

Dialogue

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Dialogue

Microfinance and Gender:
New Contributions to an Old Issue



Appui au
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Editorial

Women have been the focal point of many development strategies since the 1980s. Although perceived as an especially vulnerable group, the general understanding that women are taking on the financial responsibility for family and household promised a greater development impact on a collective level.

According to the 2006 report of the Microcredit Summit Campaign, 84.2% of the poorest microfinance clients worldwide are women. In contrast to other development tools, microfinance has had less difficulty targeting women, generally keeping loan sizes small and borrowing within groups, thus negating the need for collateral, as women are asset poor. Grameen Bank in Bangladesh and SEWA Bank in India have built up their institutions on this principle and Grameen even received the Nobel Peace Prize for its contributions to economic stability and world peace.

Nonetheless, the jury is still out on whether microfinance has led to considerable greater economic stability, empowerment of women or gender equality. This collection of articles presents different views and experiences that will provide an overview of what has been achieved in microfinance to-date and investigates what still needs to be done.

The fact that the authors of this bulletin are all women is a pure coincidence and optimistically does not signify that the role of women and gender issues only matter to women. Gender issues are, after all, the relations among and between men and women and related roles and status.

Elisabeth Hofmann and Kamela Marius-Gnanou (University of Bordeaux III) discuss the issue of gender inequality and argue that microfinance programmes that do not take into consideration the impact on men, could reinforce gender inequality rather than empowerment.

Susy Cheston (Opportunity International) adds that gender inequality has to be looked at structurally within the microfinance institution and demands

that women are no longer perceived as mere clients but as actors. She illustrates that gender equality is a win-win situation for the sector.

Isabelle Guérin and Jane Palier (LPED/IFP) question the automatic connection of microfinance and empowerment of women and show that this rather simplistic view is not a reality by looking at the limits of microfinance as a development tool.

Linda Mayoux (genfinance) questions whether either the current trends towards commercialisation or poverty targeting outlined in the Ways Forward for Microfinance at the recent Microcredit Summit are likely to improve gender impact. She discusses ways in which women's empowerment can be integrated into both these current trends, but argues that this will require a much greater explicit commitment to gender equality on the part of the microfinance movement.

Ranjula Bali Swain (University of Uppsala) discusses the different definitions and uses of the concept of empowerment and, based on her research on Self Help Groups in India, illustrates that training plays a key role in empowering women.

Women are not a homogenous group but have different and changing demands with regards to financial resources due to different socio-cultural backgrounds and experiences. They are not a secluded group but share relations and experience with men on different levels. Susan Johnson (University of Bath) explains why it is crucial for microfinance institutions in particular and for the sector in general to understand this and how this can be integrated in impact studies.

Opening the 'black box' of the household economy and understanding gender relations and resource allocation decisions is fundamental to designing microfinance services that are more effective at enabling women achieve their goals. A case study on household resource and expenditure

management in Morocco (Women's World Banking and Al Amana) illustrates this. Furthermore, Inez Murray (Women's World Banking) shares research findings from the Dominican Republic into this topic and offers practical steps microfinance institutions can take to increase their client impact.

A socio-anthropological examination of a microcredit project in Ecuador by Maria Darbringer (University of Vienna) gives further insight into the financial behaviour of women who try to reconcile different responsibilities. This research underlines the importance of taking social relations into consideration and not only economical aspects when evaluating impact of microfinance programmes.

Tamara Underwood (EMN) presents the research results from her study on women and microcredit in Western Europe and analyses why only 39% of microfinance clients in this region are women.

The collection ends with information regarding available resources on women in microfinance including a literature review on women and remittances.

This will be the last Dialogue. ADA is planning a new publication including microfinance case studies and experiences focusing on innovative practices.

Véronique Faber

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Credit for Women: A Future for Men?

ELISABETH HOFMANN and **KAMALA MARIUS-GNANOU**,
UNIVERSITY OF BORDEAUX III

Microcredit has largely been invested, over the last ten years, by the main actors in globalisation – to the point where it is being promoted as a “miracle cure” for poor women and their families. Nonetheless, does it allow a real emancipation for wives? ¹

It is not the most impoverished – or the “true poor”, as they are called by Sylvie Brunel, former president of Action Contre la Faim – who benefit from microcredit. Expert analyses are increasingly in agreement: these people often find themselves in a situation of failure or abnegation – even self-exclusion – which prevent them from taking the opportunities offered by microcredit. Many microcredit institutions, concerned about their financial viability, will avoid taking the risks involved in financing the very poor. This is despite poor women increasingly having a reputation for “compensating for the weaknesses of their economic situation with their reliability.”²

Specific efforts are sometimes made to reach out to those women. In such cases, the nature and size of their economic activity determine a low volume of credit. The profits generated are then insufficient for them to step over the poverty line in any sustainable way. Experience shows that even if their income tangibly increases in their first year of activity, they then level off very quickly, or even “run out of steam”.

There is also the matter of high interest rates. At the Grameen Bank, in Bangladesh, interest rates of around 20% are the rule, justified by high transaction costs. These rates are palpably close to those of money lenders. In order to make an income-generating activity financed by loans at such rates profitable, the profit margin must also be very high.

1 This article is an abridged version of Elisabeth Hofmann and Kamala Marius-Gnanou “Le microcrédit pour les femmes pauvres – Solution miracle ou cheval de Troie de la mondialisation?” in “Regards de femmes sur la globalisation : Approches critiques sur la mondialisation”, (dir.J.Bisilliat), Karthala, 2003, originally published in *Défis Sud*, issue 69, 2005, p. 38-40.

