerment. The respondents regarded poor management and misuse of money as the two major reasons that made make a business successful or if a business failed.
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INTRODUCTION
The reason why women become commercial sex workers in Kenya is lack of choices; survival of the fittest is the norm. The women in sex industry are among the poorest of the poor with little connection to the formal community. In some cases young girls inherit the sex work in generations. Prostitutes are a stigmatized group in the society and the status of health is often poor. The risk of getting infected and spreading sexually transmitted diseases and HIV is high. The family of origin may reject the women if they discover their way of living. Sex work is associated with guilt and shame why integration outside their area of business is minimal. Sex workers are therefore likely to become marginalized from the formal economy. The women have little or no assets at all to help them leave the sex industry. The life in sex work is lonely, unsafe and often short. When the women die they most of the times leave children behind who become orphans with an unsecure future. Consequently, there is much to gain in the interest to reach commercial sex workers.

The microfinance organization Kenya Voluntary Women Rehabilitation Centre (K-VOWRC) was founded in Nairobi to give commercial sex workers an alternative to prostitution by social and economic rehabilitation. K-VOWRC offers women in prostitution microcredit to set up small scale business as an alternative to sex work. The target group is considered a high risk group out of several reasons. The women have little experience of cooperation with others as the nature of sex work. They have learned not to rely on anyone than themselves. Distrust toward community, other people and even of their own capability is high. Few have property as security when they receive a start-up loan. The loans are individual but function by a peer group support system where the group members are guarantors for each others. The loans are managed because of trust and norms that exist within the group.

What mechanisms make it possible for the organization K-VOWRC to finance the poorest of the poor? The aim of the thesis is to study the value of trust among some of the members in K-VOWRC and what qualifications they favor to reach sustainability in a small scale business. I present the main theories below in the research purpose. First I introduce the base of my study, the organization K-VOWRC.

Background of Kenya Voluntary Women Rehabilitation Centre
K-VOWRC is a microfinance institution which was founded in 1992 to engage commercial sex workers by offering alternatives aimed at enhancing their socio-economic development. The prime mission of K-VOWRC is to reduce the transmission and impact of sexually transmitted diseases and HIV/AIDS by improving the physical, emotional, economic and social well-being of women, girls in sex industry and AIDS orphans in Kenya. K-VOWRC is a registered Non Governmental Organization governed by a 12 member Board of Directors. Project staff consists of a crew of nine people, an office manager, a deputy officer, a credit officer, an administrative officer and a social worker. Two community mobilisers recruit new members and maintain contact with members individually and through their peer groups. K-VOWRC runs six activities which are:

<table>
<thead>
<tr>
<th>Business support</th>
<th>Peer group support</th>
<th>Girl vocational training to child prostitutes</th>
</tr>
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<tbody>
<tr>
<td>Health Education, counseling and paralegal training</td>
<td>Home-Based health Care</td>
<td>Orphan support of former members</td>
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Figure 1. Activities of K-VOWRC
Since 1992 up to December 2007, 1176 women, living in low-income areas of Nairobi, have received loans to start alternative income generating activities. 606 girls have been enrolled in the vocational training program for girls under 18 years old. The number of HIV positive women known is 51. 14 women are on antiretroviral medication. K-VOWRC does not discriminate HIV-positive women. The members who are HIV positive are counseled on how to live positively. They are also provided with loans to start income generating activities. The women are given health education and taught peer home-based care so that when their group members fall sick they are able to care for them. The women are from all areas within Kenya and they normally come to Nairobi in search of employment. When these women die, K-VOWRC supports the orphans in various parts within Kenya.

The thesis will focus on the activities of business support and peer group support. The two programs will therefore here be explained in more detail. K-VOWRC is a Non Governmental Organization where the microfinance program is one of the integrated activities that the organization runs. In the K-VOWRC model the woman joins one of the K-VOWRC groups in the area she lives in. The women must be accepted by all the other women in the existing group. When accepted she pays a fee of € 1 which is considered as a membership. She begins by attending weekly peer-group meetings, where she is expected to participate in the merry-go-rounds (i.e. Rotating Savings and Credit Association (ROSCA) by Putnam, 2000) of the group. Each peer-group accepts at most 30 members. If there is any other group, that suits her interest, she is welcome to participate in one. As she becomes integrated in the group a social worker is doing an investigation in order to learn more about the woman. If a woman wants to apply for a loan she must firstly be recommended by the group leader. The recommendation is based on attendance at group meetings and other activities as visiting and assisting members suffering from AIDS. When recommended she is called for an interview by the staff from K-VOWRC. The time span between joining a group and applying for a loan can in theory be a matter of weeks. In practice it takes longer due to K-VOWRC need to know if the woman is ready for a loan and because of the shortage of funds to grant every woman a loan. When the woman will apply for a loan she attends business training seminar and develops a business plan. The seminars cover topics as bookkeeping, stock taking, business management and how to start a business. The business plan includes a budget for start up expenses and an indication what premises she will use. The business plan is then reviewed together with the credit officer. When the plan is approved the woman gets her loan. Each woman is entitled from € 45 up to € 135 as a first loan. The loan given depends on the nature of the business. The loan program is group based, but loans are individual. The loan takers form groups of five members where they serve as guarantors for each other’s. The groups keep savings for this purpose. As a loan taker the woman is supposed to participate weekly in her close group of five members and in the big group. The groups are used for savings and social intermediation. Repayment begins after two weeks “grass period” on the third week after the loan is received. Payment is weekly to the regular bank and depending on the loan to an amount between € 1.5-3 to an interest of 10%. When the loan is repaid on schedule, the time of repayment is approximately one year. The repayment rate for year 2007 was 89%. When the woman has repaid her loan she can apply for another one.

1 The currency in Kenya is Kenyan Shilling (KES). In the study Kenyan Shilling is converted into European Euro (€). In March 2010 One € was = 102 KES.
Research purpose

The interest of studying the value of trust among the loan takers of K-VOWRC is to enquire how norms of trust and reciprocity i.e. social capital are acquired and how trust is valued among the members and within K-VOWRC. As sex workers the individuals belong to a highly marginalized group with little connection to the formal society. Newcomers have little experience of cooperation before joining the organization. What factors make the members become trustworthy? K-VOWRC is a microfinance institution where the business support is one activity out of six. The other activities have more of a social impact for the members. Do the social programs have any importance for the sustainability in the business support?

I will explain the problem by theories on collective action and how the social identity affects individuals when marginalized groups get organized. A gender scientist has criticized microfinance institutions to be biased by only looking at the economic empowerment of women. I will therefore consider the meaning of the social programs in the organization.

My personal motive and interest in the subject was raised 1999 when I first got in touch with the work of K-VOWRC. Following year I performed a 19 weeks semester at K-VOWRC during bachelor studies in Social Work. By that time I and a partner started a sponsorship program for orphaned children whose mothers diseased of AIDS. The mothers were all members of K-VOWRC when they died. The sponsorship program is still running with close contact by K-VOWRC. I have thus been in contact with the organization for ten years. I believe the willingness to cooperate openly has been more effective when the women, as well as the organization, have had knowledge about me and the efforts made for the target group in the past years.

The research purpose of the study was to find factors how to achieve sustainability in a microfinance institution which serves sex workers. The study will explore the answer to following two research questions:

- What impact do the social programs have in order to achieve sustainability in the business at the microfinance institution?
- How is social capital created in a group where the individuals have experienced much stigmatization?
THEORY
Why Microfinance?

Microfinance has recently been highlighted to fight poverty in developing countries generally, and for women more particularly. UN declared 2005 “International Year of the Microcredit” and by awarding the economist Muhammad Yunus and Grameen Bank the Nobel Peace Prize 2006 for creating economic and social development from below, microfinance became a well known concept (Yunus, 2007). Microfinance institutions differ from the regular banking system to enclose social capital among the loan takers as a tool. A microfinance institution is an organization which provides financial services to the poor and is counted into the informal sector (Yunus, 2007). The informal sector is the economic activity that is neither taxed nor monitored by a government and is not included in the Gross National Product (GNP) of the government. The International Labour Organization defines the informal sector as “essentially covers the unorganized spectrum of economic activities in commerce, agriculture, construction, manufacturing, transportation and services, now absorbs as much as 60% of the labor force in urban areas of developing countries” (http://www.gdrc.org/informal/001-define.html).

The Center for Economic and Liberation Affairs in Kenya (CELAK) is a Nation-wide Non-governmental Organization. CELAK has been active for more than 30 years. The organization began as a spontaneous response to the need for survival as the economy collapsed due to poor governing in Kenya. The existing researches, including that of ILO, reveal that about 70% of the working population in Kenya work in the informal sector and it is estimated that the sector creates two-thirds of the annual new employment opportunities. The number of the population who is included in the informal sector is in accordance with ILOs estimation (see section above) fairly well. However, CELAK has viewed the informal sector quite differently than above definition. According to CELAK Kenya’s informal sector is "all enterprises are employing less than 50 workers which include home-based business, self-employed, street traders and vendors, temporary contracts in construction and building”. This means that small and middle sized enterprises are included in the informal sector in Kenya. The reason of this wide range definition might be that Kenya’s government has no clear-cut policy and lack of legal framework in the informal sector. In the past, those in the informal sector have been willing to have a legislation to regulate their activities and expose them to registration and taxation. The unfounded and disorganized framework under which the informal sector operates has been criticized as being responsible for perpetuating their status of informality (http://www.celak.org/Economic%20Empowerment.htm).

The web based, Microfinance Information Exchange (MIX) (http://www.themix.org/about-microfinance/faqs-microfinance) explains the need of microfinance institutions is raised for the reason that the poor throughout the developing world frequently are not part of the formal employment sector. They may operate small business, work on small farms or work for themselves or others in a variety of business. Many start their own “micro” business, or small business, out of necessity, because of the lack of jobs available. Microfinance Information Exchange defines microfinance institutions as an organization that provides microfinance services – loans, savings, maybe even insurance – to the world’s poor. A microfinance institution can operate as a nonprofit such as a non government organization, credit cooperative, non bank financial institution, or even a formal, regulated for profit bank. Microfinance institutions differ in size and reach; some serve a few thousand clients in their immediate geographical area, while others serve hundreds of thousands, even millions, in a
large geographical region, through numerous branches. Many microfinance institutions offer services beyond loans and savings, including education on business and financial issues and social services focused on health and children.

