

# **NATIONAL UNIVERSITY OF LESOTHO**

**The contribution of Pathways to Sustainable Livelihoods  
Projects to sustainability of women's projects at Phuthiatsana  
Community Council in Berea Lesotho**

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## **Declaration**

I, Makali Tefo, hereby declare that this dissertation, titled The contribution of pathways to sustainable livelihoods projects to sustainability of women's projects at Phuthiatsana community in Berea, Lesotho is my own original work. It has not been submitted for any degree or examination at any other university or institution. All sources of information used in this work have been properly acknowledged through complete referencing.

Signature:

Date: 30<sup>th</sup> August 2025

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This work is dedicated to all rural women striving to build sustainable livelihoods and to those who work tirelessly to empower them.

## **Abstract**

This study investigates the contribution of Pathways to Sustainable Livelihoods Projects (PSLP) and its influence on the livelihoods of rural women, with a focus on their capacity to promote long-term economic inclusion and resilience. Microfinance has been widely recognised as a tool for poverty alleviation, providing women with access to financial capital to start or expand income-generating activities. However, questions remain regarding the extent to which these initiatives deliver lasting benefits beyond the initial stages of funding. Using a qualitative research design and interviews with microfinance beneficiaries to assess business and livelihood stability, the study found that microfinance programmes significantly contribute to increased productivity, income diversification, and household welfare. However, sustainability is often hindered by factors such as limited access, inadequate business training, and insufficient resource availability. The research emphasises the need for integrated approaches that pair financial support with capacity building, market linkage development, and value addition strategies. By addressing these gaps, microfinance initiatives can move beyond short-term income generation to create enduring, self-sustaining livelihoods for rural women and recommend better ways of implementation that address needs of Phuthiatsana community.

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## **Abbreviations**

MIFs- Microfinance Institutions

PSLP- Pathways to Sustainable Livelihoods Projects

SLF- Sustainable Livelihoods Framework

ICTs- Information and Communication Technologies

EIP- Economic Inclusion Programme

SILC-Savings and internal Lending Communities



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## **Chapter one: Introduction**

### **1.1 Background of the study**

Globally, microfinance has received attention from various scholars Zeller and Mayer, (2002), Khandker & Khalily, Gan & Nartea(2017), Mia, Rangel, Nowrani, & Kumar(2023), Ali, Ramakishman, Fiasal, & Ullah (2023); Ledgerwood, (1999). These scholars argue that while microfinance can empower women economically, achieving financial sustainability often conflicts with the goal of widespread outreach, especially in low-income areas. For example, Grameen Bank in Bangladesh, provides microloans to poor women, empowering them economically by enabling them to start small business(Khandker, 2017). However, outreach often conflicts with financial sustainability. To maintain operations, Grameen had to impose interest rates that were sometimes seen as high for the poorest, which made it difficult to reach the most vulnerable women, who were unable to afford the terms (Yunus, 2007).

Microfinance has emerged as a key strategy for poverty reduction, financial inclusion, and women's empowerment. It refers to the provision of small-scale financial services including credit, savings, and insurance to individuals or groups who traditionally lack access to formal banking institutions (Ledgerwood, 1999). The concept of microfinance gained global recognition through the pioneering work of Muhammad Yunus, who in the 1970s founded the Grameen Bank in Bangladesh. Yunus, (1999) argued that access to small loans, especially for women, could help break the cycle of poverty by enabling investment in income-generating activities.

His approach highlighted the importance of group lending, trust-based repayment, and the social impact of empowering poor women economically.

Over time, scholars have explored microfinance's multiple dimensions and evolving role. According to Armendariz & Morduch, (2010), microfinance is not just about lending but about creating social capital and strengthening community ties. They note that when properly structured, microfinance institutions (MFIs) can balance financial sustainability with social outreach, bridging the informal and formal economies. Kabeer (2010) also contributes to the discourse by examining microfinance through a gender lens. Her research emphasises that access to financial services can increase women's bargaining power within households and communities, but warns that empowerment is not automatic; it depends on how programs are implemented and whether they address the broader structural constraints women face.

Poverty alleviation is a global problem. Microfinance institutions use microfinancing to alleviate poverty (Ullah et al., 2023). Kumar, (2023), efficiency analysis revealed that financial sustainability and social outreach were responsible for the overall efficiency through microfinance globally. Providing access to finance to low-income rural households has been considered an important component of any rural development strategy (Gan & Nartea, 2017).

Khalily (2004) and Khandker (2005) study in Bangladesh highlight that microfinance has a positive impact on female entrepreneurship, improving household income and empowering women. Scholars Khalily (2004) and Armendariz & Morduch (2010) stress that for these projects to be sustainable, microfinance institutions must provide not just loans but also complementary

support, such as training and market linkages, to help women overcome these challenges.

In Africa, microfinance has been investigated, exploring various facets of the sector. Scholars Brau & Woller (2004), Ledgerwood (1999) & Meyer (2002), Kiva (2011), and Mayeux (2001), show that microfinance in Africa as a tool for poverty alleviation, but raises concerns about its sustainability. Kinde (2012) highlighted that in Ethiopia, microfinance focuses on the reduction of poverty through improving access to finance and financial services. However, the positive impacts of microfinance institutions on the welfare of the poor can only be sustained if the institutions can achieve a good financial performance. According to Afrane (2002), microfinance services, particularly small loans and savings schemes have had positive economic and social impacts in Ghana by enabling clients to invest in small-scale agriculture, retail, and services. Similarly, Ledgerwood (1999) and UNCDF, (2006) highlight the critical role of microfinance in addressing financial exclusion and stimulating local economic development across Africa, especially among women and informal sector workers.

A significant body of African microfinance research focuses on its role in promoting gender equality and women's empowerment. Mayoux (2001) and Cheston & Kuhn (2002) argue that microfinance has the potential to empower women socially and economically by enhancing their decision-making power within households and communities. In countries such as Uganda and Kenya, Cheston and Kuhn (2002) argue that the sustainability of microfinance initiatives targeting women is not solely dependent on financial self-sufficiency but also on the intentional integration of

empowerment strategies. They highlight that many microfinance institutions (MFIs) face challenges in balancing financial goals with empowerment objectives. MFIs often perceive empowerment elements as supplementary, potentially compromising their financial sustainability. To address this, they advocate for the design of microfinance programs that incorporate gender-sensitive training, leadership opportunities, and the collection of gender-disaggregated data to track empowerment outcomes. By adopting such approaches, MFIs can contribute to the long-term sustainability and effectiveness of microfinance programs, ensuring that financial success aligns with the empowerment of women.

Microfinance banks are an engine of economic growth especially in this era of global economic syndrome; its activity could not be underestimated in Nigeria (Onalapo & Odetayo, 2017). Tehulu (2013) says Interventions through the delivery of microfinance services are considered as one of the policy instruments to eradicate poverty. However, for sustainable poverty alleviation, the microfinance institutions themselves should be financially stable. Further, in East Africa from 2004-2009, there was a positive MFI (microfinance institutions), financial sustainability (Tehulu, 2013).

In Lesotho, many scholars have investigated the role of microcredit addressing various issues such as payment interest rates.(Mohlomi, 2014; Sharm, 2009; Monyai, 2005; Stephen et al., 2010). They examine the impact of microfinance on women's empowerment, noting that access to microcredit has improved women's financial independence, household income, decision-making power and contributes to gender equality. Further (Mohlomi,2014) shows that, while microfinance has provided women with essential capital, access to larger loans and ongoing financial support remains limited.

In Lesotho, microfinance is increasingly seen as a mechanism to address rural poverty and financial exclusion, particularly in remote and mountainous regions where formal banking infrastructure is limited. According to Letete (2013), microfinance institutions (MFIs) in Lesotho have played a pivotal role in extending small loans to individuals engaged in informal trade and subsistence farming. These services are often viewed as critical for improving income-generating activities and self-employment among the rural poor. However, their effectiveness is often hindered by high transaction costs, poor infrastructure, and limited financial literacy among rural populations.

Given the limitations of formal microfinance services, informal savings groups have become a key part of Lesotho's financial ecosystem. CARE Lesotho-South Africa (2009) found that Village Savings and Loan Associations (VSLAs) have helped fill the gap by providing flexible and community-driven financial services. These groups are particularly effective for women, who may lack collateral or formal identification needed by traditional lenders. However, though studies in Lesotho have investigated the role of microfinance and their institution in poverty alleviation, there is little or no attention given to sustainability of projects sponsored through micro finance institutions. Hence this study hopes to fill the gap in literature.

## **1.2 Problem statement**

While microfinance initiatives projects have been widely adopted, there is limited understanding of the long-term sustainability of these projects on the livelihoods of rural women.

## **1.3 Purpose of the study**

The study aims to investigate how microfinance initiatives influence the

sustainability of women-led projects in improving livelihoods in Phuthiatsana community council.

#### **1.4 Research questions**

1. How does training contribute to the sustainability of rural women's projects in improving livelihoods?
2. What is the contribution of the resources to the sustainability of women's projects?
3. How do microfinance initiatives facilitate market linkages for rural women projects' sustainability?

#### **1.5 Significance of the study**

This study is significant because it sheds light on the long-term effectiveness and sustainability of microfinance initiatives in improving the livelihoods of rural women in Lesotho. While microfinance is often promoted as a tool for poverty reduction and women's empowerment, little is known about how sustainable these benefits are over time, especially in rural contexts where economic and social vulnerabilities are more pronounced. By exploring women's lived experiences, this research will provide insight into whether microfinance leads to lasting improvements in income generation, financial independence, and overall well-being. The findings will also help identify the specific challenges that rural women face in maintaining their projects and managing loans, contributing to a more nuanced understanding of the local realities influencing microfinance outcomes. Furthermore, the study will have practical value for policymakers, microfinance institutions, and development partners in Lesotho. It will offer evidence-based recommendations for designing microfinance programs that are more responsive to the needs of rural women, culturally appropriate, and better aligned with principles

of sustainability. By highlighting what works and what doesn't in real-world settings, the study can inform the development of more inclusive financial services and social protection strategies aimed at reducing rural poverty and promoting gender equity. Ultimately, the research seeks to contribute to the broader goals of sustainable development and women's economic empowerment in Lesotho as women are given funds to reduce dependency.