2 Babacar Sambe “UNDP Microfinance Assessment Report”, May 1997.

Undisclosable Financial Interests?

The expansion of microcredit and the growing involvement of banks may arise from attempts to capture informal financial resources, according to Serge Latouche, French sociologist and eulogist of degrowth economics. Prior to the existence of microcredit, poor people already had access to loans in the form of rotating savings and credit associations (tontines, “merry-go-rounds”, etc.). Now “banks are at the heart of an accumulation phenomenon at the heart of which money fulfils its function as a reserve, [while] tontines [...] favour the circulation of money [...]. The effort to save finds itself increasingly at the heart of each person’s relationship with others rather than a relationship isolated from each person over time. [... This is a] mode of development freed from external constraints and controlled by the interested parties and concerning the interested parties [...]”³ Analysed in this way, the old forms of saving and credit are almost subversive in nature in the current context of generalisation of the neo-liberal system.

Hedwige Peeman-Poulet⁴, former dean of the University of Women, goes so far as to speak of “micro-debt” rather than microcredit. She recalls that the amazing expansion of microcredit is happening in a context of Structural Adjustment Programmes (SAP). In particular, these cause the sudden rise in the costs of social services, such as health or education. These effects are often aggravated by the opening of markets in developing countries. As a result, faced with the growing need for monetary resources to guarantee the subsistence of their families, microcredit for women appears to be the ingenious accessory to SAPs and the globalisation of the market economy.

Even if microcredit operators do have a real willingness to fight against poverty, it seems that it is not the “extremely poor” who benefit. On the contrary, it is the “average poor”, i.e. those who are closest to the poverty line. Even the founder of the Grameen Bank concedes that, between two more euphoric points. According to him, “Credit will not put an end to poverty on its own”.

Female Emancipation...?

Microfinance does not only have an effect in matters relating to the fight against poverty in the strict sense. It may also serve to push “empowerment” – amongst the poorest of the poor, namely women. They constitute between 75% and

3 Lelart, M. Lespes, J.L. “Les tontines africaines, une expérience originale d’épargne et de crédit”. *Revue d’économie sociale*, Issue 5, July and September 1985.

4 See interview with Hedwige Peemans-Pouillet in *Défis Sud*: issue 68, pages 8-10.

100% of individuals benefiting from microfinance, depending on the country. Empowerment as the acquisition of a right to free speech and social recognition may be considered as a process moving towards equality between men and women.

It is difficult to assess the empowerment targeted, as its concrete aspects must be defined in each specific cultural context. Let us take the example of mobility in a comparative study of programme evaluations in Bangladesh.

This is a complex exercise, given how difficult it is to understand decision-making processes within households from the outside – and even more so when one bears in mind that it is often men who benefit from the loans granted to their wives. A good number of women continue to hand their loans over to their husbands... The fact that certain microcredit programmes are aimed almost exclusively at women runs the risk of taking away the men's sense of responsabilisation even more.

The increase in income for some women is often accompanied by a decrease in their mobility. For a good many of them, the fact of being able to send another person to the market in their place is considered to be progress compared with their status. Empowerment is, in fact, a gradual, reversible process: Some women are likely to stop going to the market and lose control over their business, if male members of the family decide to take over.

Economic indicators - such as the repayment rate, income level or loan totals – do not constitute reliable empowerment indicators. For example, a repayment rate of 95% for women does not show the difficulties they have in making those repayments. On the facts, it is known that women borrowers, in having to make repayments from the time the loan is granted and even before gaining any income, often have to draw on other sources of income.

... or an Extension of Male Influence?

When all is said and done, is it men who benefit the most? Answering that question means increasing pressure on women. A study conducted in Bangladesh shows that in places where loans are perceived as being more easily obtained by women, men use women to gain access to loans. Debts are therefore registered in the women's names, which leaves them vulnerable in case of death, illness or separation. This can compel them to decapitalise and make further borrowings from usurers in order to repay the microloan.

For some spouses, these loans may represent a form of dowry. If their wives do not manage to obtain such a loan, this may constitute a source of tension and violence within the household. This is equally the case where the husband who

has appropriated the loan for himself no longer has the means to recover the capital. In Bangladesh, of 120 women, clients of Grameen Bank, questioned in a survey a few years ago, 70% had noted an increase in aggression and violence on the part of their spouses.

The sustainable increase in income controlled by women is only an empowerment indicator, amongst other things. It is only the visible manifestation of a panoply of more fundamental, structural changes.

Why Do They Borrow Money?

However, the majority of the women who we met would not, in any event, want to give up on microcredit programmes, whatever their perverse effects and permanent gender inequality. This fad is explained, in particular, by the possibility offered to them to make some form of contribution to the household and improve living conditions for their children. Surveys conducted in South India show that activities linked to microcredit have allowed many women to step outside their private sphere and become more mobile, as much for going to work as visiting their families.

They also become less dependent on their in-laws, by participating in decision – making concerning the use of the loans and income, thus gaining respect – or even social acknowledgement – from the community. In that sense, this calls current norms into question.

Equality Between Men and Women: What Kind?