Microfinance is many times born out of lack of choices and more so when it comes to the poor. In communities where the formal economy is limited alternative economies make an importance to reinforce the situation of the people concerned. Social economy is a concept where microfinance is an issue. Scandinavian institute for social economy (http://socek.se/sweden) defines the concept social economy to “organized activities being built on democratic values, and is organizationally independent of the public sector. These social and economic activities are run mainly by associations, cooperatives, foundations and similar groups. The main driving force of the social economy is the benefit of the public or the members of a particular association, and not the profit motive”. In communities where the public sector is weak and democratic values under developing an economy, which is based upon social as well as economic values, may create an innovative environment. Social services often have a low function. Social economy is thus a foundation for individuals and groups outside the formal sector. Hans Westlund, professor of Entrepreneurship (2000) says the social economy can be concluded as the contemporary conception for all activities based on reciprocity. Relations based on reciprocity are horizontal and the relations primary mission is to meet the needs within the network. In that way the individuals are not as dependent on the market as they otherwise would be. According to Westlund the principal on reciprocity is inbedded in all activities where social economy is functioning. The members of the system need an inherent capacity of trust to make the system function. What factors create a trusting environment then?

Creating social capital

Sociologists and political scientists began to use the term; social capital. Sociologist James Coleman (1994) describes social capital by its function. Social capital is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure. Social capital is usually found in family relations and in community social organizations. Social relations start to exist when individuals make the best of their resources. Unlike other forms of capital, social capital inheres in the structure of the relations between persons and among persons. To part human capital from social capital, according to Coleman, human capital is created by changing persons so as to give them skills and capabilities that make them able to act in a new way while social capital is created when the relations among people change in ways that facilitates action. The social structure and the level of trustworthiness of the social environment differ depending on what the actors are obliged to. The value of trustworthiness must be high in monetary environments such as rotating credit and savings associations (ROSCAs) illustrated by K-VOWRC. Without a high degree of trustworthiness a member who received a payout early in the round of meetings could abscond leaving the others with a loss.

Political scientist Robert Putnam (1995) refers social capital as a broad term encompassing features of social organization such as networks, norms, and social trust that facilitate collective action for mutual benefit. Networks of civic engagement foster sturdy norms of reciprocity and encourage social trust. At local level, networks of trust and mutual accountability linking individuals in community are critical in helping break the problem of access to financial capital. Putnam (2000) uses rotating saving and credit associations
(ROSCAs) as his principal parallel to demonstrate the nature of social capital. In understanding the role of social capital in the area of microfinance it is important to understand the dimensions of social capital. The ties connecting family members, neighbors, close friends and business associates can be called bonding social capital. The ties connecting individuals from different ethnic and occupational backgrounds can be referred to as bridging social capital (Putnam, 2000). Group lending with joint responsibility has addressed some of the key issues of difficult selection, moral hazards and enforcement and all these are achieved because of the trust and norms that exist within groups. Moral hazard problems are partially overcome through the threat of social sanctions. Social sanctions are relevant only when the prospective defaulter values her membership in the group, the no amount of peer monitoring can prevent a strategic default, unless the borrower attaches high value to future refinancing. Bonding social capital is good for undergirding specific reciprocity in dense ethnic enclaves for example while bridging networks are better for linkage to external assets for information and diffusion. Bridging social capital can also generate broader identities and reciprocity according to Putnam.

Social scientist Francis Fukuyama (1995) considers social capital as a capability that arises from the prevalence of trust in a society or parts of it. It can exist in the smallest and most basic social group. Formations of social groups rise from voluntary engagement between individuals who have made the rational calculation that cooperation is beneficiary. The self-interest and the voluntary actions are the main pull factors for an individual to join collective cooperation. Social capital and trust are tightly interlinked and can even be interpreted as the same potential. Fukuyama describes trust as the expectation that arises within a community of regular, honest and cooperative behavior based on commonly shared norms, on the part of other members of that community.

What are the risks of collective actions? Consider you are in a situation where everyone in a group would gain to cooperate but you do not trust the intentions of the remaining members. In that position there is no point of collective action. You are locked in a social trap. Social scientist Bo Rothstein (2003) is using the term the social trap (invented by psychologist John Platt 1973) to distinguish the logic of social traps in collective actions. According to Rothstein social trust is the prime force in social capital. How social capital is formed he differs from Putnam, Colman and Fukuyama. Rothstein means that social capital is created by a democratic public administration thru reliable official systems as police, judiciary, health care etc. Rothstein’s theory that social capital is achieved from unbiased universal political institutions is contrary for example Putnam who believes that voluntary actions in organizations and social networks describe the variation between trust and social capital in different communities. Rothstein gives an explanation of the hazards of cooperation by the social trap. Rothstein describes the logic of the situation in a process of five phases:

- The current situation is that “everyone” will gain if “everyone” chooses to cooperate.
- But, if one does not trust that “all the others” cooperate there is no meaning to cooperate due to the situation demanding that most of involved parties cooperate.
- That means it can be rational not to cooperate if you do not trust that everyone will cooperate as well.
- Conclusion: an effective cooperation for common interest can be realized no more than if one trusts that all involved choose to cooperate as well.
- Without this trust the social trap will hit, that means we all get into this situation where everyone gets a loss, despite we all understand what everyone would achieve from cooperation.
If trust is the vital ingredient in social capital, what makes us trusting and trustworthy?

Political scientist Elinor Ostrom (2003) says; in a collective context the goal is not the first prize but realizing everyone will gain if we cooperate. If we do not cooperate someone will have the greater part of the prize but the majority will lose. The game theory Nash equilibrium describes the optimal game for all the involved. To make an optimal benefit possible for the collective factors as reciprocity, trust and cooperation are fundamental. If the collective lacks this fundament, the social trap occurs, as described above. All major economic and social projects require individuals to organize concerning allocation activities. That will result, more or less in social dilemmas. Social dilemmas are to find everywhere where you find cooperation among people. It is crucial to be conscious about the threats as well as the opportunities social dilemmas might be the cause of when cooperation among individuals and within groups takes place. By being aware of social dilemmas the chances of successful outcome from cooperation will increase significantly. The individual is most of the time motivated by self-interest when joining a collective context. She calculates how her interests will benefit by collective engagements. The individual has to assume the collective sharing norms of reciprocity, give and take, so the equations will quota a win. According to Ostrom is realizing the value of cooperation the key of success for the collective. The members of K-VOWRC have lived from hand to mouth with a few shillings in the pocket as sex workers. Before engaging in K-VOWRC many of them were competitors. What factors does it make possible to realize cooperation will get the best pay off in a group with so little experience of collective action?

Fukuyama (1995) builds his theory of trust based on the cultural habits affecting the amount of family exclusiveness. This family exclusiveness affects how open the family structure is and the amount of non-kinship interaction among the members of the society. Fukuyama notes that those societies or groups, such as minority groups within a society, having high level of family openness also allow more non-kin interaction within the society. He then posits that the amount of non-kin interaction allows for differing amounts of trust in voluntary associations. Those societies that have low-levels of non-kin interaction have low levels of trust in voluntary associations, while those with high-levels of non-kin interaction will have high levels of trust in voluntary associations. This type of social capital is what Fukuyama calls voluntary associations. Since this form involves voluntary membership, it implies more trust in strangers or non-kinship relationships. Fukuyama believes that a society is better able to place trust in outside kinship relationships. The members of K-VOWRC are holding family relations strictly outside their business. In late December 2007 and the beginning of 2008 Kenya experienced severe clashes between cultures. The members of K-VOWRC have a versatile cultural background. Within K-VOWRC tribal belonging did not matter for the members. When returning to their area of living in Nairobi or their place of birth (outside Nairobi) was the atmosphere the opposite, that tribal belonging played an important role.

Coleman (1994) describes social capital by its function and that all voluntary organizations are functions. As the function of an organization it creates different kinds of by-products as social capital. The appropriability of the organization for other purposes is one by-product. Individuals who decide to join an organization do that because a specific organization can bring them something they cannot get elsewhere. For example, in K-VOWRC is the orphan support and home based care very important activities that serve the members’ purpose. Another by-product, described by Coleman, is if once an organization produces public good, will individuals who do not participate in the organization benefit from this public good by
nature. For example, in K-VOWRC group education is compulsory on how to prevent sexually transmitted diseases and how to improve the health before entering the loan program. In this phase the women still make their living out of sex work. Once attending the education they will get a better consciousness and knowledge about basic health care for themselves as well for their children and how to avoid transmitting sexual infections.

Fukuyama (1995) means that trust is the expectation that arises within a community of regular, honest and cooperative behavior based on shared norms in that typical community. Those norms can be questions on value, like the nature of God or justice, but they also cover secular norms like professional standards and codes of behavior. Distrust on the other hand occurs when people who do not trust one another will end up cooperating only under a system of formal rules and regulations, which have to be enforced in the community, sometimes by coercive ways. The members of K-VOWRC can be explained as a group of people with shared norms but with boundaries who can be included and who are outside that community. The foremost feature for a potential member of K-VOWRC is that the woman has to be a sex worker or a former sex worker.

What makes an individual to rebuild years of experienced distrust? When individuals are getting organized, the social identity forms with the group she is a part of. The function of social identity is central for all of us as individuals.

**Social identity**

Social psychologists Hogg and Vaughan (1995) describe social identity as a part of the self-concept that derives from group membership. It is separate from personal identity, which is the part of the self-concept that derives from personal behavior and characteristic personal relationships one has with other people. Groups provide one with a consensually recognized definition and evaluation of who one is, how one should behave and how one will be treated by others.