### **1.6 Limitations of the study**

While this study offers valuable insights into the impact and sustainability of microfinance initiatives on rural women's livelihoods, it is not without limitations. First, the study's qualitative design and reliance on purposive sampling mean that the findings did not be generalizable to all women or microfinance projects across Lesotho. The experiences and perspectives gathered are deeply contextual and reflect specific geographic, cultural, or institutional realities that do not represent the broader population. Additionally, the small sample size typical of qualitative research limited the diversity of viewpoints captured, potentially overlooking outlier cases or alternative experiences.

Another limitation lies in the potential for response bias, as participants presented their experiences in a more positive light due to social desirability or fear of losing financial support. The study also faced challenges related to literacy levels, and participants' willingness to discuss financial struggles openly, which affected the depth of the data collected. Furthermore, external factors such as economic instability, climate-related shocks, or changes in government policy influenced the sustainability of microfinance outcomes but fall outside the scope of this research.

### **1.7 Chapter Summary**

This chapter serves as an introduction of this research. It states out the background of the study, why the study was carried out and how it will be important to any who will use it. This chapter gives out the research questions that are the guidelines when collecting data in the field. Lastly what can be the setbacks of what can be met when carrying out the research paper as the limitations to the study. As a developing country, Lesotho investing microfinance initiatives is very crucial as it serves as a catalyst for poverty alleviation and the economic growth of the country at large.

## **Chapter two: Literature review**

### **2.1 Introduction**

Chapter two presents the theoretical framework and literature review of this study. The framework that will be used is the Sustainable Livelihoods Approach, to understand how sustainable women's livelihoods are due to microfinance initiatives. Further, there will be a review of similar literature on the Sustainability of microfinance initiatives on rural women's livelihoods, starting on a global, continental and local level. Lastly, this chapter will explore the existing literature about the financial inclusion of women in development, particularly on sustainable development.

### **2.2 Theoretical framework: The livelihood Framework**

The framework that underpins this study is Sustainable Livelihoods Framework. According to Chambers and Conway (1992), the Sustainable Livelihoods Framework (SLF) was developed through the work of Robert Chambers around his livelihood thinking in the 1980s. This framework emphasises context(Serrat,2017).

Below is the Sustainable Livelihoods Framework diagram, that is aimed to make it easier to understand this framework looking at it.

#### **Diagram 1: Sustainable livelihoods framework**

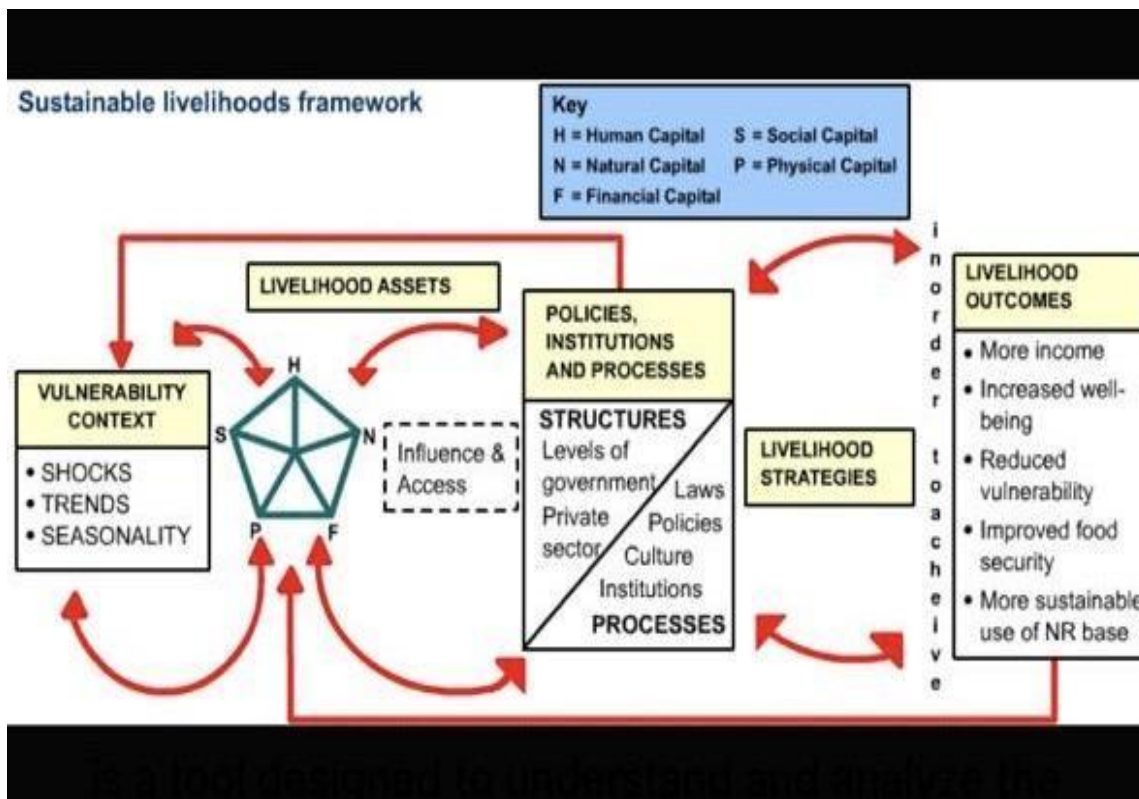


Diagram 1 shows that Sustainable Livelihoods Framework (SLF) is a tool designed to understand and analyse the livelihoods of people, particularly the poor (Matiku, 2021). It offers a structured framework to comprehend the factors affecting livelihoods and the relationships among them, aiming to enhance development interventions.

From that diagram, the key components of the Sustainable Livelihoods Framework start with the Vulnerability Context which encompasses external factors that impact people's livelihoods, such as economic shocks, environmental changes, and social dynamics. These factors are often beyond the control of individuals and can significantly influence their livelihood options (Serrat, 2017).

Livelihood Strategies, the combination of activities and choices that people make to achieve their livelihood goals. These strategies are influenced by the assets available

to them and the prevailing structures and processes. Lastly, livelihood outcomes are results or achievements of livelihood strategies, which may include increased income, improved well-being, reduced vulnerability, and sustainable use of natural resources (Zickiene, 2020).

There are a large number of local and foreign studies focusing on different aspects of the sustainable livelihood framework (SLF) and the main factors that affect people's livelihoods (Pickbourn,2018). Soroushnia (2016), Forouzani et al. (2016) and Pickbourn, (2018) showed that the restriction of access to independent sources of income and internal migration, and the inadequacy of land resources have negative effects on the level of livelihood and empowerment.

The Iranian researcher (Soroushnia, 2016) assessed the Sustainable Livelihood Framework with regard to the environmental, social and economic factors. In the study on Karun country's rural livelihood, Forouzani et al. (2016) revealed that the social capital is regarded as the most significant type of asset owned by rural dwellers while the least type is the physical capital. Understanding the SLF is crucial for designing effective development interventions that are holistic, people-centered, and sustainable.

Malanga and Banda (2021) study in Malawi utilized the SLF to examine how Information and Communication Technologies (ICTs) impacted microentrepreneurs. The findings indicated that ICTs, when integrated with microfinance, enhanced financial, human, social, and informational capital, leading to improved business operations and empowerment.

Additionally, research in Zimbabwe applied the SLF to investigate the livelihood strategies of informal traders. The study highlighted that access to microfinance enabled women to diversify income sources, accumulate assets, and strengthen

social networks, contributing to poverty reduction and sustainable livelihoods (Takaza & Chitereka, 2022).

By employing the SLF to this study will help identify how microfinance initiatives influence various livelihood assets, offer a nuanced understanding of their effectiveness and areas needing improvement. This framework also will aid in designing interventions that are responsive to the diverse needs and contexts of rural women, that will ultimately promote sustainable development and poverty alleviation.

### **2.3 Microfinance and livelihoods: Perspectives from developed countries**

In developed countries, microfinance helps low-income or non-earning people obtain a financial loan and benefits their earning capabilities to help them meet their living standards (Allop, 2015). It is considered to be an effective tool for poverty alleviation, as well as a method of financial inclusion for the poor and unbanked. This financial process has increased the numbers of its users in developed countries and, according to data sheets, more than 200 million people are direct or indirect beneficiaries of this system (Amendariz, 2010).

Microfinance assists its rural users' multidimensional well-being remarkably and improves their living standards (Nikkhah, 2010). Switzerland's Development Cooperation emphasizes integrating microfinance with broader rural development strategies. The Swiss Agency for Development and Cooperation supports projects that enhance economic resilience for small-scale female farmers, focusing on capacity building in agriculture and business skills (Jonson, 2004). In a similar manner, microfinance initiatives in Georgia aim to improve the livelihoods of rural women through training in dairy, fruit, and vegetable production, processing, and

marketing (Surmanidze et al., 2023).

Women's strong financial track record also influences broader economic policies (Kiva, 2020). Lieberman et al., (2020) and Al-Shami et al., (2018) state that with growing evidence of women's positive impact on microfinance sustainability, institutions are increasingly motivated to incorporate gender-sensitive approaches into their financial models. For example, organizations like the Women's World Banking Network advocate for gender-inclusive financial systems based on the financial performance and needs of female clients (Women's World Banking, 2022). These developments foster a more equitable financial ecosystem where sustainable microfinance contributes directly to women's social and economic inclusion.

In the U.S., organizations like Grameen America and Kiva US have demonstrated that women, especially low-income women and immigrants, are reliable borrowers (Grameen America, 2021). These programs provide women with access to capital, financial training, and credit-building tools, allowing them to start or expand small businesses such as salons, catering services, and retail shops. This not only boosts women's income and confidence but also contributes to community economic development (Schreiner, 2001).

In Canada, microfinance initiatives have shown potential to empower rural women, particularly when integrated with local contexts and complementary support systems. Scholars such as Garikipati (2013) and Rashid (2018) highlight that while microfinance can extend financial services to underserved populations, its effectiveness in truly empowering women depends on the inclusion of non-financial support tailored to community needs. Nawaz (2010) investigated the role of small-scale commercial hospitality businesses in the central region of Canada and found that female tea house owners and managers achieved notable economic, social, and

psychological empowerment. However, political empowerment remained limited, pointing to the need for women's increased participation in local and national political structures to advance gender equality. Despite this shortcoming, Nawaz emphasized that economic empowerment served as the foundational element driving overall empowerment for rural women in the region.