Nowadays, for efficiency reasons, microfinance increasingly relies on a collective approach, through social pressure. Funds are paid to members depending on criteria decided upon by the group, as well as the person. Collateral security generates incentives for repayment and compels the group to take charge of selecting, monitoring and respecting their obligations, along with economies of scale for the lending institutions.

In India, such collateral security is organised around “solidarity groups”. In some cases, these offer a basis for the potential organisation of the fight against other social problems, such as domestic violence, spousal alcoholism or dowry systems, as we were able to observe during surveys of Self-Help Groups (SHG) in India.⁵

5 SHGs are the pivot for microfinance programmes in the Indian world. The simplicity of the registration process and the fundamental role of the Indian State as a financial backer and major counterpart in these programmes, explains the rapid developments of SHGs in India.

They also boost self-confidence and self-esteem, benefits linked to speaking in public within the SHGs. In Tamil Nadu (South India), for instance, they have been a means to considerably increase the presence of women elected at the most recent “panchayat” elections (councils of elders), as a good number of the women elected come from SHGs.⁶

Above and beyond microcredit, it is these solidarity groups that can push for positive changes in the perception of women’s roles in society. Microcredit programmes ought also to provide for better integration of gender strategies, in order eventually to resolve conflict, or even bolster co-operation between spouses, by relying on women’s own wish for change. Men ought to be more actively encouraged, through the development of new types of role, and of men’s networks that want change, whilst avoiding the misappropriation of the scant resources available to women’s networks.

Associating Actors and Processes

In India, major women’s organisations – such as SEWA (Self-Employed Women’s Association) or WWF (Working Women’s Forum) – have been able to use microcredit programmes for the purpose of empowerment; unlike the Grameen Bank, which has a minimalist programme in this area.

These powerful organisations, going back to 1975 and which have now hundreds of thousands of members, had an initial objective of giving poor women access to loans in order to start up or expand an activity. They are now considered to be unions; credit cooperatives for low-caste women and those in the informal sector; a mutual aid group; and, above all, a pressure group for all issues relating to women.

Such women’s groups can render microfinance more effective, whilst creating favourable conditions for a process of social empowerment. Microfinance organisations must, however, be prepared and able to accompany and support such a process. This would only be possible by adopting a broad approach which includes other aspects (above and beyond microfinance) and meets all needs of poor women.

It is obvious that such an approach can not be the result of a single organisation’s endeavours in exceptional circumstances. It is rather a matter of developing strategies for collaboration with other parties and preparing solidarity groups for such work, with the help of a network of players on a local, national (State) and international (international solidarity organisations, World Bank, International Monetary Fund) level.

6 “Hopes of SHGs’ role in shaping mandate belied”, *The Hindu*, 14 October 2001. As regards to access to and control over resources, it is impossible to disassociate SHGs from gender relations.



“Just the Facts, Ma’am”: Gender Stories from Unexpected Sources with Morals for Microfinance⁷

SUSY CHESTON, OPPORTUNITY INTERNATIONAL

An American television detective of several decades ago was famous for reminding witnesses, “just the facts, ma’am.”⁸ The Microcredit Summit Campaign originally requested a paper called “How Microfinance Contributes to Gender Equality.” It’s a nice invitation to re-visit some of the 50-odd pages of reporting on empowering women through microfinance that the Campaign originally commissioned in 2002 – but then again, you can read that paper in the book *Pathways Out of Poverty*⁹ or on the *Microfinance Gateway*.¹⁰

The microfinance industry broke new ground by recognizing women as a market to be served and as a force in the development of their own communities. Yet questions remain. How well do we “see” this previously invisible market? Do we believe that it’s truly worth serving and that it can be a profitable market? And do we know the market as well as we should in order to serve it well? We decided to look for answers in a series of case studies that can be skimmed for lessons learned and that largely can each be read on its own.¹¹

7 Source: Adapted from research paper for Microcredit Summit, Halifax, 2006. This paper has a companion paper, “Microfinance and Gender Equality: Are We Getting There?” written by Irene Mutalima, founder and CEO of the Christian Enterprise Trust of Zambia (CETZAM), a member of the Opportunity International Network. Mutalima’s paper looks at the continued need to engage women’s empowerment in microfinance both from the broad view of global microfinance industry trends and from the view of a leading practitioner who, while believing in the importance of a gender focus, wrestles with the practical realities of making it work.

8 What Jack Webb of *Dragnet* actually said was “All we want are the facts, ma’am” or sometimes “All we know are the facts ma’am” – but this has been remembered as “Just the facts, ma’am.”

9 Susy Cheston & Lisa Kuhn, “Empowering Women through Microfinance,” *Pathways Out of Poverty: Innovations in Microfinance for the Poorest Families*, Kumarian Press, 2002.

10 <http://www.microfinancegateway.org/content/article/detail/3240>

11 Examples are included from a mainstream bank, U.S. corporations, a women’s association, efforts to measure gender issues, and international development organizations that have intentionally mainstreamed gender.