Scientist on Social Work Bengt Starrin (2001) means that trust to oneself as well to others is one of the most important motive powers in the society. If individuals strengthen in self-trust the ability for the individual to perform actions, where the immediate results cannot be predicted, increases. Shame is an emotion based on social status which arises depending on how the individual look at herself. However, even if feelings of shame are common, it is an invisible emotion. The person needs to hide the feelings of shame when it is a source of increasing shame. The shame disturbs the entire social situation of the person and as a result her self-trust will be negatively affected. The shame decreases the self-trust which leads to a decline of initiative and action by the individual. Negative self-esteem might make us incapable to live up to the social codes which are expected from us. In this situation we are a part of creating the conditions of a subordinate status. Starrin says that imposing shame promotes to confirm social sub ordinance and inequality. Shame reinforces social codes and preserves social conformity. Individuals and groups who are subordinate socially do not only experience discontent by themselves but it can even go so far that they sense a self-hate. The shame of subordination grounds on discrimination. Beside reduced self esteem and self respect the shame of subordination leads to declining of social norms toward the community. Individuals and groups who are in a state of social subordination with little strength experience dramaturgical stress, which means they live up to a role where they not belong. This is explicit among stigmatized groups. The individual in a stigmatized group has a sense that she has to cover her situation in certain situations trying to keep the shame distant. To make a common cause by organizing is a meaningful and functional way to break insecurity.
poverty and in the case of K-VOWRC, prostitution. Common shared experiences may change a group from exclusively be described through external means to become a group where to feel identification and togetherness. Organizing in social movements creates a function to meet the public and open up an understanding from a normative society. Changing the experiences of powerlessness and discrimination to get a sense of self-trust and pride is a continuing process. The individual can only break prejudices and reach respectability by joint action together with others in the same situation who struggle for equal rights.

When a person enters the sex industry a down sliding spiral begins, individually as well as on a national level. The person will instantly become subordinate and may experience discrimination and inequality in her society because of stigmatization. The trust toward others, which supposedly is already low, will be difficult to maintain. To maintain trust among stigmatized groups is more complicated to reach due to the individual who has a sense to be abandoned and she operates in an environment where survival for the strongest is a norm. A way to break the pattern of exposedness is to join a group where the individual can find solidarity and identification. Social scientist Alf Ronnby claims when working with marginalized groups that is crucial to consider the consciousness of the group (Sundh och Turunen, 1995). Ronnby means it is a big difference to recognize a group in itself (en grupp i sig), i.e. a number of people who are recognized as a group from the outside and when a number of people distinguish themselves as a group by themselves (en grupp för sig). This group of people will experience togetherness and a sense of “we” aiming at mutual efforts. To transform emotions of shame to be proud is a continuing process. Individuals are not able to modify this on their own. These groups have difficulties to achieve respect in the society anyhow, but a successful method is to create common shared goals suitable to facilitate that group.

**Microfinance - a gender issue? Possibilities and threats.**

Gender scientist Linda Mayoux (2001, 2003) says that microfinance can be a powerful tool raising women out of poverty. Therefore microfinance has an important role in women’s empowerment. In which way this role is supposed to be is still unclear when the interrelationship between social capital, empowerment and sustainability is very complex. Mayoux who favors the feminist empowerment paradigm (2003) is critical of the dominating microfinance paradigm, the financial self-sustainability paradigm, being biased by focusing too much on the financial aspects which she claims does not raise women out of poverty on long term basis. Mayoux agrees to that social capital is central when organizing in microfinance institutions but means that social capital can be misused if not monitored by external social programs. This will be explained in more detail below. Mayoux discerns three paradigms of microfinance which are targeting women. All of the existing microfinance institutions cannot be categorized in these three paradigms, but as general they are a mark. The three paradigms are here summarized (Mayoux, 2003).

- The financial self-sustainability paradigm
- The feminist empowerment paradigm
- The poverty alleviation paradigm
In all three paradigms the term empowerment is commonly used. The assumption is that microfinance will start a positive spiral of economic empowerment, increased well-being and social and political empowerment. Although, the paradigms are born from different values and premises and prioritize different development goals.

The target group of the financial self-sustainability paradigm is the entrepreneurial poor and the development goal is the neo-liberal market growth. The reason of targeting women is efficiency considerations because of high female repayment rates and contribution of women’s economic activity to economic growth. The main policy is setting of interest rates to cover costs, separation of microfinance from other interventions to enable separate accounting, programme expansion to increase outreach and economies of scale, ways of using groups to decrease costs of delivery. Empowerment is defined as economic empowerment and expansion of individual choice and capacities of self-reliance. Economic empowerment is the base of the paradigm and is considered to contribute to social and political empowerment by itself. The underlying assumption of the paradigm is that increasing women’s access to microfinance will automatically lead to economic empowerment without other complementary interventions or change in the macro-economic growth agenda. This paradigm dominates on the area of microfinance. The belief is that change will come naturally in power relations as well as gender relations. Inequalities throughout society will level out by women’s increased financial empowerment and lead to increased social and political empowerment for women.

The target group of the feminist empowerment paradigm is poor women and the development goal is a structuralist and socialist feminist critique of capitalism. The reason of targeting women is gender inequality and human rights. The main policy focus is that microfinance and it may well be an entry point for women’s economic, social and political empowerment when external programmes on gender awareness are considered. Empowerment is conceived as a multidimensional process challenging existing power relations at different levels. Economic empowerment in itself is apprehended as an individualistic issue and transformation of the macro-economic situation. Economic empowerment is dependent on, as well as contributing to, social and political empowerment but, it cannot change existing power relations by itself. The underlying assumption of the paradigm is women’s empowerment requires fundamental change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at the micro-level.

The target group of the poverty alleviation paradigm is the poorest women and the development goal is interventionist poverty alleviation and community development. The reason for targeting women is because of the higher levels of poverty and women’s all responsibility for household well-being. The main policy is to make microfinance as an integrated part of an integrated programme for alleviation of poverty, vulnerability and increasing wellbeing for the poorest households. Empowerment is recognized as an issue but used in general terms of poverty alleviation and the tendency is to see gender issues as cultural habits. Focus is to increase women’s participation in Self Help Groups but not so much on activity development. The underlying assumption of the paradigm is that women’s empowerment and household level poverty alleviation and community development are inherently collaborative and that increased well-being and group formation will automatically enable women to empower themselves.
The organization of the study, K-VOWRC, cannot be categorized in one of the paradigms but has influences from all the three paradigms. This illustrates the complexity of the area of microfinance institutes.

According to Mayoux (2001) it is evidently that microfinance which builds social capital can make a major role to women’s empowerment. However, in systems building on social capital it is important to inquire what sorts of norms and associations are promoted, in whose interest and how empowerment can best be alerted, particularly for the poorest women. The financial self-sustainability paradigm assumes that all the group-based programmes build social capital through strengthening and developing economic and social networks. The idea is that group-based savings and credit associations will naturally lead to economic empowerment which in turn results in an increased well-being for the woman and her family. The economic empowerment will also enable women to claim their rights and change gender relations which automatically lead to social and economic empowerment. The risk by the financial self-sustainable system is that it will exclude the poorest according to Mayoux. Mayoux presents this development in her research on women’s empowerment, microfinance and social capital from Cameroon (2001). In microfinance institutions where mixed gender programmes based on mutual principals the women often became subordinated the men when idealizing social capital as the prime source raising social and economic empowerment. Power relations between women themselves are far from equal but very complex. In the very same group-based saving and credit association may the social capital that greatly serves a number of women be a serious disadvantage of others. In some group-based repayment programmes the inequalities increased between the women. Several groups based on group repayment urged for a policy of exclusion of the poorest and most disadvantaged. Under these circumstances may existing inequalities be reinforced which lead to some women may gain power and set the rules out of their own benefits at the cost of the poorest.

Mayoux illustrates there are dangers to find in using social capital as a natural good to cut costs in the context of other policies for financial sustainability. Mayoux points out there are examples where to find possibilities of building on existing social capital as well but they are based on existing horizontal organizations and developing new networks. Mayoux gives three suggestions on different levels how social capital can be built on equal and democratic grounds. At first there is a need to build networks on horizontal grounds for mutual support which is done by improved training innovations, of the loan takers as well as of the grassroots activity-based associations to provide skills for women of the market chain to exchange information about marketing strategies. Secondly, there is a need to challenge vertical inequalities between men and women and amongst women themselves. This is done by individual and group-based strategic plans on local level. A part of this process should include how to address the problem of exclusion of the poor women. Thirdly, when the potential for change by individual programmes is limited should federations on macro-level lobby for benefits to poor informal sector traders and promote a broad-based movement for gender advocacy to remove constraints on women’s participation in the formal market sector.

The majority of poor women are today limited to the informal sector where women dominate the microfinance institutes who serve the poorest with the lowest loans. One of the reasons to that is the result of high female repayment rates. If not a structured agenda how to equalize gender- and power relations is initiated, there is a big risk that these inequalities only will be cemented in existing situation.
METHOD

Focus Group Discussions

The method used for data collection was Focus Group Discussions (FCDs). Linguist Lissa Litosseliti (2003) says FGDs are distinguished by an emphasis on the interaction and the explicit use of such interaction as research data. Focus groups typically consist of a number of six to ten participants. In most cases of focus group research there will be more than one focus group as it is too risky to build a research on one single group. On average a number between four and six groups will be used. The minimum of groups should be three. By using FGDs the groups are focused in the sense that they involve some kind of collective activity around a small number of issues. The focus groups work best if the respondents of the groups are homogeneous, like-minded individuals from the same gendered, ethnic, sexual, economic or cultural background. The benefits of using focus groups are revealing through interaction the beliefs, attitudes, experiences and feelings that would not be feasible using other methods. Limitations by the method could be if the moderator is leading the respondents in a desired direction, a false consensus in the group, difficulties to distinguish what is an individual view and what is the group view (Litosseliti, 2003). Possible obstacles on these matters are handled under the heading data collection below. It can also be difficult to make generalizations based on the information from the group discussions and it is not always easy to analyze and interpret the results due to the open-ended nature of focus groups (Litosseliti, 2003). Problems on this are handled under the heading data analyses below.

Three focus groups were used in the study. Prior to the three FGDs a pilot focus group was held. The respondents in the groups were from a homogeneous background as Litosseliti (2003) explains. The collective activity that is the nature of focus groups suits well with the group centered activities the respondents were involved in. However, the situation of life was different among the respondents in the three groups. The first group of respondents had received a loan and was running a business which made them able to repay the loan. The second group of respondents had received a loan but was not able to repay the loan by their existing business, if they even had a business. And a third group of respondents was waiting to receive a loan from the organization. This group was at the time of the FGD only participating in the organizations activities of self-help. The purpose of having three focus groups on different phases in the organization had the function to reveal relations between group activities and improvements on social and economic situation and if trust had any relevance to achieve sustainability in the system. The participants in the focus groups are introduced below.