Access to training significantly enhances the sustainability of microfinance initiatives targeting rural women by equipping them with advanced skills and knowledge necessary for navigating formal financial systems and competitive markets. According to Armendariz and Morduch (2010), training in areas such as digital finance, business planning, and regulatory compliance empowers women to scale their enterprises beyond subsistence levels, ensuring long-term economic independence. In Canada and Australia, programs that combine microfinance with tailored training have led to notable improvements in women's entrepreneurial success and household well-being (Roy & Wheeler, 2006). These training components not only foster financial literacy but also build confidence and social capital, enabling women to access broader economic opportunities and sustain their ventures in dynamic economic environments. In developed contexts, training acts as a catalyst that transforms microfinance from a basic support mechanism into a strategic tool for sustainable livelihood enhancement (Wheeler, 2006).

While microfinance initiatives contribute to sustainable development and women's empowerment, their effectiveness in transforming deep-rooted gender norms remains limited without broader social interventions. German development organizations have supported microfinance initiatives aimed at fostering sustainable development. Studies suggest that when microfinance institutions (MFIs) adopt a

proactive approach to social responsibility, they can develop innovative financial and non-financial services that promote environmentally friendly practices and contribute to the sustainability of women's livelihoods in rural areas (Paro, 2020). Beyond financial outcomes, Santoso and Gan (2019) conducted a survey in Vietnam to evaluate the agency dimension of empowerment by asking women about their sense of self-worth through qualitative statements such as, “Women should do all household work even if their spouse is not working,” and “Women should discuss domestic violence issues with people other than family members.” Responses were rated on a five-point scale, with “1” meaning “unimportant” and “5” meaning “extremely important.” After four years in the program, respondents reported increased awareness of their rights and self-worth except on the issue of household responsibilities. In fact, their perceived responsibility for domestic work remained the same or became slightly more entrenched. These findings align with those of Hermes et al., 2011, as well as Al-Mamum et al., (2012), who found that microfinance programs alone are insufficient to transform entrenched gender stereotypes within households.

Developed countries emphasize the importance of financial self-sufficiency in microfinance institutions (MFIs). The sustainability of MFIs is often gauged by their ability to cover operational costs without relying on continuous donor support. UK-based scholars have extensively studied the impact of microfinance on women's empowerment. Research highlights that microfinance can lead to increased financial independence, enhanced participation in decision-making, and improved social networks for rural women. However, the sustainability of these outcomes depends on factors such as the design of microfinance programs and the socio-economic context in which they are implemented. Schreiner, (2001) and Ganawan & Nurchasanah, (2024) highlight those factors such as local project characteristics,

community support, and effective project management are instrumental in ensuring the longevity of microfinance programs. Their study underscores the necessity of integrating sustainability strategies from the planning stages to enhance the economic viability of these initiatives.

Furthermore, the governance structures of MFIs play a crucial role in their sustainability. Garcia-Perez et al., (2020) argue that robust governance mechanisms contribute significantly to the enduring success of microfinance programs. Garcia-Perez et al., (2020) suggest that community-managed approaches, where local populations are empowered to make decisions, correlate positively with sustainable development.

The availability of resources such as financial capital, infrastructure, market access, and technological tools plays a critical role in sustaining microfinance initiatives that support rural women's livelihoods in developed countries. According to Schreiner and Colombet (2001), access to adequate and affordable financial resources enables women to invest in productivity-enhancing assets, stabilize their income, and grow their businesses over time. In regions such as rural Australia and parts of the United States, supportive infrastructure, such as transport networks and digital connectivity, has been found to significantly improve the effectiveness and outreach of microfinance programs (Counts, 2008). Furthermore, access to market information and mentorship programs enhances women's capacity to adapt to market demands and maintain the profitability of their ventures. When these resources are made consistently available and aligned with women's needs, they strengthen the institutional and economic sustainability of microfinance-supported projects, empowering women to achieve long-term financial independence and social inclusion.

The social sustainability of microfinance initiatives, particularly in relation to the empowerment of rural women, remains a complex and uneven process in developed countries. While microfinance can enhance women's participation in economic activities, the outcomes are not uniformly positive (Parwez, 2024). Parwez (2024) conducted a systematic review revealing that microfinance interventions have contributed to gradual socio-economic and cultural changes among women and their communities. However, the study also highlights mixed results, with some interventions failing to achieve the intended socio-economic transformation and, in some cases, even exacerbating existing gender and social inequalities.

Microfinance plays a critical role in promoting women's entrepreneurship, but its impact is shaped by complex socio-economic and environmental factors. A study by Hammed (2022) in Finland found that microfinance services such as micro-credit, micro-savings, and micro-insurance significantly contributed to women's self-sustainability and entrepreneurial development. However, Zohra & Brahim (2024) identified environmental disasters as major constraints that could limit the positive outcomes of these services.

Despite its benefits, microfinance often presents trade-offs between business development and household responsibilities. Ukanwa et al. (2018) observed that poor entrepreneurial women frequently prioritize immediate household needs over long-term business growth. (Schreiner, 2001) similarly noted that while microfinance provides vital capital, the pressure of debt and repayment obligations can discourage full engagement in entrepreneurial activities.

In developed countries, the effects of microfinance on women's empowerment are recognized as both beneficial and contradictory. Gunawan and Nurchasanah, (2024)

reported that, in some contexts, microfinance initiatives inadvertently reinforced existing gender inequalities and increased women's financial burdens. For example, a study in Austria showed that despite intentions to empower, certain microfinance programs had unintended negative consequences. (Ukanwa et al., 2018) emphasized the need for a nuanced understanding of local contexts and the integration of gender-sensitive strategies in program design.

The social empowerment outcomes of microfinance are also deeply influenced by context-specific variables. Khursheed et al. (2021), in a literature review on women's social empowerment, concluded that while many studies show positive impacts, results vary significantly depending on the socio-political context and the specific indicators of empowerment used (Lamichhane, 2020).

Attempts to replicate microfinance models from developing countries in developed nations have encountered significant challenges (Khursheed et al., 2021). The solidarity lending model, effective in rural villages where social capital is strong, has proven less viable in urban centers of developed countries. For instance, the Calmeadow Foundation's experiments in Canada faced difficulties such as high client risk profiles and resistance to joint liability requirements, leading to the conclusion that such models are unsustainable without subsidies (Parwez, 2024).

The intersection of microfinance and environmental sustainability is gaining attention in developed countries. Lassoued (2024), emphasizes that for microfinance to foster sustainable development, it must incorporate environmental considerations. The scholar suggests that despite the growth of microfinance services, their impact on sustainable development remains paradoxically negative in certain regions, highlighting the need for integrating environmental sustainability into microfinance strategies.

Microfinance initiatives in developed countries play a crucial role in facilitating market linkages for rural women, thereby enhancing the sustainability of their livelihoods. Through targeted support services, MFIs not only provide capital but also connect women entrepreneurs to value chains, supplier networks, and consumer markets. According to (Bhatt & Tang, 2002), MFIs in countries like the United States and Canada have increasingly integrated business development services into their financial offerings to ensure that rural women gain access to profitable and sustainable market opportunities. These services often include participation in trade fairs, and partnerships with local cooperatives and digital platforms. By strengthening these market connections, microfinance programs help women overcome geographic isolation, diversify their income sources, and secure better prices for their products.

Moreover, the use of technology and digital finance has further enhanced market access for rural women in developed countries. As noted by Roy & Wheeler, (2006), many MFIs have adopted e-commerce and mobile platforms to help women reach broader markets beyond their immediate localities. This digital inclusion allows rural women to market their products nationally and globally, increasing the visibility and competitiveness of their businesses.

Additionally, MFIs often facilitate partnerships with government agencies, NGOs, and private sector actors to create inclusive supply chains and promote sustainable procurement practices. These institutional linkages not only improve market access but also reinforce the long-term viability of women-led enterprises. Thus, by acting as intermediaries between rural women and the marketplace, microfinance initiatives in developed countries serve as powerful tools for sustainable livelihood development (Roy & Wheeler, 2006).

Another critical concern is the rural service gap. Rural women often face limited access to healthcare, childcare, education, and transport barriers that restrict employment and increase unpaid care burdens (European Commission, 2021). These issues are exacerbated for migrant and indigenous women but as microfinance was particularly made for excluded individuals on formal banking systems it turns out to be of good help.

Emerging literature connects rural women's livelihoods with sustainability and climate resilience. Rural women are often stewards of biodiversity and play vital roles in sustainable food systems. Studies from Scandinavia and Canada show women adopting organic farming, renewable energy use, and community-based sustainability initiatives through microfinance (Bhatt & Tang, 2002). However, climate change impacts, such as droughts and extreme weather, disproportionately affect rural women's work and income sources. Therefore, gender-inclusive climate policies and capacity-building programs are increasingly viewed as essential for future resilience (Armendariz & Morduch, 2010).

In recent years, there has been increasing recognition in developed countries of the critical role women's financial inclusion plays in achieving the Sustainable Development Goals particularly those related to gender equality (SDG 5), economic growth (SDG 8), and reduced inequalities (SDG 10). While much of the discourse around financial inclusion has focused on the Global South, developed economies have also produced a growing body of literature addressing structural barriers to enhance women's financial empowerment. Even in high-income countries, gender gaps in access to microfinance, savings, and investment services persist. According to the OECD and European Commission, (2021), women are more likely than men to be unbanked, have lower financial literacy levels, and are less likely to own formal financial accounts, particularly in rural or marginalized communities. In the United

States, research by the Federal Reserve (2022) shows that women-owned small businesses are less likely to receive full financing and more likely to rely on personal savings. In the European Union, the European Investment Bank (EIB, 2020) found that female entrepreneurs face greater challenges in securing venture capital and innovation financing, despite evidence that women-led businesses perform competitively.