In the spirit of “just the facts”, this paper does not attempt to provide a conceptual framework or a comprehensive look at gender and microfinance, but instead looks at a few issues where there is hard data. I am inspired by the example of the Massachusetts Institute of Technology (MIT) in the United States, which carried out several rigorous gender equity studies that focused on facts and figures. For MIT, the devil was in the details. By quantifying inequities in resources, access to leadership roles, and decision-making processes, MIT was able to look beyond the basics of numbers of women and men faculty and truly understand the gender dynamics within the faculty. The study resulted in significant changes in policies, more women on the faculty, and a more collegial atmosphere, among others.¹²

Although not nearly as comprehensive as MIT’s impressive study, this paper unearths a few facts and figures that suggest a few findings:

- That targeting women business owners as clients is profitable business in the United States;
- That financial performance is better when there are women in leadership in the United State’s corporate world;
- That it pays to look at the differences between impacts on male and female clients, including differences within households – and at least one rigorous study points to significantly greater impacts on the households of female clients than male clients;
- That mainstreaming a gender perspective throughout an institution works – as long as there is also an intentional focus on gender.

In the midst of these findings, a few themes emerge, including the importance of a client-centered approach to product development and operations (knowing your clients, both men and women); that intangibles, such as loan officers’ attitudes and the personal networks of decision-makers, can make a big difference in outreach to women; and that an approach that combines the business case with the social bottom line can result in positive change that is good for women, good for men, and good for microfinance.

It may seem that these arguments are too obvious to address, or irrelevant when considering the broad scheme of the microfinance world. Yet consider the most recent edition of the MicroBanking Bulletin (MKB), which seems to show that the trend toward commercialization and large-scale outreach means a reduced focus on women. Of 231 institutions reporting, the highest percentages of women clients are found in those institutions that are young; NGOs or credit

12 Massachusetts Institute of Technology, “Reports on the Committees of the Status of Women Faculty,” March 2002, <http://web.mit.edu/faculty/reports/>.

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unions; small in scale; not-for-profit; and/or not financially self-sufficient. On the other side, the lowest percentages of women clients are found in those institutions that are mature; banks or non-bank financial institutions (NBFIs); for-profit; large scale; and/or financially self-sufficient. The MBB shows the link between targeting women and targeting the poor very clearly, with the highest percentage of women found in MFIs targeting the low end (73.3%) and the lowest percentage of women found in those targeting the high end (41.3%) and small business (33.0%).

Certainly a reduced focus on women does not necessarily mean that fewer women are being reached – just a lower percentage compared to men. But the impression remains that profitable, large-scale banks are less likely to reach women. Let’s look at one for-profit mainstream bank targeting customers at all levels that has turned that impression on its head.

Women are Good for Microfinance; But is Microfinance Good for Women?

Women made up 66% of microfinance clients funded by the U.S. Agency for International Development (USAID) in 2003. USAID targets women at a higher rate than men because of the empirical evidence that “cash surpluses controlled by women are more likely to be invested in the well-being of children and the household than are surpluses controlled by men,” as well as the “higher rates of social and economic exclusion” that women experience.¹³ The Microcredit Summit Campaign estimates that the number of very poor women with access to microloans reached 55.6 million in 2004.¹⁴ This represents 83.5% of the poorest clients and not the total clients. The Microcredit Summit Campaign recognizes that it has failed to report on total women clients to date, and expects to remedy that soon. In many MFIs, women have become preferred clients because more of their income benefits their families through improved nutrition, health, education and well-being, because they have higher repayment rates, and because women work better in the group lending programs that make reaching the poor efficient.

On many levels, the microfinance industry has embraced best practices in reaching women clients, but understanding of how best to provide services for women could be much deeper within many MFIs. As the industry grows, even basic knowledge about the nature of women’s businesses and the best ways to

13 USAID Microenterprise Results Reporting for 2003, Arlington, VA: Weidemann Associates, 2004, 14. www.mrreporting.org.

14 www.microcreditsummit.org

provide financial services to support them is sometimes ignored or lost in the face of new contexts and new pressures. For example, it has long been known that, in some parts of the world, women lack property rights and can't show legal ownership of assets. These legal restrictions, along with cultural ones, can limit women's access to individual loan products, particularly those that require collateral. Yet even when women have proven themselves creditworthy through increasingly larger group loans, some MFIs have policies such as collateral requirements that often do not permit women to access more sophisticated financial products.¹⁵

It all comes down to knowing our clients - their needs, their assets - and the barriers they face to participation in our services. This information is useful for increasing outreach to un-served and underserved women, but it's also useful for understanding the impact we are having on women and men clients and their households. While most MFI's track clients by gender and can report on number and percentage of loans to women and men, and amount of loans to women and men, few get into a level of detail that can tell us anything new or useful.

For instance, Opportunity International had always known that its average loan size was higher for men than for women, and this was never surprising. However, it wasn't until Opportunity disaggregated its data by gender and by loan product that it realized that, even in the women-targeted group-lending product (Trust Banks), the average loan size was higher for men than for women in some of Opportunity's MFI partners. While the characteristics of men-owned businesses may make this easily explainable in the large group product as well as in the individual and solidarity group products, it nevertheless highlighted the need for more work in order to level the playing field to provide opportunities for women.

A study by WISDOM, a microfinance affiliate of World Vision in Ethiopia, also demonstrates the usefulness of disaggregating client impact data by gender. This careful study, carried out in collaboration with World Vision and with the Johns Hopkins School of Public Health, looked at the socioeconomic and nutritional well being of its clients within the context of the 2002-2003 Ethiopian drought and food insecurity crisis. At the time of its survey, only 24.7% of the 12,157 active clients were female – a low rate attributed to cultural patterns in the rural areas. The study used a three-group, cross-sectional survey design in which established clients were compared to two control groups: incoming clients and randomly selected community controls.

15 Susy Cheston, Rationale for Women in Leadership Survey, Women Advancing Microfinance (WAM), 2004, www.wam-international.org.