Participants

Background data of the focus group successful loan takers

Eight respondents participated between the ages of 22-44 years. All the women had children of a number of one to six children each. One of the women with three children of her own lived together with her brother’s three children since 2004 when her brother deceased of AIDS. All of the women had a boyfriend and one woman was married. The respondents became members of K-VOWRC between the years 1994-2004. The focus group discussion lasted for little more than two hours.
Background data of the focus group default loan takers
Six respondents participated between the ages of 33-49 years. Five of the women had biological children of a number of two-three children each. One of the women with no biological children lived together with her deceased sister’s three children. The sister died of AIDS and the caretaking respondent is HIV positive. Two of the women had small babies (three month and six month of age). One of the women with a baby was HIV positive. One of the respondents had a boyfriend and five said they were single. The respondents became members of K-VOWRC between the years 1996-2003. They received their first loan the same year or two years after joining K-VOWRC. At present the respondent selling tealeaves and one of the respondents selling second hand clothes said they were still on business but not enough to earn the living. One respondent was washing clothes for people which gives very little surplus. Three of the respondents were doing “nothing”. According to the respondents none of them had returned to sex work or doing both, i.e. small business and sex work. The focus group discussion lasted for little more than two hours.

Figure 2. The number of loans received in total for each respondent

<table>
<thead>
<tr>
<th>1 loan</th>
<th>2 loans</th>
<th>3 loans</th>
<th>4 loans</th>
<th>5 loans</th>
<th>6 loans</th>
<th>7 loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>one respondent</td>
<td>one respondent</td>
<td>one respondent</td>
<td>three respondents</td>
<td>-</td>
<td>one respondent</td>
<td>one respondent</td>
</tr>
</tbody>
</table>

Figure 3. The amount of the first loan the respondent received

<table>
<thead>
<tr>
<th>€ 45</th>
<th>€ 90</th>
<th>€ 110</th>
<th>€ 120</th>
<th>€ 135</th>
</tr>
</thead>
<tbody>
<tr>
<td>one respondent</td>
<td>three respondents</td>
<td>two respondents</td>
<td>one respondents</td>
<td>one respondents</td>
</tr>
</tbody>
</table>

Figure 4. The respondents’ area of business

<table>
<thead>
<tr>
<th>hairdressing</th>
<th>selling second hand clothes</th>
<th>selling utensils for household</th>
</tr>
</thead>
<tbody>
<tr>
<td>six respondents</td>
<td>one respondent</td>
<td>one respondent</td>
</tr>
</tbody>
</table>

Figure 5. The number of loans received in total for each respondent

<table>
<thead>
<tr>
<th>1 loan</th>
<th>2 loans</th>
<th>3 loans</th>
<th>4 loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>one respondent</td>
<td>three respondents</td>
<td>one respondent</td>
<td>one respondent</td>
</tr>
</tbody>
</table>

Figure 6. The amount of the first loan the respondent received

<table>
<thead>
<tr>
<th>€ 55</th>
<th>€ 70</th>
<th>€ 80</th>
<th>€ 90</th>
<th>€ 135</th>
</tr>
</thead>
<tbody>
<tr>
<td>one respondent</td>
<td>one respondent</td>
<td>two respondents</td>
<td>one respondent</td>
<td>one respondent</td>
</tr>
</tbody>
</table>

Figure 7. The respondents’ former area of business

<table>
<thead>
<tr>
<th>selling onions</th>
<th>selling second hand clothes</th>
<th>keeping chicken life stock</th>
<th>selling tealeaves</th>
<th>sewing embroidery</th>
</tr>
</thead>
<tbody>
<tr>
<td>one respondent</td>
<td>two respondents</td>
<td>one respondent</td>
<td>one respondent</td>
<td>one respondent</td>
</tr>
</tbody>
</table>

2 The currency in Kenya is Kenyan Shilling (KES). In the study Kenyan Shilling is converted into European Euro (€). In March 2010 One € was= 102 KES.
Background data of the focus group waiting to receive a loan
Seven respondents participated between the ages of 25-44 years. All the women had children of a number of one-four children each. All the respondents said they had a “boyfriend”. The respondents became members of K-VOWRC between the years 2005-2007. Not all of the respondents in the group, waiting to receive a loan, had thus far been trained in the seminars that K-VOWRC holds for new loan takers. The respondents had waited to receive a loan between the time span of three month to two years. The seven respondents were currently all active in sex work. The focus group discussion lasted for two hours.

Data collection procedure
The study was a qualitative research based on Focus Group Discussions (FGDs). The data were collected by a semi structured interview guide built on four themes and a number of sub themes for the respondents to discuss on. Prior to the four themes, the interview guide included background data concerning the respondents’ domestic situation and facts related to their business.

I traveled to Nairobi, Kenya, in January 2008. During the data collection I got weekly supervision by the founder of K-VOWRC, Professor Elizabeth Ngugi. The data collection included three focus groups. One group of loan takers had managed to repay their loans (successors), one group had not managed to repay their loans (defaulters) and one group was waiting to receive a loan. Prior to these three groups, a pilot study was planned in purpose to customize the interview guide. We decided that the FGDs should be performed in English. A problem by holding the discussions in English would delimit the representatives of participants but it would avoid problems with misinterpretation which was considered more important. Another issue was to appoint the moderator of the FGDs. We came to the conclusion that the manager of K-VOWRC, Mrs. Esther Muindi, should be the moderator of the FGDs out of several reasons. Mrs. Muindi had a long experience of working with clients from Nairobi’s low income areas. She had an extensive experience of performing interviews and was familiar by holding FGDs. From a linguistic point of view Mrs. Muindi would know how to present the discussions on an appropriate level and how to lead the discussion back on to the subject if the group left the theme. Mrs. Muindi would not have any interest of leading the participants in a desired discussion. An obstacle of appointing the manager of the organization as the moderator could be the respondents’ subordinated position due to the financial bearing of the relation. However, this was regarded as a lesser problem than appointing someone from outside K-VOWRC with whom the respondents might become uncomfortable. The participants in the focus groups were selected by the management of K-VOWRC. During this period of time Kenya experienced the most severe governmental crisis since independence 1963. The crisis resulted in major clashes between Kenya’s people. The community mobiliser who could move relatively freely in the low income areas (where most of the clashes were taking place) was recruiting the women by informing them about the study in person. Unlike the rest of the management at K-VOWRC the community mobiliser lived in one of the low income areas among the women the organization served.

The pilot and the three FGDs were all performed at K-VOWRC office in Pangani Nairobi in February 2008. The FGDs were recorded by an MP3 player and transferred to a computer. The three FGDs in the full study were transcribed by the author of the study. The author participated in all the FGDs and was asking probes. The author also served as writing records at the pilot and the three FGDs.
The first issue to consider when planning a research on a vulnerable group was the ethics of the study. I got supervised on this specific issue out of the area of interest by my supervisor in Sweden as well as from Professor Ngugi in Kenya. The correspondence with Professor Ngugi was made by e-mail. In December 2007 a first draft of the study was designed. As a result we came to the conclusion that FGDs as data collection would best answer the problem of the study and would not meet ethical issues. The discussions among the respondents should not be transcribed to the responding person.

**Interview guide**

To get a valid result, the most important was to ensure the correctness of the themes. The interview guide was built on four themes with a number of sub themes to meet the research problem.

<table>
<thead>
<tr>
<th>The organization K-VOWRC</th>
<th>Peer group</th>
<th>Trust</th>
<th>Sustainability over time</th>
</tr>
</thead>
</table>
| Figure 8. Themes for the successors and defaulters

<table>
<thead>
<tr>
<th>The organization K-VOWRC</th>
<th>Peer group</th>
<th>Trust</th>
<th>Fears and anxieties</th>
</tr>
</thead>
</table>
| Figure 9. Themes for the group waiting to receive a loan

The first three themes, the organization K-VOWRC, peer group and trust were constructed to begin wide and narrow down to the core of the study. The theme, the organization K-VOWRC opens discussions of the participants’ self-interest and meaning of joining a microfinance institution. That theme follows by peer group which was considered as a key factor of social capital in the study. The theme peer group and the last theme in this group trust, correlates both with social identity which was a central part of the study. The final theme in the guide, sustainability over time (successors and defaulters)/fears and anxieties (waiting to receive a loan) were opening up the dialogue again by discussing out of the experiences of the participants. The interview guide differs slightly between the three groups, successors (appendix 1), defaulters (appendix 2) and waiting to receive a loan (appendix 3).

**Pilot study**

The pilot was held one week before the three FGDs in the full study. The purpose of the pilot was to try the interview guide to be used in the FGDs. Another reason to run the pilot was to ensure that facts which might be inaccurate during the pilot study could be corrected before the full study to take place. The pilot participants covered the entire range of participants in the full study i.e. successors, defaulters and waiting to receive a loan. The group of the pilot study included six women from the three groups who were three successors, one defaulter and two on the waiting list to receive a loan. The women had joined K-VOWRC between the years 2000-2007. Three of the women were doing business, two were still in prostitution and one tried to start up a new business. The moderator and the recorder were the same in the pilot study as in the full study. The result of the pilot study made a few improvements of the interview guide used in the full study. The language was simplified on two questions in each of the three interview guides. The meanings of these questions were still the same. Questions on sustainability were added in all the three interview guides. No question was removed. The group discussion was not transcribed as the pilot study was not used in the analyses of the study. The pilot focus group discussion lasted for 50 minutes.
Data analysis

The themes from the interview guide were used as a model to structure the data. From the four main themes in the interview guide a number of three or four subthemes were structured under each of the four main themes in order to analyze the information logically. The themes and the subthemes followed the interview guide chronologically. The result in the study is therefore easy to follow from the substantial text in the transcribed material. The results from the FGDs with the three groups were transcribed by the themes and subthemes one by one. The interviews were also compared between the three responding groups. The purpose of comparing the three groups was to identify similarities and differences between them and distinguish what factors the respondents viewed were dominant for a positive outcome and what factors were dominant for default. When the respondents differed in the discussions, the result was displayed in the three groups of successors, defaulters and waiting to receive a loan. When the meanings of the discussions were the same the results were displayed as one. In the end of each main theme a summary concludes the major similarities and differences between the replies of the three groups.

