The implications of microfinance on the provision of sustainable support to orphans: a case study of East and South East Alego in Siaya district

Author: Madara, Martin W

Abstract: The study was to find out the implications of micro finance on the provision of sustainable support to orphans and child headed families. It has been known from researches on micro finance that micro finance services are not only needed by the poor but are capable of releasing them from poverty (Stuart Rutherford in his book the poor and their money 2000). Most micro finance institutions and Non-Governmental Organizations that have offered micro finance services to the poor world over have proved that financial services can be an effective and powerful instrument for poverty reduction by enhancing the ability of poor people to increase incomes build assets and reduce their vulnerability in times of economic stress. But even though microfinance is gaining recognition in Kenya and the world over, there is still a lot of generalization of micro finance products to the general micro entrepreneurs without regard to special or would be special groups that are becoming more vulnerable like orphans and child headed families. The purpose of the study was to find out if there are, certain micro-finance products that can be appropriate in offering sustainable support to orphans and child headed families. The study was based in two locations in East and South East Alego Locations of Siaya District with a population of 32,575 people. There are 4072 households and the study sampled 207 households with orphans. The orphan's population in the two locations is at 16% The study used a cross sectional analytical study and both quantitative and qualitative data collection methods was used, and data collection tools were semi-structured questionnaire and a key informant interview guide. In general the study confirmed that microfinancial services are still quite inaccessible to poor and vulnerable families as 81.2% said that the services are not accessible, and where they are available the respondents reckon that their conditions are much away of their means, coupled by the fact that their products are not appropriate for the study target group. 65.7% of the respondents felt that the products of microfinance institutions available are inappropriate to their conditions. From the study it is also apparent that orphans and guardians of orphans are capable of utilizing the micro finance services but only if such services are tailored towards their needs and financing activities that are less strenuous in operation. Activities that have come out in the favor of the study target group are such as:  Financing of agricultural activities, ranging from crops, livestock, poultry to agricultural equipment and implements.  Financing of innovative and less cumbersome activities like shallow wells and boreholes for sale of clean water.  Direct financing of orphans technical trainings for example through apprenticeship.  Financing of working tools and equipment for the orphans to start their own workshops. The research also confirmed that most micro finance do not penetrate the rural with their services as many. respondents were not members due to unavailability of microfinance institutions, and yet 81.6% of the respondents feel that they are capable of utilizing micro finance services especially loans.