Financial inclusion of women contributes significantly to inclusive economic growth, labour market participation, and poverty reduction. Empirical studies in the developed world show that closing the gender gap in financial services can lead to measurable economic returns. IMF (2018) analysis estimates that reducing gender inequality in labour force participation could boost GDP in OECD countries by up to 35%. McKinsey Global Institute (2015) found that full participation of women in the economy could add \$12 trillion to global GDP by 2025, with much of that growth expected in developed markets.

#### **2.4 Microfinance and livelihoods: Developing countries' perspectives**

Microfinance continues to play a transformative role in developing countries by enhancing the socio-economic conditions of rural women. Microfinance initiatives not only provide access to financial resources but also foster empowerment, entrepreneurship, and livelihood sustainability (Kumar, 2023). The sustainability of microfinance initiatives in developing countries depends not only on institutional frameworks and funding mechanisms, but also critically on the financial performance of the women they serve. When women exhibit sound financial behaviour including timely loan repayments, reinvestment of profits, savings discipline, and effective budgeting the long-term viability and positive impact of

microfinance is significantly enhanced (Al-Shami et al., 2016; Ullah et al., 2023). Strong financial performance by women not only boosts household income and resilience but also reduces institutional risks for Microfinance Institutions (MFIs), thereby enabling them to expand their outreach and continue supporting vulnerable populations (Kumar, 2023; Gan & Nartea, 2017). Empirical evidence across developing countries supports this claim.

In Bangladesh, women borrowers under the Grameen Bank model who demonstrated high repayment rates and reinvestment in income-generating activities contributed to the bank's credibility and ongoing operational sustainability (Ullah et al., 2023). Likewise, in India, the Self-Help Group (SHG) model has flourished where women consistently managed their finances, maintained group discipline, and reinvested in productive enterprises. These actions enhanced household welfare while reducing loan default rates, allowing MFIs to maintain their revolving funds and extend financial services to more communities (Kumar, 2023).

In Kenya, women who accessed the Women Enterprise Fund (WEF) and demonstrated good financial performance through business growth and repayment discipline were seen not only as contributors to their own welfare but also as agents of local economic development. Their financial behaviour helped sustain the fund and promote community trust in government-backed microfinance programs (Gan & Nartea, 2017). Similarly, in Nepal, when women managed loans effectively and invested in diverse ventures such as livestock, tailoring, or petty trade, their improved household income stability directly contributed to the sustainability of MFIs through continued engagement and repayment (Ullah et al., 2023).

Women's empowerment through access to microfinance is considered an important

factor for sustainable development strategies in developing countries. Sultana and Hasan (2010) were among the first to consider empowerment via micro-financing in an econometric study while studying the Bangladesh Rural Advancement Committee's (BRAC's) microfinance program in Bangladesh (Yeboah, 2017). Bhatt and Tang (2002) show that access to microfinance helped women initiate entrepreneurial ventures, increased their income levels, and enabled active participation in community and household decisions. The integration of financial services with social empowerment measures has made microfinance a potent tool for rural development.

In Uganda and Mozambique, where climate variability disproportionately affects female farmers, microfinance initiatives provided greenhouses for essential protection against crop loss and food insecurity (UN Women, 2022,). Mobility for Africa as a microfinance initiative introduced electric tricycles in rural Zimbabwe, providing women with affordable transportation means. This initiative not only offers financial independence but also promotes environmental sustainability through green energy solutions (Khursheed et al. (2021). The argument is that when innovative approaches are used, women's initiatives take longer to survive and improve their livelihoods, hence promoting their empowerment.

Training has emerged as a critical factor in ensuring the sustainability of rural women's projects and their broader impact on livelihoods in developing countries. Capacity-building programs ranging from financial literacy to agribusiness skills equip women with the knowledge and tools needed to effectively manage and grow their enterprises. According to Mayoux (2001), training enhances rural women's confidence and entrepreneurial skills, enabling them to make informed decisions, manage risks, and optimize the use of available resources. In Uganda, for instance, women who received business training through microfinance-linked programs

reported significantly higher profits and enterprise survival rates compared to those who only received capital support (Banerjee et al., 2015). This demonstrates that financial support alone is not enough; training ensures that women are able to sustain and scale their activities in a competitive and often volatile economic environment.

In addition, training programs promote adaptability and innovation, two key drivers of project sustainability. In Nepal, rural women trained in climate-smart agriculture techniques under IFAD-supported programs were able to maintain productivity despite erratic weather patterns, thereby securing their livelihoods and contributing to local food systems (IFAD, 2022). In India, Kudumbashree's livelihood training for women in Kerala helped participants diversify their income sources beyond traditional crafts into areas like food processing and digital marketing, enhancing economic resilience (Kumar, 2023 & Mishra, 2020). Furthermore, in Ghana, women involved in community-based vocational training programs showed improved access to markets, greater self-reliance, and reduced dependency on male household heads (Amu, 2021). Such outcomes point to the fact that well-designed training not only improves individual project performance but also contributes to gender empowerment and long-term socio-economic transformation.

In Sub-Saharan Africa and South Asia, customary and legal norms often deny women ownership or inheritance rights to land, assets that are essential for securing agricultural livelihoods (Doss et al., 2015). These structural inequalities limit women's ability to access formal credit, agricultural inputs, and extension services, as they often lack collateral and face gender biases within rural financial institutions (Quisumbing et al., 2014). In this context, microfinance offers an alternative pathway to economic empowerment by enabling women to access financial resources without the need for traditional collateral. By providing small loans, group savings mechanisms, and financial literacy training, microfinance institutions help

women overcome institutional barriers, invest in productive activities, and gain greater control over household and community-level economic decisions.

One of the most significant impacts of microfinance is its ability to enable rural women to invest in productive resources. For example, microloans allow women to purchase farming tools, seeds, fertilizers, or livestock, which can increase agricultural productivity and food security. In the Algerian context Zohra and Brahim (2024) observed that microfinance services positively impacted rural women's well-being by improving access to resources and supporting small investment projects. This is especially crucial in areas where women constitute a majority of the agricultural workforce but traditionally have limited ownership of land or access to inputs (FAO, 2011). Moreover, microfinance programs often support women in starting small enterprises such as tailoring, food vending, or crafts providing not only income but also a pathway to economic independence. These initiatives contributed to increased self-esteem and greater participation in household and community decision-making processes.

The impact of microfinance on health and nutrition has garnered attention in developing countries, particularly regarding its influence on women's well-being and children's nutrition. A systematic review and meta-analysis Gichuru et al. (2019) examined studies from South Asia, Sub-Saharan Africa, and Latin America, revealing that microfinance participation was associated with a 64% increase in contraceptive use among women. However, the findings on intimate partner violence were mixed, and only modest improvements were noted in children's nutrition. The authors emphasised the need for more rigorous research to fully understand these associations on how microfinance decreases this by providing financial independence to women.

The sustainability of these impacts is highly variable and influenced by several factors. One critical concern is the limited scalability and profitability of many micro-enterprises. Most businesses started with microloans remain small, with minimal growth or reinvestment, partly due to market saturation, low skill levels, or lack of access to larger capital. Without value-chain support or linkages to broader markets, rural women often struggle to move beyond survival-level entrepreneurship (Armendariz & Morduch, 2010). Furthermore, the inability to scale up can limit asset accumulation and keep women vulnerable to economic shocks.

The availability of financial resources through microfinance institutions has proven instrumental in enhancing the livelihoods of rural women. Anane (2013) noted that in the Jaman South District of Ghana, access to credit and savings provided by microfinance institutions significantly improved women's ability to grow their petty trading activities. This financial inclusion enabled increased income, improved health and educational outcomes for their families, asset accumulation, and greater involvement in household decision-making. However, the study also highlights that sustained access to such resources is essential for long-term impact. Similarly, (Addai, 2017) recommended expanding the availability of microfinance services in rural areas and intensifying financial education efforts. Further, emphasized that the establishment of more microfinance branches and the provision of financial literacy would enhance women's capacity to utilize available resources effectively, thereby deepening their empowerment and socio-economic resilience.

Microfinance initiatives in developing countries have increasingly evolved beyond providing credit and savings services, toward playing a vital role in facilitating market linkages for rural women. These linkages are essential for connecting women-led enterprises to value chains, customers, suppliers, and wider economic networks. According to Ledgerwood (2013), microfinance institutions (MFIs) can

support market access by providing complementary services such as training in marketing, business development, and by acting as intermediaries between women entrepreneurs and local or regional buyers. In Bangladesh, for example, the BRAC microfinance program not only offered loans but also connected women to buyers through its retail network “Aarong,” which sells products made by rural women across national and international markets. This integration into formal value chains significantly enhanced women’s income stability and product visibility (Hossian, 2012).

Similarly, in Kenya, the Kenya Women Microfinance Bank (KWFT) incorporated market access into its microfinance services by linking women’s farming cooperatives with agro-processing companies and export channels. This allowed women to scale up from subsistence to commercial production, improving their bargaining power and enabling them to meet quality and volume demands (Mwangi & Kihui, 2012). In India, microfinance-linked Self Help Groups (SHGs) under the National Rural Livelihood Mission (NRLM) have successfully partnered with marketing federations and e-commerce platforms, giving rural women access to broader markets and better prices for their products (NABARD, 2020). These examples show that when MFIs adopt a more holistic approach including value chain development, cooperative formation, and digital marketing support women are not only able to produce, but also to sell competitively, thereby making their livelihoods more sustainable and profitable.

However, not all microfinance initiatives have yielded positive outcomes. (Hettiarachchi, 2015) In Sri Lanka's Bulathsinhala division, microfinance programs did not significantly improve the livelihoods and living standards of rural women. Instead, many participants experienced increased indebtedness due to factors such as lack of financial literacy and misallocation of funds for consumption rather than

investment. The study recommends implementing accessible credit schemes, establishing robust monitoring processes, and enhancing clients' financial literacy to ensure the effectiveness of microcredit programs.

Organizations like BRAC in Bangladesh have demonstrated the potential of integrating microfinance with other development programs (Yeboah, 2017). BRAC's approach includes providing collateral-free loans to rural women, enabling them to generate income and improve their living standards. This model highlights the importance of combining financial services with capacity-building initiatives to achieve sustainable development outcomes (Yeboah, 2017).