The themes in the results are the same themes as in the interview guide. No themes have been changed or added. However, how well the responding groups were able to follow the given themes varied. The successors and the defaulters discussed the themes and the subthemes in the group as they were brought up. Concerning the group of waiting to receive a loan the replies were more inconsistent. In some of the semi structured questions the discussions tended to be more of a “question and answer situation” than a discussion among the respondents. The final theme in the interview guide of the group on the waiting list fears and anxieties was not discussed as thoroughly as desired. The result on this final theme from the group on the waiting list did not explain any details that were not exposed in the replies from the successors and the defaulters. Therefore only the results from the successors and the defaulters are presented in the fourth theme strength and weaknesses of the sustainability in microfinance institutions.
RESULT

The results are structured to be in accordance with the four themes and the sub themes in the interview guide. The quotations are not coded to the respondent. In those themes group belonging had a central meaning of the response, the discussions are displayed in the three separate group discussions of successors, defaulters and waiting to receive a loan. In the themes where the responses did not differentiate between the three groups the results are displayed as one. In the end of each theme a comparison of similarities and differences by the three groups is summed up in a conclusion.

1. Reasons of joining a microfinance institution
   A. Self-interest
   B. Advantages
   C. Expectations
   D. Improvements

2. Peer group - a function as social capital
   A. Group formation
   B. Attendance in the group
   C. Importance of a group
   D. Hindrance of a group

3. Can membership of a social community rebuild trust?
   A. Trusting in community
   B. Important factors to rebuild trust
   C. Advantages and disadvantages of cooperation

4. Strength and weaknesses of the sustainability in microfinance institutions
   A. Strength and hindrances to get sustainability in a business
   B. Factors how to achieve sustainability in a business
   C. Suggestions what could be done differently to get sustainability in a business

1. Reasons of joining a microfinance institution
   A. Self-interest

All the 21 respondents were active in prostitution when they heard about K-VOWRC. 19 of the respondents were told about the organization by a friend and two of the respondents met the organizations community mobiliser on field work. The first employee, whom all the 21 respondents met at the organization, was the community mobiliser. She informed them about the organization. The reason why the respondents became a member of K-VOWRC was that they needed help to change their lives and to stop prostitution.

“She told me that instead of loitering in town I come and join K-VOWRC and so given loan so in order to educate my kids. The loan helped me to get off the street now I started a small business. First of all I attend seminars and then I got some small items for salon and now I can be able to pay school fees for my kids and give them food”.

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The organization met the respondents’ two main interests by offering loans and providing aid for the children of a member if the mother died. One respondent said she joined K-VOWRC because it was an organization where she would be respected.

“... There is an organization which accepts us, me, street people who are abused and somebody to smile to you, somebody that accept you and talk to you nicely and not look at you as a prostitute. So I felt so comfortable because I was accepted and I was appreciated. Not even with the loan itself but to have a companion...”.

The respondents said they could see friends who were former prostitutes having successful business and taking good care of their children after joining K-VOWRC. To meet women who had left prostitution was very encouraging for the sex workers who wanted to end prostitution but did not believe in themselves doing so. Several of the respondents said those meetings planted a seed in them “if she could, I can!”

B. Advantages

Successors
All the respondents who received a loan were confident that their business had helped their situation. However, the women, with fewer loans received in total, asked for additional loans to be able to expand their business when their current business could not pay for all expenses. Beside the loan programme the training on health and social issues were of great support. Following the training the women felt they became better parents and that they could be a role model for their children. The orphans’ program was of crucial importance for the members. If the mother died, the respondents had trust in their children and they would be supported with schooling, food and shelter until the children were able to maintain themselves. As a member of K-VOWRC they had a place to go and get advice if they were facing some problems. One respondent said she had learned to cooperate and the women were helping each other within the groups.

“We help each other through we can start merry-go-rounds. Apart from the K-VOWRC funding we can be contributing small amounts to assist ourselves... You can have friends that can assist you. Even through our business we assist each other because we know each other. Maybe I have a salon and somebody has a kiosk or selling fruits I can buy from her and she come to be my client”.

The women expressed changes in attitudes once they joined K-VOWRC. The early seminars were initiating this positive change.

“.. Like I can remember my kids used to be chased away from school when to pay main school fees. But today I can make arrangement even if I pay little by little my kids are going to school. It has changed me also because I have a respect not the way I used to be abused by people. They use to mock me because the way I use to put on my cloth, the way I use to talk. It is different now. Also it has changed because it has taught me lot of things, like how to save, how I can manage my business, how I can relate to others, how I can make a business successful. How I can remain one partner and add to that how I can prevent from being sick”.

22
Defaulters
The foremost advantage for the respondents was they all had stopped prostitution by the help of K-VOWRC. Some of the respondents were still running a business. Even if they were not able to repay the loan they were able to assist their children needs. One of the respondents said K-VOWRC was supporting the children of her dead sister which was a big advantage. The respondents in this group found great returns from the training they got through K-VOWRC. Besides the training they had gained self-belief and self-respect.

“K-VOWRC is good because it has helped me to know much. About myself, my rights, my children’s rights. And that has made me to know that disease the killer of the street and how to stop it. And taught us how to manage our business because you know you can save some money. Now we can educate our children. When we did go to the streets we didn’t know that kids can go to secondary schools. But K-VOWRC teaches us how to stay with our children, how to love them, how to love one another, how to stay with the society and that’s why K-VOWRC is good. We reside at our homes, we see our business, how we are doing, so we are good and we feel needed”.

Waiting to receive a loan
Some of the respondents in the group had been trained at the seminars held by K-VOWRC while others were still waiting to attend their first seminar. While the women still made their living out of the sex industry they were trained how to be as safe as possible in prostitution. They learned about the importance of using condoms to prevent sexually transmitted diseases and HIV/AIDS. The seminars also included children needs, child care and family planning. The seminar included some preparations on how to run a business. The women had all but one joined a group of rotating savings. In those groups, the respondents said they had met new friends and encouragement.

C. Expectations

Successors
The respondents in this group said the organization had met their expectations by giving them loans so they could start a business. That had changed the lives of the women and their children. One respondent said when joining K-VOWRC, she had someone to turn to with her problems, professional- as well as domestic problems.

Defaulters
K-VOWRC had met the respondents’ expectations by giving loans and giving them training on different subjects. One respondent said K-VOWRC met her expectations up to 80%.

“...the 20 % also has to be looked at. That is about the training, the seminars, that is the group work so that we can to come closer to one another. And also they could visit the needed places...”.

All the respondents in this group stopped prostitution when they started their business by the loan they received from K-VOWRC. None of the respondents said they returned to sex work when their business failed or was giving a very little pay-off. The training they got had helped them to keep their health and to take care of their children in a better way. They learned to be aware. One respondent said K-VOWRC was supporting the children of her diseased sister, an expectation well rewarded.
Waiting to receive a loan
No one of the respondents thought K-VOWRC had met their expectations up till now as they were still waiting to receive a loan. However, receiving a loan was not the only expectation they had when they joined K-VOWRC. Other expectations the respondents had as a member of the organization, were assistance for their children if the mother died, to find new friends and to get educated on issues of matter.

D. Improvements

Successors
Suggestions on improvements were to increase the number of loans and the total sum of the loan given. The respondents thought the present loans were too small to sustain a business. If the organization could do in-depth research of the business prior of lending out the money, a loan covering the needs of the business could be administered. The women asked for continuing seminar training similar to those newcomers got. Once a member started a business monitoring on management and marketing from the office was also asked for. The respondents thought they would be good role models for sex workers and girls at risk of sex work. By small funds from the organization they could train the women and youth about sexually transmitted diseases and HIV/AIDS. When sex work was a problem all over Kenya the organization should expand to reach women and girls in sex industry outside Nairobi.

Defaulters
Suggestions on improvements were to increase the number of loans given to the members. More training and continuing training on management and how to run a business. The respondents would like to see the self help groups and the business were monitored by the office. The possibility to get a loan as a group was raised. One respondent suggested education on getting communal work. What this could be in particular stayed unclear. The respondents gave suggestions on group activities/group training of making handicrafts. Another suggestion was that the donors of the organization could buy material for handicraft and promote a market for selling the goods made by groups at K-VOWRC. The respondents also liked to be role models for other commercial sex workers in the low income areas.

“...K-VOWRC could have enough money to organize communal work. They could be doing art work as a group. Then they could look for ways of selling our work. Either outside we could send to those donors to look for market our wears. Instead of individuals, having an individual business and it fails I think grouping targeting on one issue could at least afflict us. (PROB Do you mean, loans as a group?) Yes, because we support each other and we have one goal because sometimes this business of one, if it fails you doing one activity, it fails you are all broken down and you are all by yourself”.

Waiting to receive a loan
Suggestions on improvements were to expand the activity by including areas outside Nairobi and support the members’ children financially so they could enter college.

Summary
The members of all the three groups joined K-VOWRC for the same reason, the organization could assist them to change their life situation by giving them a loan to start a business. A feeling throughout why they could not help themselves out of the unwanted situation was low
self-esteem. An advantage among the groups of successors and defaulters was that they gained improved self-respect as business women. The group on the waiting list held the education on safe sex and how to do small savings high. All the three groups viewed the social programs could be as meaningful as the loan program itself. Especially the orphans’ sponsorship program was regarded momentous. The three groups looked differently if the organization had met their expectations or not. The successors regarded their expectations had been met, the defaulters said expectations had not quite been met and the group on the waiting list said their expectations had not been met at all. On improvements the three groups had some ideas. The successors and defaulters would like to see an increase of the number of loans given. They also suggested the early training programs from K-VOWRC should be a continuous process. Both groups asked for monitoring on management of the business from the organization. The successors said the total amount of loan should be better matched in order to go with the needs of the business. The successors and defaulters would like to serve as role models for sex workers and youth at risk. The defaulters raised the possibility to receive a loan as a group and if the organization could give training on communal work. The defaulters also suggested group activities like making handicraft where the donors to be involved in the marketing part. The successors and the group on the waiting list said the activities of K-VOWRC should expand all over Kenya. The group on the waiting list would like to see K-VOWRC sponsoring children of the members in college.