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The report does not speculate about why women clients showed better nutritional status and diets and less need for food aid than the male clients. It simply concludes “women benefited from access to loans to a greater extent than men.”¹⁶

It appears that not only are women good for microfinance, but also that microfinance could be even better for women with a little more focus on gender differences.

Financial Performance is Linked to Women in Leadership

In 2004, the American organization Catalyst released a study finding that financial performance is higher for companies with more women at the top.¹⁷ The report looked at 353 Fortune 500 companies in the United States and found that gender diversity in leadership matters to a company’s bottom line. “Companies with the highest representation of women on their top management teams experienced better financial performance than companies with the lowest women representation. This finding holds for both Return on Equity (ROE), which is 35 percent higher, and Total Return to Shareholders (TRS), which is 34 percent higher.”¹⁸

Catalyst makes the case that companies that recruit, retain and advance women will have a competitive advantage in the global marketplace.¹⁹ They suggest that gender diversity in leadership benefits an organization in two important ways: accessing a broader talent pool; and hiring people who reflect their consumer base.

Catalyst’s premise is similar to that of Women Advancing Microfinance (WAM), a professional association dedicated to advancing the microfinance industry by supporting women in the industry.

WAM believes it matters to have women in leadership in microfinance institutions and within the microfinance industry. According to WAM, while in many ways the microfinance industry is doing a phenomenal job of reaching women clients, there is much yet to be done to ensure that we can reach women who are still unserved and underserved.

16 Doocy, 5.

17 Catalyst is a research and advisory organization whose mission is to advance women in business.

18 “The Bottom Line: Connecting Corporate Performance and Gender Diversity,” 2004, www.catalyst.org/knowledge/titles/ (Executive Summary).

19 *ibid.*

WAM's argument is threefold:

- First, women bring valuable perspectives about the needs, assets and challenges of women clients. These perspectives are important to include in the design and implementation of our products and services, and throughout microfinance operations, business plans, marketing strategies and policies. In other words, it's part of "knowing our clients."
- Second, that including women in leadership makes good business sense because of the talent, creativity and diversity that they bring to their institutions and businesses. Without women in leadership, the industry is cut off from the energy, intellect, and perspective brought by 50% of the talent pool. WAM's assumption is that providing equal opportunities for talented women to participate in leadership in the microfinance industry increases the double bottom line, leading not only to better financial performance but also to better social performance.
- Third, that including women in leadership simply makes sense as part of the social mission of microfinance: "We must reflect the values we hold and our leadership should reflect the people we serve."²⁰

It Makes a Difference to Women Clients to Have Women as Decision-Makers

The Center for Women's Business Research has another take on the women in leadership issue as related to serving women clients. In a study of women entrepreneurs' access to capital in 2005, they determined that women business owners are significantly less likely to use equity financing than their men counterparts. Why? They focus on "the relative scarcity of women decision-makers in the venture capital business" as a likely cause.²¹ Note that this difference was not due to differences in size or type of business as they were careful to compare apples to apples and like businesses to like businesses. They cite research by the Diana Project that shows that "through the 1990's, women [in the United States] received less than 5% of all venture capital money invested."²²

Venture One, a private firm that tracks venture capital investments, also found low levels of venture capital investment in companies with women CEOs. Of all the venture capital-backed companies they studied between 1997 and 2004,

20 Susy Cheston, Case for Women in Leadership Survey, 2004, www.wam-international.org

21 Access to Capital, 2.

22 Access to Capital, 12, taken from Brush, C.G.; Carter, N.; Gatewood, E.; and Hart, M.M. "Gatekeepers of Venture Growth: A Diana Project Report on the Role and Participation of Women in the Venture Capital Industry." March 26, 2004.

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only 4.6% had women CEOs, representing 4.1% of the total amount invested each year.²³

The reasons may be as simple as familiarity with women-owned businesses and access to business networks – knowing the market. Access to informal business networks – including those involving venture capitalists – is different between men and women. As of 2000, women made up only 9% of the management in the venture capital industry, and they tended to have less seniority than their men counterparts. Another study by the Center for Women’s Business Research in 2000 found that 67% of the women investors had made an investment in a woman-owned company over a three-year period, compared with 40% of the men investors.²⁴

Does the Microfinance Industry have Gender Equality in its Leadership?

If we accept the argument that having women as decision-makers in an industry is important in serving the market of women, it would be helpful to know how well we are doing as a microfinance industry. In 2005, Women Advancing Microfinance (WAM) set out to learn just that. WAM carried out a survey of 198 institutions in 65 countries, of which 163 are microfinance institutions and the remainder are made up of microfinance networks, service providers, funders, and others in the industry.²⁵ Participation was particularly strong among members of the Microfinance Centre for CEE and the NIS and members of the Opportunity International Network, and MFIs participated on an entirely voluntary basis, which likely skewed results toward institutions with a greater interest in gender issues and possibly greater representation of women in their leadership. Nevertheless, it is interesting to look at this first attempt to get some hard data on where we stand as an industry regarding women as board members, managers, field officers and clients.

Looking only at the microfinance institutions (including those practicing in Northern countries), an average of 36% of board members were women; an average of 44% of managers were women; and an average of 49% of field officers were women. Women on boards ranged from a high of 40% in sub-Saharan Africa to a low of 27% in Asia. The United States spiked with women managers at 62% whereas Western Europe had a low of 34% – and all others fell between 40 and 52%.

