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**Effectiveness of Microcredit Programs in Empowering Women
under the Negombo Urban Development Program**

BY

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Abstract

Empowerment has been identified as one of the key objectives of micro-finance programs (Lairap-Fonderson, 2002; Khandker, 1998; Kabeer, 1998). Hence, this paper mainly examines the effectiveness of microcredit programs in empowering women borrowers under the Negombo Urban Development Program. Thus specific objectives of the study are women's access to financial resources, household decision making power, controls over loans, family relationships and participation in social activities.

Despite emergence of many MFIs in Sri Lanka, limited studies have been done in this country on impact of micro-credit affecting empowerment of women. Furthermore this study has attempted to explore the effectiveness of micro-credit program on empowering women borrowers under the Negombo Urban Development Program.

The sample size of 100 women respondents was employed in the survey and along with recognized survey methodology unstructured interview method was also used for the data collection. Hence Focus Group Discussions and Key Informant Interviews were used to gather qualitative data which complement the survey findings

The results are consistent with the view that participation of micro-credit programs has an effect on women's empowerment. Furthermore, the study establishes that micro-credit programs have an effect on women's lives in intra household decision making and access to finance, which results in empowering the women in taking up social leadership with advanced awareness, enhanced self-worth and self-esteem. However, the study recognizes the limitations to the empowerment capacities of MFIs who uphold financial sustainability and not paying substantial attention on social sustainability.

The study concludes by advocating effectiveness of micro-credit on empowering women further inviting the MFIs for better utilization of empowerment potentials of micro-credit programs to reach the ultimate goal of poverty alleviation. Moreover the findings of this study have implications for managerial interventions to promote empowerment as part of microfinance programming