2. Peer groups - a function as social capital

   A. Group formation

The groups were formed by the staff of K-VOWRC by mobilizing women to start up a group. Each group had a chair lady, a secretary and a treasurer. The whispering word among the women was the major channel how to fill the groups. A new member joined a group in her geographical area by weekly sessions of merry-go-rounds. The number of members in each group were about 25-30 people. A woman could only be a member of one group. It was possible to change groups to suit a member’s interest, for example if the group exceeded 30 members or if the women moved to a new area or liked being a member of another group. When a group exceeded 30 people that group “closed” and newcomers got help by the community mobilizer to start up a new group. The community mobilizer gave the responsibility to the current members of that group to find women to form a group. When there were a substantial number of members in that group they got assistance from the community mobilizer how to manage the group. Not all of the respondents in the group of waiting to receive a loan were aware how the groups were formed.

The women who were enrolled in the loan programme were all a member of a small peer group of five members as well. The small group of five members was within the big group of 30 members. These groups were formed after personal preferences. The treasurer of the group brought weekly the repayment of the loan for the entire group members to the bank.

“...we form the groups of five according to how well we know each other. Maybe this lady here has brought me to chairman and that other one has brought her to chairman. So because we know each other in that sense we form a group as ours”.

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B. Attendance in the group

In this section the respondents explained the practice of attendance in the peer-groups. All the groups had the same procedure of participation. The actual positive and/or negative meaning of the peer-groups was discussed under the sections Importance of a group and Hindrances of a group.

All but one respondent were members of a group. She was a respondent waiting for receiving a loan. All the members who like to get a loan from K-VOWRC shall attend a group on weekly basis. The peer-group was an important forum to get to know the woman and her intentions of receiving a loan. The first thing a new member of a group learned was how to participate in the weekly merry-go-rounds. All the members were expected to participate in the merry-go-rounds. When a member had participated in a group for some time the group served other benefits than merry-go-rounds, which are discussed below. Those respondents who were members of a small group of five and a big group of 30, met with both groups at the same time when the small groups were within the bigger group.

C. Importance of the group

Successors
All participants valued the peer group highly for their business. Regular participation from the group members was considered vital for the group process as well as for the individual development. Regular participation was also a need to get others to listen to you and start discussions on an issue. The small group of five was a way to keep updated in the business. The respondents all stated that culture had no importance in the peer group or the loan program. The women were blended from many different tribes.

The group members as individuals were also regarded important for success in the business. The weekly group meetings would usually begin with merry-go-rounds. Even if the total amount was little it would be of help to promote the business. Exchanging ideas and giving advice how to market the business was considered important. This was of meaning in particular when a business was running slowly. Some women had a reputation to be “good business women” and their recommendations were highly valued. The group also served to assist the members from a solidarity point of view. If a member had problems affecting her business or was facing personal problems the group could contribute with a small fund.

“We can assist maybe one of our members to pay the loan if she has been conflicted or she has defaulted. We can organize to contribute the loan for that, we can pay”.

The respondents preferred to get the loan in a microfinance institution instead of in the regular bank. The reason to that was that the group served as a security by knowing and trusting each other. Another problem by a loan from the bank was that the loan takers were left to themselves. Beside that the loan taker had to activate an account in the bank which was regarded as an obstacle.

Defaulters
The respondents regarded the peer group important out of two major grounds. Firstly to discuss how to make their business run better and secondly to bring up social issues. In the group the members felt free to talk about possible ways to repay the loans and about business
problems. The weekly merry-go-rounds could also serve as a help to repay the loan. Social subjects to be discussed were family issues, health issues and how to prevent HIV/AIDS. Culture had no importance of the group system. The respondents said culture was simply not relevant in their group.

The participation of the group member was of importance for business reasons as well as for social ones. Regular attendance in the group was a matter of morale and created close friendships. Meeting the same women weekly was a source of hope. The respondents found hope to confirm the well-being of other members business. When the business was not going well for a group member most times she still came to the weekly meetings for support. That meant, the women had not been forced back to the street. If a group member was sick the group could contribute a small amount of money to help the instant crisis. When a member was forced back to the street she stopped attending the group meetings.

All the participants regarded that it was important to the individual group members to get a benefit out of their business. The women supported each other in different ways. The group members became each other’s customers. If one of the members business was running low she could get funds from a friend whose business was giving benefit. These transactions always took place within the group where the members knew each other very well. When the group members met they gave updates about their business, exchanged business skills and discussed challenges that affected the business. Visiting each other’s business was regarded vital to get ideas on improvements of their own business.

The respondents preferred to get the loan in a microfinance institution instead of the bank. Beside reasons of security asked from the bank, the understanding K-VOWRC had of the loan takers situation was a strong reason. It was important for the respondents to be at a place where they could be open about their back ground. It was comforting to know that housewives never would receive a loan at K-VOWRC. At K-VOWRC the members were all at a common base as former prostitutes and no one disregarded them because of that.

“I got a loan and fell sick and couldn’t pay the loan but now I’m back paying my loan … if it was in the bank they could have come to fetch my security… but now I’m free I know by the time I feel well I started to pay the loan I can get another one”.

Waiting to receive a loan
At this point was the primary importance of the peer group encouragement. The women, who waited to receive a loan, attended the same groups as the women who already were in business. This was regarded as a benefit. The respondents were encouraged to do small savings. They learnt what was needed to start and run a business and how to repay a loan from the more experienced group members. Beside that, they could see that a life outside sex work would be possible for them.

The respondents said culture had no importance in the group system. The group members were mixed from many different tribes where all had their own culture. That did not have any effect on the group system where all members shared common experiences which were more important than cultural belonging.

Cooperation was regarded fundamental for survival of the group as well as for success of the individual group member. The respondents believed that the group would collapse if not
cooperating. When the members were cooperating they did not only help each other but enmity and tribalism were also avoided.

D. Hindrance of the group

In the loan programme at K-VOWRC the loan takers are mutual guarantors in the small group of five members. The group could be a hindrance if a loan taker failed to repay the loan for the persons who were in the position as her guarantor. This meant the savings of the remaining group members would be cut off to recover the loan that the defaulter left. The group would also be affected if a member died. In this case the emotional strain was the primary cause that made it difficult to focus on the business. If a member of the group fell sick that would be a concern for the entire group. The other group member’s commitments of the sickly woman would demand time as well as finances from the group members they otherwise could put in their business. If a member suffered from a material loss as a burnt business, stolen goods or lack of stock these problems might spill out to the other group members. A member’s inadequate working skills could cause problems as being out of business, improper language with the customers, bad qualitative service, dirty appearance, leaving the business to other people and being untrustworthy in the group of five.

Summary

The procedure of group formation did not differentiate between the three groups. The successors and defaulters were members of two groups, a big group of 30 and a small group of five who were connected to the loan programme. All but one respondent in all of the three groups attended a peer group of 30 members. This was a member who was waiting to receive a loan. The foremost benefits of the big peer group were merry-go-rounds and building social and working empowerment. The peer groups had a high value for the successors and defaulters out of social and business issues. The meaning of the peer groups was especially emphasized by the defaulters and the social relations in particular. Participation in the peer groups was not only important for current benefits but also if a member would be in need of assistance from the group members in the future. This applied to the successors and the defaulters. The defaulters added that attendance of the members gave optimism that the women were doing well. For the group on the waiting list the primary importance of the peer group was encouragement and possibility to learn from experienced members. Hindrances of the group were an actuality only when the members got their loans. The major problem occurred in the group of five. The hindrances became a fact when a loan taker failed to repay the loan. The members would also suffer emotionally if a member died which was likely to affect their business. The members back ground and cultural belonging was not a problem for any of the three groups.

3. Can membership of a social community rebuild trust?

A. Trusting in community

The three separate groups had no difficulty to agree on the given alternatives on the three questions of trust. The respondents had three alternatives to choose between which were low, 50-50 and fully. To notify was that the defaulters regarded their trust higher than the remaining two groups. The reason the defaulters regarded full trust in the peer group was that “they felt committed to that group” i.e. they said nothing if the group was committed to them. The reason why the groups put their full trust in K-VOWRC was said to be that the
organization could help them to change their life. The successors and defaulters low trust in people in general was due to their experiences.

Figure 10. Trusting in community

<table>
<thead>
<tr>
<th></th>
<th>Trust to other people in general</th>
<th>Trust to K-VOWRC</th>
<th>Trust to the peer group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successors</td>
<td>Low</td>
<td>Fully</td>
<td>50-50</td>
</tr>
<tr>
<td>Defaulters</td>
<td>50-50</td>
<td>Fully</td>
<td>Fully</td>
</tr>
<tr>
<td>Waiting list</td>
<td>Low</td>
<td>Fully</td>
<td>50-50</td>
</tr>
</tbody>
</table>

B. Important factors to rebuild trust

Rebuilding trust was regarded as a group process as well as an individual process created in several steps. A person who wanted to rebuild trust should at first become a member of a group. In a group individuals talked and shared intimate issues which made them know each other over time. The cement of a group was cooperation. If a person was not cooperating, the other group members doubted the intentions of that person. A trustworthy person showed reliable intentions by actions of change. The person was changing from being idle to do “something”. A member who had rebuilt trust showed concerns about herself, her fellow members and the environment as she had not before.

“Since I joined K-VOWRC it has made me realize myself as woman, and as a reliable person, somebody that should be respected, somebody to be relied on, and somebody who is needed in the family or in the community. I think my service is needed more than before…”.

Trust toward other people was rebuilt by the feeling to become “somebody”. To be able to rely on another person’s activities the persons first had to rely on themselves. When the respondents were active in sex work they did not believe in their capacity to have a legal job or a business of their own.

“So now I trust because I know I can have something of my own. I do my business I have money and also someone can come and borrow money from me and I help her. So, I trust myself now. I’m able to do work and some people who were abusing me they respect me so much and they trust that anybody can change. Even my children now they know that I don’t lie. Because they always say that I lied, when I say I’m coming and then I came in the morning. So they respect me when I say I’m coming they know mum is coming now”.