23 Access to Capital, 12, see also www.ventureone.com

24 Women Entrepreneurs in the Equity Capital Markets, Center for Women’s Business Research, July 2000.

25 See <http://www.wam-international.org/wamgendsurvey.html>.

The total of women clients among the organizations participating was 63%. These figures are skewed as a result of the impressive participation of CEE and the NIS in the survey, which had an average of 48% women clients (with Western Europe only slightly higher at 50%). As might be expected, Asia had the highest percentage of women clients (86%) followed closely by Sub-Saharan Africa (83%) and Latin America (80%). Field officers in this survey do not generally reflect the customer base. Field officers for all regions hovered between 41% and 49%, with the exception of Latin America (64%), and the United States and Canada (76%).

Why isn't the Microfinance Industry Doing Better?

One pressure point making it harder to recruit women for microfinance leadership positions is the trend toward commercialization of microfinance and another is the increasing professionalism throughout the industry as a result of increasing size, scale and complexity. In both cases, it becomes harder to find women who have the experience and qualifications necessary to do the job. As Larry Reed, CEO of the Opportunity International Network, commented in 2005: "As we commercialize, we need to bring in more technical expertise in the areas of financial management and information systems. Those who already have that expertise in the local environments where we work tend to be men rather than women. This varies by region (Eastern Europe has a much higher percentage of women in financial services than does Africa, for example), but the overall challenge remains. I visited Daystar University in Kenya last year and found that out of 50 accounting majors, only two were women (though one of those was top of the class). We face the classic vicious circle in trying to deal with this. There are not many women in financial service leadership roles, therefore young women do not see good career opportunities for themselves in this sector and do not study financial services in school. That means that men predominate in the existing financial service networks and when we try to access those networks to find people it is no surprise that we almost always find men."²⁶

WAM has also focused on the challenges as well as opportunities related to women in leadership in the midst of a "transforming" or commercializing industry.

Note that this has nothing to do with aptitude. One of the partner organizations of Opportunity International, the Opportunity Bank of Montenegro (OBM) began offering a distance learning banking certification program to all of its employees

26 Email from Larry Reed to Women Advancing Microfinance (WAM) on 10/27/05.

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through the Chartered Institute of Bankers in Scotland (CIOBS) in 2004. Out of 90 applicants, 38 were female. Eighty-six percent of those taking the first exam passed—and of those, 83 percent were women—meaning that fewer women applied, but of those who did, a far higher percentage passed the exam. As of 2005, only four people in the entire Opportunity International Network had taken the second exam—all of whom were women from OBM, and all of whom passed with flying colours. (Women have made up 55% of all applicants).

The hope, of course, is that Opportunity’s investment in training through CIOBS will result in more women qualified to serve in leadership positions.

What Else Would Help?

WAM’s 2005 survey showed that, in addition to training, helpful practices include regular performance feedback, mentoring and flexible work hours, as well as clear human resources and gender policies. Those responding identified a number of challenges as well, including travel and re-location requirements and lack of networking opportunities. A number seemed to feel they are not given opportunities to live up to their potential, citing lack of opportunities for growth, lack of challenging assignments, and not being taken seriously.²⁷

You Get What You Measure

The new focus on social performance management within the industry is promising for its potential to focus on gender issues as part of an organization’s social bottom line. The social performance scorecard developed by Gary Woller includes percentage of female clients as one of the indicators of “depth of outreach” along with breadth, length, scope, cost, and worth of outreach and outreach to the community. With only one indicator among many, it remains to be seen whether or not gender will get lost. Woller recommends using this social performance scorecard along with a social audit, which provides an independent assessment of an MFI’s social performance information, as well as how consistent the MFI’s internal processes are with their social mission. As such, the social audit can be used to assess whether internal processes are likely to align outcomes and behaviour with gender oriented mission and goals.²⁸

27 Lessons Learned & Practical Approaches to Strengthening Women’s Leadership in the Microfinance Industry. Women Advancing Microfinance. Moderator Lisa Kuhn Fraioli. October 18, 2005. Powerpoint presentation to SEEP AGM October 28, 2005.

28 Gary Woller, Woller & Associates, “Proposal for A Social Performance Measurement Tool,” USAID microNOTE #9, 20 November 2005.

One tool for internal evaluation of gender issues that many MFIs as well as other organizations have found useful is a gender self-assessment. This is a guided questionnaire that staff and board members can review as a team, in the process identifying for themselves their strengths and weaknesses.

There are much more in-depth gender self-assessments as well, including a sophisticated Gender Audit with an accompanying instructional CD that was developed by InterAction. InterAction is the largest alliance of international development and humanitarian non-governmental organizations based in the United States. Its Commission for the Advancement of Women (CAW) developed, tested and implemented its gender audit with an eye not only toward creating a user-friendly organizational self-assessment tool, but also an action planning process for gender integration.²⁹

One promising attempt to integrate gender awareness into poverty assessment has been made by IRIS, the research centre of the University of Maryland, which was contracted by the U.S. Agency for International Development (USAID) to develop and certify poverty measurement tools for microfinance programs. Kate McKee, director of USAID's office of Microenterprise Development, says that IRIS was the one organization bidding for the work that included a gender specialist on the team, and this awareness of the importance of integrating a gender perspective was one of a number of reasons IRIS won the bid.