While financial access has improved, challenges remain regarding the long-term sustainability of microfinance's impact. A study in Nepal's Kaski District revealed that although microfinance services enhanced access to credit, they did not always translate into significant livelihood improvement (Lamichhane, 2020). This finding underscores the importance of coupling financial access with capacity-building programs such as financial literacy and market linkages.

Rural women in developing countries form the backbone of agricultural production and food security, yet they frequently face systemic barriers that limit their economic participation and empowerment. According to the Food and Agriculture Organization (FAO, 2011), women constitute up to 43% of the agricultural labour force in developing nations but often have limited access to land, credit, training, and markets. In this context, microfinance has not only provided rural women with access to small loans, savings, and insurance services but has also played a vital role in linking them to broader markets in agriculture. By enabling women to invest in productive assets, improve product quality, and engage in value chains, MFIs help bridge the gap between rural producers and commercial markets (Kabeer, 2005;

Mayoux, 2001). These market linkages enhance women's income-generation potential and contribute to the sustainability of their livelihoods. However, the effectiveness of these linkages depends on complementary support services such as business training, cooperative formation, and infrastructure development (Swain & Wallentin, 2009).

In developing countries, rural women often rely on the informal sector, such as small-scale trading, home-based enterprises, and unpaid family labour for their livelihoods, yet this work remains largely unprotected, low-paid, and under recognized in official statistics (Chen, 2012). Microfinance has emerged as a critical tool for creating sustainable livelihoods by providing these women with access to small loans, savings, and financial services that enable them to strengthen and formalize their economic activities. In India and Bangladesh, microfinance initiatives have supported rural women engaged in informal self-employment, textile production, and seasonal labour, helping them diversify income sources and reduce economic vulnerability (Kabeer, 2012). Similarly, in Latin America, microfinance has played a role in enhancing women's participation in remittance-based and community cooperative economies, offering a pathway to greater financial autonomy and resilience despite limited social protection mechanisms (Deere & León, 2001).

Rural women in developing countries are especially vulnerable to climate shocks due to their reliance on natural resources for livelihoods and limited adaptive capacity. In Mozambique and Uganda, droughts and floods have disproportionately affected female farmers, who often lack access to irrigation, insurance, or alternative sources of income (UN Women, 2022). Microfinance plays a pivotal role in empowering these women by providing resources that enhance their resilience to climate change. Through access to credit, savings, and micro-insurance, women

invest in climate-smart agriculture, diversify their income streams, and adopt sustainable practices. While initiatives promoting climate-resilient farming have shown potential, women's participation remains constrained by gender norms and unequal access to resources. Microfinance institutions, designed with gender-sensitive approaches, help bridge this gap empowering rural women to become active agents in climate adaptation and sustainable development.

## **2.5 Experience from Lesotho**

Microfinance in Lesotho has increasingly become a key tool in addressing poverty and promoting women's empowerment, especially in rural areas (Sebego, 2020, Chaka & Morapeli, 2016). Through a mix of savings-led models, mobile financial services, and donor-supported initiatives, the country is exploring sustainable ways to uplift rural women's economic and social status (Chaka & Morapeli, 2016).

In Lesotho, women's financial performance plays a critical role in shaping the sustainability of microfinance initiatives and their long-term contribution to livelihoods. MFIs depend heavily on client repayment rates, business reinvestment behaviour, and financial discipline to remain viable. When women demonstrate sound financial practices such as timely loan repayment, effective budgeting, savings discipline, and productive use of loans, these not only enhances their personal economic resilience but also improves the operational sustainability of MFIs (Central Bank of Lesotho 2020; UNDP Lesotho, 2018). In rural and peri-urban Lesotho, many women engage in informal and micro-enterprises such as agricultural trading, textile work, and small-scale retail. Their ability to manage these businesses effectively determines whether microfinance programs lead to sustainable improvements in livelihoods (Makoa, 2017).

Literature from Lesotho (Central Bank of Lesotho 2020 & UNDP Lesotho, 2018), indicates that high-performing women clients help MFIs reduce default risk, attract donor and investor confidence, and expand outreach to underserved areas. Furthermore, successful women entrepreneurs often create ripple effects employing others, supporting their families, and reinvesting in local economies. This, in turn, strengthens the community's economic ecosystem and supports the long-term viability of microfinance programs. Conversely, poor financial performance due to limited financial literacy, market fluctuations, or lack of complementary support can lead to loan default, reduced trust between clients and institutions, and the eventual withdrawal of services in vulnerable regions. Thus, empowering women with both financial resources and the capacity to manage them is essential to sustaining the developmental role of microfinance in Lesotho.

One of the most prominent models in Lesotho is the Savings and Internal Lending Communities (SILC) initiative. A case study in Semonkong demonstrated that the SILC model positively impacted rural livelihoods by providing a reliable mechanism for saving and borrowing among the poor (Likhetho, 2024). Women participants reported increased economic independence and improved household resilience. However, the study also indicated that the sustainability of such programs hinges on ongoing training and support from implementing organisations.

Training plays a foundational role in enhancing the sustainability of rural women's livelihood projects by equipping them with the knowledge, skills, and confidence needed to manage and grow their businesses effectively (Care Lesotho, 2020). Many women in rural areas operate in the informal sector with limited formal education and business exposure. Through targeted training such as financial literacy, business planning, recordkeeping, agricultural techniques, and cooperative management women gain practical tools to improve productivity, make informed financial

decisions, and adapt to market or climate-related challenges (UNDP Lesotho, 2018; Care Lesotho, 2020).

Training also helps women understand how to maximize the use of microfinance services, improve product quality, and access broader markets, thereby increasing income and ensuring longer-term project viability. Moreover, capacity-building efforts often foster peer learning, networking, and leadership development, enabling women to form savings groups or cooperatives that provide social and economic support. Evidence from programs such as the Pathways for Sustainable Livelihood Programs (PSLP) shows that women who received entrepreneurship and life skills training were more likely to sustain their businesses and improve household welfare compared to those who did not participate (Mokone, 2021). These outcomes underline the importance of continuous, context-specific training as a cornerstone for sustainable livelihoods in rural Lesotho.

According to the (FinScope Lesotho 2021), formal financial inclusion in rural areas remains low, with only 8% of rural adults having formal employment. The report highlighted that women are often dependents, making targeted microfinance strategies essential (FinMark Trust, 2021). The Rural Financial Intermediation Programme (RUFIP), funded by IFAD, aimed to enhance financial services in underserved areas, laying a policy foundation for greater outreach to rural women (IFAD, 2023).

The availability of resources including financial capital, equipment, raw materials, land, and support services is essential to the sustainability and long-term success of women's livelihood projects in Lesotho (UNDP Lesotho, 2018). In rural areas where poverty, limited infrastructure, and gender inequalities are prevalent, access to these resources enables women to start, maintain, and scale their income-generating

activities. Studies in Lesotho have shown that when women have consistent access to microfinance, agricultural inputs, training, and market opportunities, their projects are more likely to generate stable income, withstand external shocks, and contribute to improved household welfare (UNDP Lesotho, 2018; Care Lesotho, 2020).

Microfinance initiatives have become crucial not only for providing rural women with access to financial capital but also for facilitating their integration into broader and more sustainable markets. Historically, rural women have been marginalized from formal financial systems and commercial supply chains due to geographic isolation, limited economic resources, and low levels of financial literacy. However, microfinance institutions (MFIs) have played a transformative role in addressing these barriers through inclusive financial models such as Self-Invested Local Cooperatives (SILCs). These group-based lending mechanisms empower women to save, borrow, and invest collectively, thereby fostering both financial independence and collective economic agency. Similarly, Thabane and Ntsooa (2023) highlight how MFIs in the districts of Thaba-Tseka and Quthing have helped women secure inputs, improve product quality, and establish reliable supply chains for local and cross-border markets. Moreover, studies by Makatjane and Molapo (2022) show that these financial linkages have contributed to increased household income, business growth, and economic resilience among rural women entrepreneurs.

Microfinance also facilitates the formation of cooperatives and structured value chains, which help rural women move from individual survival activities to coordinated, market-ready enterprises. A notable example is the “Farm Girls” initiative, which supports women across various stages of the poultry value chain from raising chicks to selling processed products. By organizing production collectively, women are able to reduce input costs, meet market demand consistently, and negotiate better prices (Farm Girls, 2025). In addition,

microfinance programs such as the Economic Inclusion Program (EIP) and the Partnership for Social and Livelihood Promotion (PSLP) integrate financial services with market training, mentorship, and access to grant funding. These programs provide women with business planning tools and connect them to institutional buyers, allowing them to scale beyond local markets (World Bank, 2025).

Furthermore, policy interventions such as the National Financial Inclusion Strategy (NFIS II) and the Competitiveness and Financial Inclusion (CAFI) project have supported the formalization of women-led enterprises. By enabling access to mobile money, market information systems, and digital recordkeeping tools, these policies further strengthen the link between financial inclusion and market access (World Bank, 2025). The result is a growing ecosystem where rural women are no longer passive recipients of aid but active contributors to their local economies. When supported by microfinance, training, and structural market linkages, women are able to sustain their businesses, diversify incomes, and reduce vulnerability to shocks.

Although microfinance has been widely recognized as a tool for women's empowerment and poverty alleviation globally, the literature in Lesotho remains fragmented and limited in scope as a developing country. Existing studies tend to focus primarily on access to credit and short-term income improvements, with little attention paid to the long-term sustainability of these impacts on rural women's livelihoods. For instance, most projects report immediate gains in household income and consumption, yet there is insufficient evidence on whether these improvements are sustained beyond the life cycle of donor-driven initiatives. This study aims to investigate the long-term benefits like training contribution, resources availability and market access on rural women's livelihoods.

## **2.6 Chapter summary**

This chapter took a funnel shape starting with the developed, developing countries and how Lesotho experienced microfinance. The literature showed that microfinance enhanced women financial management and provided market linkages for their projects. Also it is shown that microfinance provides training to their beneficiaries of the funding on how to do or to run things in their projects. Financially responsible behaviour such as proper record keeping significantly influences the sustainability of microfinance initiatives and overall contribution of rural women's livelihoods. However, though studies in Lesotho have investigated the role of microfinance and their institution in poverty alleviation, there is little or no attention given to sustainability of projects sponsored through micro finance institutions. Hence this study hopes to fill the gap in literature.