C. Advantages and disadvantages by cooperation

Advantages by cooperation
In all the three groups cooperation was fundamental “you cannot work alone, you have to be in a group”. The returns by cooperation were the members learned more from the individuals in a group than individuals outside a group. Cooperation and sharing ideas in the group helped to maintain and strengthen the group. Cooperation in the group empowered the progress of the individual member and they believed it helped them to achieve the goals they had set for themselves. Cooperation in the groups would give an understanding about the individual
member’s business, if it was running well or if not, how to be improved. Cooperation avoided tribalism and it was believed the group would simply collapse if not cooperating.

Disadvantages by cooperation
If a person did not repay the loan with a reliable reason (for example sickness or theft) was a problem some groups were facing. Lack of trust, ignorance and gossip among the members were a source when cooperation was failing which were likely to turn to a disadvantage. If a member was not cooperating with her fellow members, when her business was running smooth, she could not expect to share problems that might occur in the future.

Summary
How well the responding groups had trust in the community differed from the defaulters group and the two other groups where the defaulters regarded their trust higher. Reasons of this gave no clear answer. The three responding groups agreed that rebuilding trust was an individual process that starts externally, i.e. if a person was met in a respectful manner she could change internally. To belong to a group could create the needed atmosphere where a person felt accepted and started to believe in herself. Cooperation in the groups was regarded fundamental to reach success by all the three groups. Disadvantages by cooperation were only discussed by the successors and defaulters. Disadvantages to cooperate in a group could occur in the loan programme when a member did not repay her loan. An interesting observation was that the successors and the defaulters approached these issues in the same way even though the defaulters “were” the dilemma. This was a sign by the defaulters that they realized mistakes they had made. The women in the group, waiting to receive a loan, had a notable lower confidence and self esteem in responding the questions than the women in the groups who had received loan, successors as well as defaulters.

4. Strength and weaknesses to maintain sustainability in microfinance institutions

A. Strength and hindrances to get sustainability in a business

Successors
Factors that made it possible to repay the loan were skills in management. To hold a good stock in quality as well as sufficient quantity was basic. In order to see if the business was going well or not a proper record and keep savings of the business were important. The person had to put in severe work in the business to make it successful. When a business was doing well it was not a problem to repay the loan and reach sustainability.

“You see, when you have a business and you operating the business well it is easy to pay the loan, then when you pay the loan you want to finish the loan to get another one”.

Factors when a loan taker got problems to repay the loan were sickness, using money to other things (for example school fees), the loan taker did not start up a business at first place or was not committed to the demanding work of running a business. The business might also go down due to no customers or the business woman was giving credit.

The reasons the respondents in the successful group gained sustainability in their business, beside factors mentioned above, were attending the business themselves, opening the business at set time, marketing the business and working on good relations to the customers.
Defaulter
The respondents in the defaulters group gave similar reasons, as the successor’s, why they had not been able to repay their loans. The two most frequent replies were that the loan had paid school fees and the loan was used to pay hospital bills as a cause of sickness. Other reasons were unexpected pregnancy, sickness of family members, no customers at times and the bird flu which cleared all of the respondents’ chicken stock (the year 2005).

The biggest hindrances to get sustainability in the business were of two kinds. Partly lack of business skills as managing and marketing and partly reasons of personal matters. Hindrances explained within the business skills were competition, too many expenses, lack of customers, not having enough stock, not enough time to keep regular opening hours, giving out credit, inflation in rent cost and bad location. Hindrances outside business skills were sickness, pregnancy, bird flu and friends using the trust of the woman.

B. Factors how to achieve sustainability in a business

Successors
Important aspects to achieve sustainability in the business of the successors had much to do with skills on managing of the individual woman. The respondents displayed a list of factors which they regarded important. Those were being patient, keeping regular records of the work they were doing, good communication with the customers, appearance (looking smart), good language and communication and commitment to the work at the business. Factors outside knowledge in business skills mentioned were support from K-VOWRC, for example assistance in case of sickness.

C. Suggestions what could be done differently to get sustainability in a business

Defaulters
The group discussed what could have been done differently in order to get success in their former business. Frequent training, for example on monthly basis and the business being monitored from K-VOWRC would have helped not only to think at immediate needs but what would have been best on long term basis. They also should have inquired for advice in a larger extent before making decisions. Firstly from close friends who were already running a successful business and secondly from the staff at K-VOWRC. A better budget planned at the very beginning in order not to exceed the loan. In the budget a buffer should have been included of the purpose of unexpected expenses as well.

Summary
This theme was in majority responded by the successors and the defaulters when the issues concerned experiences from running a small scale business. The strength of the successors was skills on how to manage their business and keeping a budget on long term. They put in hard work in their business and did not use the loan to expenses of private needs if those were not financed. The main hindrance to fail in a business was misusing the loan to private needs according to the successors. The defaulters said that why they did not get sustainability in their business were of two kinds, misuse of money and lack of skills in management. Consequently, the successors and the defaulters gave the same reasons why a business failed. The successors continued that skills on management were how they achieved sustainability in their business. While the defaulters said they used the loan on urgent needs as school fees and
hospital bills. How the defaulters possibly could have got sustainability in their business was monitoring by K-VOWRC in order to correct the weak parts in the business before too late. In case of severe sickness or as the case of bird flu are not circumstances that are accounted as a failure.

CONCLUDING DISCUSSIONS

The study is here summarized by presenting the results I found most important. Followed the summarizing the results are discussed out from the four themes.

The respondents in the three groups have valued the social programs of the microfinance institution as important as the financial program itself. However, all the respondents joined K-VOWRC out of the prime reason there was an organization where it would be possible for sex workers to exit sex work by receiving a loan to start up an income generating business. A conclusion to make from this result is that microfinance institutions are an essential restart for the poorest marginalized groups, but only when social programs are initiated in the activities of the institution. As for the question What impact do the social programs have in order to achieve sustainability in the business at the microfinance institution? The result of the study is that social programs serve a purpose as great as the financial loan program, although it has little to give without a functional loan program. As the study illustrates the financial program and social programs have weaknesses acting by themselves. Together the programs create the positive spiral of economic empowerment, increased well-being and social and political empowerment the assumption in microfinance will start (Mayoux, 2003). The peer groups open by small merry-go-rounds where all members are expected to participate. In the long run the peer groups serve a more fundamental and stable purpose as a forum for social benefits. The women become good practitioners for one another. An advantage for new members is to join an established peer group as this will be an environment to learn and develop self-esteem among contemporaries. Organizations should therefore be alert that blending new and experienced members in the peer groups is a foundation. The respondents in the two groups of successors and defaulters illustrate a new belief in their ability and confidence in who they are. It is interesting, as well as promising, to see the group of defaulters demonstrate the same confidence as the group of successors. In the opposite, the group of respondents on the waiting list showed insecurity in the discussions. The respondents demonstrate here the answer to the other question in the study How is social capital created in a group where the individuals have experienced much stigmatization? To be met with respect. Somebody believed in them and they were able to give. This self-assurance displays that the loan and the social programs in the organization return a much wider perspective than only socio-economic empowerment. Even if the respondents in the defaulters group had not been able to repay their loans none of them had returned to sex work. The prime mission of the organization was to reduce the transmission and impact of sexually transmitted diseases and HIV/AIDS. The mission can therefore be considered successful in one way. On the other hand the respondents and the organization have failed by unpaid loans and lack of socio-economic development of the members. The respondents of the successors and the defaulters gave similar answers what makes a business successful or if a business fails. Poor management and misuse of money were clearly the two major factors. The organization should therefore strengthen the support for those loan takers who lack of these abilities to locate if that would help the loan taker to reach sustainability in her business.
Reasons for joining a microfinance institution

The “whispering word” among the sex workers where K-VOWRC operates is the widespread approach how the organization gets their members. By networking the sex workers begin to organize even before they join the organization. The fact that individuals from a marginalized group start to network prior to they organize formally is far from a common standard. In contrary might individuals in marginalized groups try to blend in a group they regard bear a higher value. Often with a poor result when other people try to take advantage of the “outsider”. The equality among the members is most certainly a result of the motivation to join the organization. The fact that only sex workers are entitled to participate in the organization is fundamental for rebuilding trust. The environment allows the members to be who they are with no guilt or shame. The improvements suggested demonstrate initiative and interesting thoughts by the members. If the ideas are possible to activate in reality is not considered here but, why not reflect about cooperating with some of the members in a developing purpose to get a more extensive view of the organization?

Peer group - a function as social capital

Putnam (2000) uses rotating saving and credit associations, i.e. merry-go-rounds, as his principal to demonstrate the nature of social capital. Merry-go-rounds are the first task a new member learns when she unitizes with one of the peer groups of K-VOWRC. The peer group is viable in financial as well as social and domestic issues when it works well. Especially the groups of the successors and the defaulters illustrate this. Supposedly do not all the peer groups work as well as the peer groups discussed among the respondents. The peer groups are the most important source of regular support in the system when the members have acquired their loan. The interest of stability in the groups is therefore an issue as much for the organization as for its members. Group processes can be a delicate issue to handle. Groups on all levels meet difficulties that need to be worked out. How well the individuals in a group are prepared to solve rising discontent are likely to differ between the groups. To expect marginalized groups to deal with turbulent group processes would be hazardous. In order to stress the importance of the practice in the peer groups the organization should have a strategy to put in professional support in the case of instability in a peer group.

Can membership of a social community rebuild trust?

In an environment of reciprocal respect rebuild the individual can begin to reshape self-esteem. Confidence in oneself is a necessity to have trust in others. The trust as well as the trustworthy, among the members of an organization like K-VOWRC will most likely reach group level at a maximum. The individuals will continuously live in a society where the democracy is in its infants and the community they call home is the slums. Nevertheless, any trust that is rebuilt among individuals who has experienced much disrespect will in every context be a benefit on all levels- individual, group and public. Rothsteins (2003) explanation of the hazards of cooperation by the social trap is avoided in a group system where all involved trust each other’s actions. When it comes to have trust in the society institutions Rothstein means reliable official systems as police, judiciary, health care etc. must be achieved. Therefore, the goal for an organization as K-VOWRC must be to find activities on group level to create respectful environments where trust can be rebuilt for the target group. According to the objectives of K-VOWRC the organization has identified the position where their activities can bring the best effect for its members. Therefore, the hypothetic question, Can membership of a social community rebuild trust? Can only be answered with, Yes, it can. But there are conditions by a peer group system. A factor the respondents in the study stressed to be fundamental was the equality of the members back ground, only sex workers in the groups. Linda Mayoux (2001, 2003) supports this assumption. Power relations between
women are far from equal. In some group-based repayment programmes may existing
inequalities be reinforced which lead to some women gain power at the cost of the poorest.
Mayoux demonstrates in her research that several groups based on group repayment urged for
a policy of exclusion of the poorest and most disadvantaged. With this knowledge peer groups
for the poorest should be monitored externally to avoid a progress Mayoux sends a warning
for.