Thierry van Bastelaer, Director of the Enterprise Development Group at IRIS, says, "There are huge benefits of integrating a gender focus. Where we work there are uneven distributions of power and assets in households between men, women, and children. There can be a household that is above average in poverty line but where women within the household are poorer."³⁰ Van Bastelaer suggests that one approach, though tricky, might be to develop a formula to weight women and men's poverty levels differently within a given household.

The IRIS approach resonates with Susan Johnson's focus on the need to understand clients more deeply and specifically to understand their gender differences. Johnson, a Lecturer in International Development at the University of Bath in the United Kingdom, looks particularly at relationships within the household and how they affect and are affected by microfinance. She identifies such issues of intrahousehold relations as control of resources, division of labour, and patterns of income and expenditures. Johnson poses a question that she argues will yield vital information to anyone designing a microfinance product: "Who in the household is in need of which financial services to bridge which gap

29 The Gender Audit Facilitator's Guide CD is available at www.interaction.org

30 Phone conversation with Thierry van Bastelaer on 06/05/2006.

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between sources of income and expenditure responsibilities?”³¹ It’s a bit of a mouthful, but if you read it slowly, it makes a lot of sense.

As an example, Johnson describes an impact assessment she was involved in for an MFI in Malawi in 2001. She tried to figure out why the client exit rate was so high—58%. The team concluded that intrahousehold dynamics were part of the reason. The women clients wanted to bring in a little extra income – but not so much that men would withdraw their contributions. They wanted extra cash to pay for food and personal expenses and to visit and send money to their own relatives in the villages—but they didn’t want to upset the existing financial arrangements within their households. Johnson believes we can learn a lot if we ask better questions about women’s needs, goals and assets and then use what we know to make financial markets work better for women.³²

Gender Equality Improves the Bottom Line of Development: At Last, the Happy Ending

Many MFI’s would like to achieve gender equality but struggle with the many demands on their resources as they juggle goals of financial sustainability, client outreach, and client impact. Donor incentives often push other priorities ahead of gender issues. It’s worth asking, therefore, whether a focus on gender detracts from the quality of microfinance programs and from financial efficiency.

InterAction’s CAW carried out a groundbreaking case study on the impact of gender mainstreaming. InterAction’s study asked: Does gender mainstreaming work? Does it make a difference for clients, their families, and their communities? Does it bring any benefits for men as well as for women? Does the effort of gender mainstreaming distract an organization from its mission or does it enhance the organization’s performance?

After in-depth research on five international NGOs in four African countries and interviews with nearly 900 people in 16 communities, the InterAction study concluded that gender mainstreaming can “impact the bottom line of development by catalyzing profound changes in people’s lives....”³³

31 Susan Johnson, Centre for Development Studies, University of Bath, U.K. “Making MFIs and financial markets work for poor women.” Paper for the Consultation on ‘Gender in Microfinance’ held by FWWB, Ahmedabad, India, September 2005.

32 idem.

33 Meryl James-Sebro, “Revealing the Power of Gender Mainstreaming: Enhancing Development Effectiveness of Non-governmental Organizations in Africa,” InterAction, 2005, viii.

While InterAction did not focus on microfinance exclusively, the organizations they studied included multi-sectoral organizations with microfinance programs. Their gender mainstreaming strategies all included linking gender equality directly to poverty alleviation; top leadership showing commitment to institutionalize gender throughout all aspects of the organization; assessing projects for gender equality and making changes where inequity was uncovered; and involving men as partners in the process.³⁴

Just as microfinance organizations have known and acted on the link between women and poverty in the design of programs and targeting of clients, the InterAction study also pointed to the success of gender mainstreaming when it was linked to “the improvement of program quality and, specifically, to the eradication of poverty.... Initial sceptics were won over by the visible, tangible benefits that accrued not only to women, but to men, their families and their communities.”³⁵

One specific case was that of CARE Niger, which implemented a women’s savings and credit program called Mata Masu Dubara (MMD)—“Women on the Move.” In addition to a gender audit, CARE Niger carried out a number of gender-related activities to ensure that it had the political will, technical capacity, accountability systems, and organizational culture necessary to bring about positive change related to gender. To pick just a few of many steps, CARE Niger increased women in its senior management, created a Young Professional Program to recruit and train young women and men, and enlisted support from women elders and religious leaders.³⁶

Clients reported increases in personal and family income and gains in purchasing power and ownership. For instance, women were now able to pay for weddings, naming ceremonies, and funerals, giving them increased status in their communities. Their ability to contribute economically also gave them more input into such decisions as when and whom their children marry. Not only did women benefit, but the community benefited as well. For example, women used their earnings to buy a donkey, a cart, and large barrels to supply their drought-ridden village with water.³⁷

34 James-Sebro, xi.

35 James-Sebro, xv.

36 James-Sebro, 40-43.

37 James-Sebro, 79.

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Here are some examples of the economic and social impact reported by women and men based on participation in the programme:

- Increased activity and leadership of women in the community;
- Girls’ attendance at school;
- Women’s contribution to community radio;
- Women’s contribution to village sanitation;
- Strengthened ties among women;
- Women’s increased assets;
- Income from animal fattening and breeding;
- Women’s ownership of cows and oxen;
- Women’s increased economic power from savings & credit program;
- Women’s financial contribution to household;
- Women’s ability to manage savings;
- Women’s ability to buy own farm lands;
- Women’s access to seeds for their own farms;
- Cereal surplus for consumption and trade;
- Knowledge for men from literacy programs;
- New awareness of household life, rights, relationships between women and their husbands;
- Women’s involvement in all household decisions;
- Improved family and community lifestyles;
- Improved relationships with husbands;
- Increased respect from husbands;
- Women’s improved status in household and community;
- Male/female collaboration in household chores;
- Men’s positive change in behaviour and attitude.³⁸

And so this paper comes back full circle to the original question raised by the Microcredit Summit Campaign: How does microfinance contribute to gender equality? And the answer is that microfinance not only contributes to gender equality, but that it benefits from it. Gender equality is good for business.