## **Chapter three: Methodology**

### **3.1 Introduction**

This chapter explains the methodology that is used in the study. It includes the research approach, research design, population and sampling, and research instruments. Further, it outlines the procedure for data collection and presentation, analysis, reliability and validity and lastly ethical considerations.

### **3.2 Research Approach**

A qualitative approach focused on understanding meanings, interpretations, and processes rather than measuring variables numerically (Creswell, 2014). Since the study aimed to uncover how rural women experience, perceive, and navigate their involvement in microfinance programs, qualitative methods such as interviews, focus group discussions, and observations allowed for the collection of rich, detailed, and context-specific data.

Moreover, a qualitative approach was essential because it enabled the researcher to capture the complexity and diversity of women's realities in different rural settings. Microfinance initiatives affected women's lives in ways that are deeply influenced by local cultural norms, gender roles, community dynamics, and individual aspirations factors that cannot easily be quantified. By using a qualitative approach, the study explored these subtle but critical elements, offering a deeper understanding of both the benefits and challenges of microfinance participation (Merriam & Tisdell, 2016).

### **3.3 Research Design**

The study adopted a case study research design to investigate the contribution of PSLP microfinance initiatives on rural women's livelihoods. A case study was considered appropriate because it allowed an in-depth exploration of a phenomenon within its real-life context, especially when the boundaries between the phenomenon and its context are not clearly evident (Yin, 2018). The PSLP initiative is embedded in the complex socio-economic and cultural environment of rural Lesotho; therefore, its outcomes cannot be fully understood without taking into account the local realities of poverty, gender norms, climate vulnerability, and market accessibility.

The case study design enabled the researcher to use multiple data collection techniques including semi-structured interviews, focus group discussions, to generate rich, contextualized insights into how women experience PSLP services. This design was particularly valuable for exploring not only the economic benefits of microfinance but also its broader social dimensions, such as decision-making power, gender relations, and household well-being. By focusing on a specific council, the study was able to capture how PSLP interventions function in practice, thereby producing findings that are both context-specific and analytically generalizable to similar rural settings in Lesotho.

### **3.4 Study Area**

The study was carried out in Phuthiatsana, a community council in Berea District, Lesotho. That is home to around 25,660 people as of the 2006 census, and comprises roughly 85 villages from Ha Bose to Tsila-Tsila. Positioned in the northwestern part of Berea at an elevation of approximately 1,650 m, it serves as a local governance unit overseeing land allocation, water supply, grazing control, rural roads, health,

education, and environmental initiatives. Some villages like Ha-Mokhehle, Cana, Ha-Tsekelo and many more were selected.

### **3.5 Description of case study project**

The Pathways for Sustainable Livelihoods Project (PSLP) is a government-led initiative in Lesotho, implemented by the Ministry of Social Development in collaboration with international partners such as the World Bank under the Economic Inclusion Program (EIP). The project seeks to promote economic inclusion and reduce poverty among vulnerable households, particularly rural women and youth, by giving opportunities needed to build sustainable livelihoods.

The PSLP implemented and coordinated its projects through a non-governmental organisation (NGO) that wanted to remain anonymous for this study. It was the primary development partner that provided both technical expertise and organizational support in the design. PSLP supported a range of small-scale livelihood oriented businesses in agricultural production, retail and trading activities, Handicrafts and Services, Food processing and small-scale value addition and many other community-oriented services

### **3.6 Population**

The population for this study consisted of rural women in Phuthiatsana council, Berea district Lesotho who are beneficiaries of microfinance initiatives. Specifically, the study will focus on women who have participated in PSLP. The target population included women involved in microfinance programs, as they represent different levels of access to financial services.

### **3.7 Sampling**

In this study the most appropriate sampling method was purposive sampling. Purposive sampling enabled the researcher to choose participants based on specific criteria that ensured their experiences are relevant to the research questions. For this study, the criteria were women who were active in microfinance programs for a significant period (such as one year or more) and who were willing and able to share detailed accounts of their experiences.

Additionally, the sample size ranged from 5 to getting the same answers as the saturation point, because the emphasis is on depth rather than breadth (Moustakes, 1994). Each participant was expected to provide rich, detailed descriptions of their experiences, allowing the researcher to identify common themes and the essence of the phenomenon across different individual accounts.

### **3.8 Research Instruments**

For this research, instruments that were used are interview guides which were designed to facilitate the in-depth exploration of participants' lived experiences. These guides consist of open-ended questions that encourage participants to express their thoughts, experiences, and perceptions freely, while also allowing the researcher to probe deeper into key themes that emerged during the conversation (Creswell, 2013). The interview guide ensured consistency across interviews while maintaining flexibility to explore unanticipated but relevant insights.

### **3.9 Data collection procedures**

Data collection followed a structured, yet flexible process aimed at capturing the in-depth perspectives of rural women involved in microfinance initiatives. The primary methods of data collection included semi-structured interviews.

The data collection process began with the identification and recruitment of participants using purposive sampling. Women who participated in microfinance programs for at least one year in selected rural areas of Lesotho were approached.

Semi-structured interviews were conducted with individual women in a setting that is comfortable and convenient for them. Each interview lasted between 30 minutes and 45 minutes and was guided by an interview protocol developed in advance. The protocol included open-ended questions exploring the women's experiences with microfinance, changes in their economic status, challenges they have faced, and their views on the sustainability of the programs. Interviews were conducted in Sesotho and with their permission, all interviews were audio-recorded for accurate transcription.

All collected data including audio recordings were securely stored and transcribed for analysis. Throughout the data collection process, the researcher remained reflexive and sensitive to the cultural context and power dynamics that may influence how participants share their experiences.

### **3.10 Data analysis**

Data analysis followed a thematic analysis approach. Transcripts were reviewed multiple times to ensure familiarity and immersion in the data, a process essential for understanding the depth and nuance of participants' lived experiences (Braun & Clarke, 2006).

The analysis began with initial coding, where meaningful phrases, ideas, or expressions were labelled based on their relevance to the research questions. These codes were grouped into categories that reflected shared experiences or recurring concepts. From these categories, themes were developed, capturing the core

meanings behind the participants' narratives. For example, themes such as “training and sustainability ,” “resources and sustainability ,” or “market linkages and sustainability ” emerged from the analysis.

### **3.11 Data presentation**

Data presentation focused on narrating participants’ in-depth exploration in a structured and meaningful way. After transcription and analysis, data was presented thematically, using emergent themes and categories that reflected recurring patterns across the interviews. These categories were transcribed in the participants’ own words, often supported with direct quotations to preserve authenticity and give voice to the women’s perspectives (Creswell, 2013). For instance, themes such as “training and sustainability,” “resources and sustainability,” “market linkages and sustainability,” emerged, depending on what the data revealed. Each theme was clearly defined and illustrated with selected excerpts that represent the range of experiences shared.

To maintain clarity, the themes were organized in a logical sequence that aligns with the study’s research questions. A narrative style was used to tell the story of participants’ in depth exploration, weaving in contextual descriptions and interpretations based on the researcher’s reflexive engagement with the data.

### **3.12 Validity and Reliability**

In this study, consistency provides logic, accuracy and fairness of the findings. To ensure validity and reliability, the researcher made sure that the results are believable and credible (Moser & Korjens, 2018). All this was made possible through

corroboration where the researcher collected data from multiple sources at different locations and at different times.

The researcher ensured that the findings were dependable through data collection that created consistency. Evaluation and interpretation was done to the participants of the study. Forero et al (2018) highlighted that dependability is the extent to ensure that the findings of qualitative inquiry are repeatable if the enquiry occurred within the same population subset of participants, orders and context.

Through consultation work with the supervisor the results were confirmed to make sure they were accurate, relevant and realistic. After the data was analysed and corrections were made where necessary.

### **3.13 Ethical Considerations**

Ethical principles guided the entire research process, ensuring respect for participants' rights and privacy. Informed consent was obtained from all participants, detailing the study's objectives, the voluntary nature of participation, and the confidentiality of responses (Sieber, 2017). Special attention was given to protecting the anonymity of participants, especially given the potentially sensitive nature of the data, such as personal information. The study adhered to ethical guidelines set by the relevant institutional review board or ethics committee to ensure that participants are treated with fairness, dignity, and respect throughout the research process (Babbie, 2020).

### **3.14 Chapter summary**

This chapter emphasised the execution of field work to collect data for this

dissertation. Starting with the introduction, the selection of population and sampling were done. Clearly ascribing the study area and defining the PSLP projects. Lastly, the study explains how data was collected and briefly analysed, while also highlighting the ethical considerations taken to protect the participants.

## **Chapter four: Data presentation, interpretation and analysis**

### **4.1 Introduction**

This chapter presents findings from data collected from Phuthiatsana council in Berea district from the beneficiaries of the microfinance funds. The findings are presented using themes and categories. This chapter ensures confidentiality and ethical standards as participants' real names are replaced with pseudonyms. The data is presented, interpreted and analysed using participants' answers to great categories as an umbrella for similar answers. Finally, the chapter ends with a summary of findings.

### **4.2 Participants of the study**

Participants of the study were rural women from the Phuthiatsana community council who received funds from the PSLP to start and to resurrect their businesses. Table 1 presents the demographic profile of the participants.

**Table 1: Demographic profile of the participants**

<b>Participants</b>	<b>Projects</b>	<b>Sex</b>	<b>Age</b>	<b>Place</b>
P1	Tuck-shop	F	27	Ha-Mokhothu
P2	Crafts	F	25	Ha-Mokhothu
P3	Farmer	F	27	Cana

	(laying hens)			
P4	Farmer	F	32	Ha-Phiri
P5	Crafts	F	40	Ha-Phiri
P6	Crop farmer	F	30	Cana
P7	Tailor	F	45	Ha-Mokhothu
P8	Small food vendor	F	35	Ha-Tsekelo
P9	Household food trader	F	35	Ha-Tsekelo

Table 1 shows that there were nine participants who were all females. The participants operated different projects. Six of the participants were engaged in non-agro businesses while three of them were agro-businesses. Their age ranged from 25 to 45 years and seven of the participants were young women who were below 35.