**Strength and weaknesses of the sustainability in microfinance institutions**
The respondents regarded skills in management critical to get sustainability in a business. The
individual factor was stressed by the respondents who already had a business that was running
well. How are skills on management achieved, if not a natural born asset? Linda Mayoux
(2003) says that social capital can make a major role to women’s empowerment, but there is a
risk to apprehend social capital as self creating. The financial self-sustainability paradigm
assumes that all the group-based programmes build a positive social capital by its nature
which is a false assumption, declares Mayoux. The group-based system in the merry-go-
rounds will include a wide range of backgrounds. From members with a full secondary
education to members with much less schooling. Some of the members have inherited sex
work from their mothers and grandmothers while some members once were integrated in the
majority group of the society. There will be a range of abilities in the peer groups, some
members will lack of as many skills as other members have. Reinforced programs on
management and/or marketing does not necessary have to target all members in a
microfinance institution. The extra support should target loan takers with inadequate skills
when they start up their business to have a chance to reach a workable standard. The
additional cost for such program is likely to benefit the institute in the long run. And still, if
the cost for the extra support would only make it even with the repayments of the loans, the
individual loan taker would make a great benefit of her success. This would not pay off in
numbers accountable in economics but certainly in a social context.

**Discussion of methods**
Correct selection of methods is a condition to present a reliable study. I will here describe
why I found Focus Group Discussions most accurate in the study and also discuss the strength
and the weak parts by the selected method.

The strength by using a qualitative research in this study was to get an in-depth understanding
how the members of a microfinance institution recognize the key factors to reach
sustainability in a small scale business. The advantage by using focus groups as data
collection was that a big amount of information could be collected in a short time from three
responding groups. Those groups had to plan their situation differently according to if they
had a working small scale business, have had a small scale business which had failed or were
planning to start up a small one. Another advantage was that the respondents already were
familiar of discussing in a group due to the nature of K-VOWRC membership. The
respondents had therefore no problems to talk about the themes when they had a
homogeneous background and were comfortable in the existing environment. A problem by
focus groups might be dominating respondents leading the discussion and that makes it
difficult for less outspoken respondents to tell their views (Litosseliti, 2003). To involve all
respondents in the group is the responsibility of the moderator. The ability of the moderator to
lead focus groups is therefore most important to keep focus on the issue in order not to get an
incorrect result. The study had an experienced moderator so this problem could be alerted
before too late.
A problem in the study can be that the responding groups were “too” homogeneous. A risk by that might be that the discussions are a result of consensus in the group instead of opinions by the individual respondents. To minimize this outcome the moderator and the recorder (i.e. the author of the study) had a different background. The moderator was experienced by working with the respondents and marginalized groups in Nairobi as the recorder only had theoretical experience from the organization. The advantage by this made it possible to observe the discussions from different perspectives. The moderator and the recorder were both asking probes in the discussions.

Conclusions

The study showed the complexity of valuating microfinance. The private capital is a subject that will always prioritizes itself, not only in developing societies but in the society as a whole, and consequently is the financial loan program of central interest. The prevalent standard to measure loans based on microcredit is today connected to principals built on the financial self-sustainability paradigm. That means that the positive repayment from each loan taker is the major criterion of a successful outcome. The study illustrates that a successful outcome is more complex than so. The idea group-based savings and credit associations naturally lead to socio-economic empowerment and increased well-being for the woman and her family is far from standard. Therefore are implementations of social programs as important as the financial program in order to change gender relations as well as inequalities between individuals when targeting women in general and the poorest women more particularly.

Microfinance has been carried out as an implement in HIV/AIDS prevention when the assumption is women will reach an increased independence. The question whether there are situations when micro credits are not suitable, has also been discussed. Should HIV infected loan takers be granted credit when there is a risk that the loan taker will not be able to repay the loan due to the possibility of future sickness? The study illustrated a positive result by not being selective by the status of the women’s HIV status, positive or negative. If microfinance organizations include compulsory educational programs on HIV/AIDS that would not only profit the loan takers but the society in wider terms as well. The individuals would know how to protect and take care of themselves. Another advantage by compulsory education is that none of the individuals would be targeted and the stigma of the disease could possibly be played down. The loan taker could be helped and counseled for her status instead of hiding a potential infection out of fear to be totally excluded. Even if the HIV positive loan taker would not be able to repay the loan as said, the spreading of the infection might be reduced which is a much greater payback.

Mayoux, among others, has criticized microfinance to cement inequalities in gender- and power relations when the women risk staying in small scale business with little prospective of expansion. This is a fact which is true, but I cannot see a better alternative at present situation. I do not think the poorest women would benefit of microloans being stopped. To tackle these problems microfinance institution must alert the issue and make efforts how to raise awareness on these urgent questions in order to equalize existing gender- and power relations.

Microfinance is a practical based science whereas the functionality of its activities must be undertaken in the environment where it works to be set as praxis. The study may therefore be used in future field research how to reinforce the weak parts in microfinance institutions.
REFERENCES


Appendix 1

Interview guide – Successful loan takers

Background data
1. Age
2. Family status (single, children, boyfriend, married)
3. How long have you been a member of K-VOWRC?
4. When did you receive your first loan?
5. How many loans have you received?
6. Amount of the loan/loans received?
7. Can you describe your business?

The organisation K-VOWRC
8. How did you get in contact with K-VOWRC?
9. What made you join K-VOWRC?
10. What are the advantages with being a K-VOWRC member?
11. How well did K-VOWRC meet your expectations?
12. What can be improved in K-VOWRC? What can K-VOWRC do better?

Peer groups
13. Who forms the groups you belong to?
14. How big are the peer-groups?
15. How often do you meet with your group?
16. Describe your preference believes group and individual micro-finance
17. What factors make it possible for some loan takers to repay the loan and others not?
18. Do the group members have any importance for success?
19. Can a group be a hindrance to a Micro Finance System success?
20. How important is participation from the group members?
21. Is culture important to get sustainability?

Trust
22. Where would you put yourself of trusts to other people in general (low, medium 50-50 or fully)?
23. Where would you put yourself of trust to all the members in K-VOWRC (low, medium 50-50 or fully)?
24. Where would you put yourself of trust to the peer group (low, medium 50-50 or fully)?
25. How important to you regard (low, medium 50-50 or fully)
   - Financial support
   - Support from K-VOWRC (counseling, training, education, condom protection etc)
   - Peer group support
   - Others

26. Which factors are crucial to move from mistrust to trust?
27. Is it always rational to cooperate/co work?
   - When is it and when not

Sustainability over time
28. What were the main strengths to achieve sustainability in your business?
29. What was important to achieve sustainability in a business like yours?
Appendix 2

Interview guide – Default loan takers

Background data
1. Age
2. Family status (single, children, boyfriend, married)
3. How long have you been a member of K-VOWRC?
4. When did you receive your first loan?
5. How many loans have you received?
6. Amount of the loan/loans received?
7. Can you describe your business after receiving the loan?
8. What is your business at the moment?

The organisation K-VOWRC
9. How did you get in contact with K-VOWRC?
10. What made you join K-VOWRC?
11. What have been the advantages being a K-VOWRC member?
12. How well did K-VOWRC meet your expectations?
13. What can be improved in K-VOWRC? What can K-VOWRC do better?

Peer group
14. Who forms the groups you belong to?
15. How big was/is your peer-group?
16. Do you still meet with your group?
17. Describe your preference believes group and individual micro-finance.
18. What do you see as important in a peer group?
19. How important is participation from the group members?
20. Do the group members have any importance for success?
21. Can a group be a hindrance to Micro Finance System success?
22. What could have been different in the group support system?
23. Is culture important to gain sustainability?

Trust
24. Where would you put yourself of trust to other people in general (low, medium 50-50 or fully)?
25. Where would you put yourself of trust to all the members in K-VOWRC (low, medium 50-50 or fully)?
26. Where would you put yourself of trust to the peer group (low, medium 50-50 or fully)?
27. Which factors are crucial to move from mistrust to trust?
28. Is it always rational to cooperate/co work?
   - When is it and when not

Sustainability over time
29. What were the biggest hindrances to get sustainability in your business?
30. What was missing to get sustainability in a business like yours?
31. What could been done differently?
Appendix 3

Interview guide – Waiting to receive a loan

Background data
1. Age.
2. Family status (single, children, boyfriend, married)
3. Place of birth
4. How long have you been a member of K-VOWRC

The organisation K-VOWRC
5. How did you get in contact with K-VOWRC?
6. What made you join K-VOWRC?
7. How has K-VOWRC been of support this far?
8. How well has K-VOWRC met your expectations this far?
9. What can be improved in the activities by K-VOWRC up to now?

Peer groups
10. How big is your peer group at the moment?
11. By who are the groups formed?
12. How often do you meet with your group?
13. What does the group have for meaning at the moment?
14. What is important in a peer group?
15. Describe your preference believes group and individual micro-finance.
16. Is culture important in a group system?

Trust
17. Where would you put yourself of trust to other people in general (low, medium 50-50 or fully)?
18. Where would you put yourself of trust to all the members in K-VOWRC (low, medium 50-50 or fully)?
19. Where would you put yourself of trust to the peer group (low, medium 50-50 or fully)?
20. Which factors are crucial to move from mistrust to trust?

Fears and anxieties
21. What are your fears of receiving a loan?
22. What is your fear if you won’t receive a loan?
23. Can you think of what strength is needed to gain sustainability in a business when receiving a loan through K-VOWRC?
24. What can be hindrances to get sustainability in a business?