### **4.3 Themes and categories**

After the collection of raw data, coding was done to break data into pieces to group similar codes into categories. The bigger idea that categories created were the themes of this dissertation. Table 2 presents themes and categories, generated during data analysis.

**Table 2: Themes and categories of the study**

<b>Training and sustainability</b>	<b>Resources and Sustainability</b>	<b>Market linkages and sustainability</b>
Knowledge	Physical resources	PSLP Market linkages
Skill development	Human capital resources	Self-seeking market linkages

The top row gives a summary of the theme, under each are the relevant categories. Hence, table 2 shows that there were three themes, with each having two main categories.

#### **4.5 Training and sustainability**

The initial category under this theme was training. Findings from participants revealed that targeted training programs played a crucial role in equipping women with practical, hands-on knowledge in key areas such as agriculture, livestock management, and craft production. Participants stated that the capacity-building efforts were not only instrumental in increasing their day-to-day productivity but were also vital in laying a foundation for the long-term sustainability and resilience of their livelihoods. P4 emphasised, “*Training in business planning empowers us to*

*scale our enterprises beyond subsistence levels thus, ensuring our long-term independence”.*

Under knowledge emerged financial management training. The findings revealed the importance of financial management training as one of the keys to business growth and sustainability. Participants indicated that savings options through financial management training, microfinance enabled them to manage their finances more effectively and sustain their businesses which in turn changed their household in terms of basic needs. This was confirmed by P(1) saying “*As my business stabilises and grows I secure more customers, offer better wages to support my family with food as of now it is all history that we sometimes sleep with empty stomachs”.*

The findings highlighted that on a personal level, financial management training changed participants' lives for the better as they learned how to separate family and business finances. Participants showed that they used to buy what was needed in the family from the money collected from daily sales of the business. Participants explained that this training helped them to manage their finances. When managing finances, it was very easy to restock for their business, do realistic budgets and manage cash flow. P3 stated: “*I spelled out a clear plan to buy a sack, sell in the village market, save some profits and also I attended training and it helped me in managing my budget, and I never missed any record on finances.”*

One of the most impactful components was the financial literacy training. Many participants previously operated informal businesses without clear budgeting, recordkeeping, or saving mechanisms. Through the training, they learned how to

manage income and expenses, track profits, and plan for growth. P2 said, *“I learned how to manage money better, keep records, and even save as a group without quarrels like before.”*

Additionally, the findings indicated that training helped women to adapt to the changing environmental and economic conditions. In agriculture, the focus went beyond traditional farming techniques and included sustainable practices such as soil conservation, crop rotation, and organic methods, which enabled women to maintain soil fertility and increase yields over time. One of the participants said, *“I learned how to plant crops in a way that keeps the soil healthy and how to make my products more attractive for buyers”* (P3). This not only enhanced food security at the household level but also improved the market appeal of their produce, linking knowledge to income generation. Hence, the agricultural project sustained themselves and enhanced the livelihoods of the beneficiary. Another participant shared the same view saying *“this year my potatoes sales were very good”*.

Another point that emerged under knowledge was future-oriented thinking. As findings indicated, the training empowered participants not only to improve their current livelihoods but also to plan and adapt for long-term sustainability. With a growing awareness of external challenges such as climate change, fluctuating markets, and environmental degradation, participants reported that they had developed a forward-looking mind-set. This shift had been crucial in helping them to diversify their income sources and make strategic decisions that could withstand future uncertainties. P(6) expressed this clearly: *“Even if the weather is bad, I can still find ways to make an income.”* This statement reflected how the training had encouraged participants to think creatively and plan for alternative strategies, rather than relying on a single income stream or traditional practices that were no longer

viable. Participants began to explore more sustainable ventures, such as drought-resistant crops, home-based businesses, and value-added products that could be sold even during off-seasons or adverse conditions.

The P(2)'s insight demonstrated the intergenerational perspective that the training had fostered to participants as she stated “*Not just today, but for our children's future too. Knowledge is key, now that we know we can pass it to our children.*” This showed that participants were not only concerned with meeting immediate needs but also began to invest in education, savings, and community-building efforts that would benefit future generations. This kind of thinking marked a significant departure from survival-based mind-sets to one rooted in sustainability and legacy.

The second category that emerged was skill development. The findings revealed that Pathways to Sustainable Livelihoods Projects (PSLP) was instrumental to the sustainability of participants' business during hard times because it helped participants with skills to manage risks and build resilience. Hence, risk mitigation and resilience emerged as a point under the skill development category. The findings stated that risk-mitigation strategies were essential particularly during the times of crisis such as the COVID-19 pandemic, when most small business owners consumed their stock capital due to movement restrictions and a significant drop in sales. Several participants in this category demonstrated that PSLP encouraged them to join peer savings groups using the profits they got from their businesses and building capital buffers had significantly improved their ability to withstand and recover from unexpected shocks. P7 confirmed “*during the lockdown period, I relied on savings from group contributions to ensure that my business stayed operational while many had to close*”.

The participants indicated that the capital they accumulated, though often small, provided a crucial financial cushion that reduced the need to resort to high-interest loans or sell essential assets during difficult times. By pooling resources through savings groups, participants further stated that they did not only gain access to emergency funds when needed but also benefited from the social support and collective skills of the group like saving which reinforced financial discipline and planning. P1, reflecting on joining a SILC savings group, emphasized “*This group helped me through the COVID disruptions too as I borrowed money for capital to restock.*”

In livestock management, findings highlighted that training emphasized animal health and preventive care. P1 shared, “*The workshops taught me how to vaccinate the chickens, keep them healthy, and avoid diseases.*” Some participants emphasised that this skill was essential for reducing mortality rates, improving production such as egg-laying or meat quality, and lowering household vulnerability to livestock-related losses.

The findings further indicated that for women engaged in crafts, tourism, and local trade, the training focused on creativity, cost-efficiency, and market orientation. Participants reported that they were taught to assess market trends, apply cost-benefit analysis, and adapt their designs to consumer preferences, thereby increasing both their competitiveness and profitability. P2 noted: “*Now, I understand how to make designs that tourists like and how to calculate my costs.*”

It is evident from the findings that training offered women in small businesses with knowledge and skills that improved their productivity, income generation and their livelihoods. Training also fostered business growth through financial management

and instilled future oriented thinking as women saw the future of their projects. Risk mitigation skills were also put into practice and most importantly learned skills in agriculture were practiced by participants. Therefore, these findings are supported by literature which states that training acts as a catalyst that transforms microfinance from a basic support mechanism into a strategic tool for sustainable livelihood enhancement (Wheeler, 2006, Armendariz & Morduch, 2010). Also, Scholars Khalily (2004) and Armendariz & Morduch (2010) stress that for these projects to be sustainable, microfinance institutions must provide not just loans but also complementary support, such as training and market linkages, to help women overcome these challenges. Lastly Afrane (2002) and Surmandize et al., (2023) stated that microfinance services, particularly small loans and savings schemes have had positive economic and social impacts in Ghana like findings in this study showed that participants formed savings schemes that helped their business facilitate during COVID-19.

#### **4.6 Resources and Sustainability**

Two interrelated categories emerged under theme two which addressed the contributions of availability of resources to the sustainability of the microfinance supported women's projects. The findings showed that access to capital enabled women to invest in essential physical assets that improved the functionality, safety, and efficiency of their income-generating activities. Several participants stated that they used funds to acquire or upgrade infrastructure directly related to their business needs. P(3) , who was involved in poultry farming, reported that "*I purchased proper chicken coops and secured veterinary support*". She reported that prior to this, her chickens were kept in makeshift shelters that were prone to disease outbreaks and predator attacks. With the new infrastructure in place, she observed a decrease in poultry mortality and an increase in egg production, which translated

into higher profits and a more reliable income. According to her and others, these sustained their projects which were at the verge of collapse.

Across their different projects, participants emphasised that having the right infrastructure and tools was a major turning point in their businesses, as it created an enabling environment where they can produce efficiently, access wider markets, reduce losses and costs, and ultimately sustain their livelihoods over the long term. Improved workspaces, reliable equipment, and better storage facilities enhanced the quality of their products and enabled them to operate more professionally. This infrastructural advancement contributed to greater customer satisfaction, higher product value, and increased competitiveness in both local and regional markets. P(2) emphasised “ *now that we built a shack, I store my hats and they are protected from the dust*”.

The second point that emerged was business expansion. The findings indicated that availability of resources as financial capital, equipment, raw materials and support services were essential to the sustainability of women’s livelihood projects. With improved access to resources, participants confirmed that they significantly increased their production capacity, diversified their product and met growing market demand. These developments contributed to the long-term growth and sustainability of their businesses, as participants transitioned from subsistence-level operations to more structured, commercially viable enterprises.

One key outcome of the support received was the ability to scale up production that is the accelerator of business expansion. P (7) said “*I previously struggled to meet customer orders due to limited equipment and workspace*” thus, after upgrading her tailoring workshop. She accepted larger and more complex orders, including school uniforms and bulk garment contracts. She further stated that this expansion allowed

her not only to increase her income but also to create job opportunities for others in her community, demonstrating how increased productivity had a ripple effect on her business growth.

In the agricultural sector, one participant exemplified how access to resources enabled year-round production.

*Through the acquisition of an irrigation system, I no longer rely solely on seasonal rainfall, which had previously restricted me from farming. With irrigation in place, I was able to grow crops throughout the year, leading to increased output, food security and a steady income stream (P4).*

Moreover, Participants engaged in other sectors, such as food processing and crafts, reported being able to diversify their offerings by introducing new products based on market demand and customer feedback. This diversification enhanced their competitiveness and allowed them to target different customer segments. Many participants shared that they began reinvesting profits into expanding operations, purchasing raw materials in and marketing their businesses more effectively.

Reliability emerged under physical resources too. Findings highlighted that access to resources positioned participants to meet regular demand, even under challenging conditions. Participants emphasised that access to resources not only enhanced their reputation among clients but also opened opportunities for accessing new and more profitable markets making them reliable to customers.

P(8), who operated a small food vending business, stated that she previously struggled to maintain her operations during adverse weather conditions. However, after acquiring proper shelter and cooking equipment through PSLP financial support, she continued selling even during rainy weathers. This consistency allowed

her to retain regular customers and avoid income interruptions that were once common due to environmental factors. Her improved reliability as a vendor also led to word-of-mouth referrals, boosting her daily sales.

Likewise, P (9), a trader in household goods and dry foods stated:

*I used the financial support funds to purchase stock in bulk. This investment allowed me to avoid frequent supply shortages and maintain a continuous presence in the local market. By having goods readily available, I responded promptly to customer needs and gained competitive advantage over other vendors who faced restocking delays and my ability to stock in advance also enabled me to benefit from price fluctuations, buying low and selling at favourable margins.*

On resources, the second category that emerged was human capital resources. Participants emphasised that it played a huge role as it ensured that individuals gained knowledge, skills and experience that in turn grow their enterprises over time. P(7) , a tailor by trade, reported that “*I used the financial support to upgrade my tailoring workshop, acquired additional sewing machines, improved lighting, and purchased specialized tools such as cutting boards and garment finishers and also I even train younger women in my community* ”. These upgrades allowed her to increase her production capacity, take on more client orders, and even train younger women in her community thereby expanding her business. This human capital resource played a central role in ensuring the sustainability of rural women’s businesses, as it encompasses the knowledge skills and experience that participants execute to grow their enterprises.

Based on the findings, access to physical resources through microfinance initiatives enhanced women's small businesses with infrastructure and equipment. These resources not only improved productivity but also led to business growth and sustainability. Also, the human capital played a huge role to enhance sustainability as it allowed keeping accurate records that in turn prevented collapse once external support ends. These findings align with existing literature which emphasised that microfinance services positively impact rural women's well-being by improving access to resources like farming tools and supporting small investment projects (Zohra and Brahim, 2024). Additionally, Parwez (2024) asserts that provision of resources and support enables women to deliver their products and services more consistently and reliably, as the findings revealed that participants stated that now their customers find them reliable with what they are selling, which is crucial in maintaining customer trust and expanding their businesses.

#### **4.7 Market linkages and women's projects sustainability**

Two categories emerged from the last theme of the study. The findings revealed that market linkages emerged as a critical determinant of project sustainability under PSLP initiatives in the Phuthiatsana Council. Through the Economic Inclusion Program (EIP), PSLP created deliberate pathways for rural women to access broader markets beyond their immediate villages. This support was instrumental in shifting women's livelihoods from subsistence-based farming and informal trading toward income-generating enterprises with more stable financial returns.

A central strength of PSLP was its training in entrepreneurship, cooperative

organization, and value chain participation, which provided participants with the skills to engage more effectively in markets. Participants learned how to identify reliable buyers, negotiate fair prices, and align production with market demand. P(6) shared: *“I was taught on how to price my crops.”* Such skills reduced dependence on exploitative middlemen and allowed women to generate higher profits through direct sales and cooperative bargaining. Group marketing, in particular, strengthened their collective power and improved access to regional buyers, enabling consistent income flows.

However, several limitations constrained the effectiveness of PSLP market linkages in Phuthiatsana. Firstly, infrastructural challenges such as poor road networks and limited transportation restricted participants’ ability to reach more lucrative urban markets. This often confined them to selling within their villages, where demand and purchasing power were weak. Secondly, while cooperative training was emphasized, unequal literacy levels and internal mistrust hindered full participation in cooperative models, undermining collective bargaining power.

Another limitation was the lack of sustained mentorship and long-term market integration after the program phase ended. P(4) emphasised *“ we would like them to check on us frequently as we are like infants”* Many participants remained vulnerable to fluctuating prices and inconsistent buyer relationships, raising concerns about the long-term viability of their projects.

The last category that emerged was the self-seeking market linkages by participants. They stated that PSLP market linkages did not enable them to connect with larger markets, rather they personally engaged with local market actors, including shop owners, food vendors, and local institutions such as schools and clinics. These

linkages were often initiated through personal visits and through community networking. Participants further reported that such relationships allowed them to bypass intermediaries, thereby retaining a larger share of their profits. P(3) explained: *“I now supply eggs to nearby shops and have regular customers. This helps me plan better because I know how much I will sell every week.”* Establishing consistent buyer relationships was particularly critical in mitigating the risks associated with rural market volatility and helped participants plan their production cycles more effectively.

Furthermore, the findings showed that many participants adopted e-commerce and mobile platforms to help reach broader markets beyond their immediate localities. While digital penetration remains limited in many rural areas, some participants in Phuthiatsana demonstrated that innovative use of mobile phones and social media platforms such as WhatsApp and Facebook to market their products was useful to their businesses. Several participants stated that they used digital tools to advertise items like crafts, poultry, or traditional foods which helped them expand their customer base beyond the immediate locality P(8) *“now that people saw my statuses on WhatsApp, more people now knew that I’m selling ‘makoenya’.* This integration is crucial for ensuring project sustainability, as it allows enterprises to thrive beyond initial financial support by tapping into ongoing consumer demand.

Moreover, findings indicated that digital market access also facilitated quicker feedback from customers and allowed women to adapt their products or services to meet changing demand. Participants confirmed that this form of outreach has the potential for low-cost digital platforms to serve as effective tools in rural enterprise development, especially when supported by training and access to mobile data P(7) indicated *“ I now have customers from all over Teyatyaneng”.*

It can be observed from the findings that PSLP linkages were not on the basics on how to get customers as many beneficiaries still sold in the informal markets. Also it does not provide large-scale markets like contracts with supermarkets, processing companies or export markets. The program itself does not build robust or guaranteed market pathways for beneficiaries rather they gain skills to access market. That does not serve as a catalyst for strengthening market access for rural enterprises by facilitating connections between women entrepreneurs and broader markets (World Bank, 2022). Rather self-seeking strategies helped to integrate local businesses into larger economic systems. This disagrees to Bhatt & Tang (2002) literature that said microfinance initiatives in developing countries have increasingly integrated business development services into their financial offerings to ensure that rural women gain access to profitable and sustainable market opportunities as in this case PSLP did not do that.

#### **4.8 Chapter summary**

This chapter has presented, interpreted analysed qualitatively how PSLP microfinance initiatives enhanced rural women's projects. Firstly, the demographic profile of participants was presented. The chapter further presented the results on the contribution of PSLP initiatives using themes. The results were compared against the literature from chapter 1 and chapter 2 to see whether the results are aligning with what the literature said.

## **Chapter five: Summary, Conclusions and Recommendations**

### **5.1 Introduction**

This chapter presents the discussion, conclusions, and recommendations arising from the case study on the contribution of Pathways to Sustainable Livelihoods Projects (PSLP) microfinance initiatives on rural women's livelihoods in Lesotho. Chapter 5 builds on the findings by interpreting them in the light of existing literature, assessing their implications for practice, and providing recommendations to enhance the sustainability and impact of microfinance interventions in rural communities.

### **5.2 Summary of the key findings**

#### **5.2.1 Training and Sustainability**

The findings revealed that training contributed to sustainability of rural women's by providing knowledge and skill development that improved participants' productivity, income generation and their livelihoods. Training fostered business growth through financial management that resulted in improved budgeting skills that later turned out to improve livelihoods and household well-being as basic needs are now being met. Also training offered skills like risk mitigation that helped participants business to operate during hard times for business. Lastly all this instilled future oriented thinkers as participants stated that they want this knowledge and skills to be passed down to their children.

### **5.2.2 Resources and Sustainability**

In this theme emerged two categories being the physical and human capital. On the physical capital emerged three points being infrastructure and equipment as they made it easier for production and business expansion. Where there's enough production there is reliability as there were less inconveniences in terms of availability of products for example; A tailor after expanding her working space took more orders. Another category emerged was the human capital and that also played as a catalyst to sustainability of projects as it emphasised knowledge, skills and experience that participants executed to assure sustainability and business growth.

### **5.2.3 Market linkages and Women's projects sustainability**

PSLP created deliberate pathways for rural women to access broader markets beyond their immediate villages. These market linkages played a huge role in the sustainability of women's projects as it connected their projects to reliable buyers, suppliers, and distribution channels. Also women created their own marketing strategies that ensured a steady demand for their products or services, which helped in generating consistent income. With predictable markets, women were able to expand production, diversify offerings, and reinvest profits back into their businesses, which is key for long-term sustainability. Many women's projects, especially in rural areas, faced the challenge of being cut off from formal markets. But strong linkages through digital platforms like WhatsApp and Facebook helped women overcome these barriers. By accessing broader markets, they avoided the risk of oversupply in local areas and reduced vulnerability to price fluctuations.

### **5.3 Conclusions**

This study was set out to examine the contribution of PSLP microfinance initiatives on rural women's livelihoods in Lesotho. The findings indicate that PSLP has played a significant role in enhancing the economic, social, and empowerment outcomes of participating women. Access to funds enabled women to start and expand small businesses, increase household income, and improve food security. Beyond financial gains, participation in PSLP initiatives also enhanced women's decision-making power, social networks, and confidence, thereby contributing to broader dimensions of livelihood improvement.

In conclusion, PSLP microfinance initiatives have had a positive and meaningful impact on rural women's livelihoods, demonstrating that resource access, when combined with training and market linkages, can empower women economically and socially. To ensure the long-term sustainability of these impacts, microfinance interventions must be complemented by efforts that address market access, enterprise development, and resilience-building strategies. Overall, the study contributes to the understanding of how community-based microfinance projects can serve as a pathway toward sustainable livelihoods for rural women in Lesotho.

### **5.4 Recommendation**

The findings of this study indicated that while the PSLP provided rural women in Phuthiatsana Council, Berea, with access to microfinance, they have not effectively established market linkages to support the sustainability of these initiatives.

Participants indicated that their crops like potatoes and leafy green vegetables go rotten as they sell in their local villages and not beyond that due to lack of access to markets. To address this gap, it is recommended that PSLP deliberately integrate structured market access strategies into its project design. This should begin with identifying reliable buyers, such as local retailers, supermarkets, schools, and hotels, and creating formal agreements that guarantee the purchase of women's agricultural produce and other goods. Establishing such partnerships would ensure consistent demand, reduce the risk of unsold stock, and provide women with stable income streams. Collective marketing through cooperatives should also be promoted, as cooperatives enable women to pool resources for bulk transportation, negotiate better prices, and meet larger orders that would be difficult to fulfil individually.

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