Microfinance and the Empowerment of Women: Will the Silent Revolution Take Place?³⁹

ISABELLE GUERIN, LPED /IFP and **JANE PALIER**, LPED/IFP

In September 2003, Selvi J. Jayalalitha, then Chief Minister of Tamil Nadu, gave a speech evoking the “silent revolution” underway in the Indian countryside thanks to microfinance. Women, she said, had acquired “top status” in society and the era of their dependence on men had changed forever. A glance at the Indian countryside unfortunately shows that such assertions are more utopian than realistic. Selvi J. Jayalalitha could be accused of naivety or dishonesty. This simplistic view, which lends microfinance excessive “virtue” in matters relating to the empowerment of women, far exceeds the Indian context. At the same time, a completely opposite position maintains that microfinance is only an instrument of neo-liberalism and patriarchy, increasing the burden of responsibility that falls to women without giving them any more power in return (Fernando, 2006).

Postulating an automatic, linear connection between microfinance and the empowerment of men – a position shared by many international organisations – is a convenient argument serving to justify public disengagement and delegate a growing number of responsibilities to impoverished populations, and women in particular. Nevertheless, condemning microfinance, on the grounds that it acts as a vehicle for an ideology that is necessarily harmful to the interests of the poorest populations, does not hold true either. As we have previously written on a number of occasions, in a context of growing financialisation (Servet, 2004), access to microfinance services must be considered a right (Guérin, 2004; Guérin and Palier, 2005).

39 Source: Finance & the Common Good / Bien Commun, Issue no. 25, Autumn 2006, p.76-82.

Only Subtle Changes

On the basis of the Indian example and a dozen impact studies conducted over the last few years, this article proposes to summarise the effects of microfinance on the empowerment of women, defined here as the process of gaining access to more power, the notion of power being understood in its broadest sense (economic, social and political). In spite of the variety of results in the impact studies – which is as much attributable to the diversity of contexts and mechanisms as it is to the methodologies employed – a few common conclusions emerge. In short, the “revolution” announced has not yet taken place, and will probably never take place – not thanks to microfinance, in any event. Access to microfinance services serves to begin or accelerate some changes, but proves incapable of modifying structural constraints – how can one claim to turn social norms upside down by using a simple financial tool, when decades of feminist struggle have not managed to shake them – all while sometimes causing tension and conflict. Here again, the opposite would be surprising: any form of social change necessarily gives rise to resistance and opposition. Any process in which relationships of power are at play is, by its very essence, conflictual.

The Impact On Relations Between Men and Women

Let us now go into more detail.⁴⁰ Access to financial services is already an innovation in itself. For many women, it is the first time that they are saving in the form of money. Up until now, either they did not save in this way or they tried to hide it, in order to avoid any risk of their husbands appropriating it. The acquisition of goods in women’s names is probably one of the major effects, particularly when it is known that access to property remains a fundamental source of inequality in the Indian context. For many, it is also an opportunity to benefit from a “productive” loan, even though the use and control of such a loan escapes them in many cases. Largely denounced by a number of observers following a study conducted in Bangladesh in the 1990s which showed that only between 10% and 40% of women actually controlled the use of a microloan, this issue of “misappropriation” seems to be difficult to avoid as often the family budget is managed by the head of the family.

On the other hand, what is interesting is the evolution: A growing number of women now have a say in how the family is managed. Let us also note that a large number of businesses are jointly run, with the husband in charge of external relations and large purchases. Businesses managed by women remain

40 All the effects mentioned in the following paragraphs are taken from the impact studies presented in the collective work by Guérin and Palier, 2005.

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confined to typically “female” sectors that are generally not capitalistic, but rather are part-time, based at home and often generate little profit. The sexual division of productive activities therefore has difficulty in evolving. It has also been noted that the diversification of activities is in fact very limited: few women really become entrepreneurs thanks to microfinance. Either they already have an activity that they consolidate and strengthen through microfinance, or they use the microloan for consumer expenses; considering the often very high costs of informal loans, the impact can be very positive, but the risk of excessive debt cannot be excluded either, and has already been observed.

Improvements in Status: Tensions and Compromises

The issue of improvements in status yields mixed results. While some women feel that they are given much more acknowledgement and attention, on the other hand there are others who believe that access to microfinance changes absolutely nothing, and even creates more problems than it solves. The opinion and position of men and the in-laws are decisive here: support for some, outright resistance for others, the family position most often takes the form of a compromise, the woman/wife being allowed to take part in the microfinance mechanism on condition that she fulfils her family obligations beforehand. For a great many women, access to microfinance services is given concrete expression in an increased burden of responsibility as, in addition to their domestic tasks, they must devote time to group meetings and be involved in other activities imposed by the microfinance organisation. Such participation therefore sparks resistance and tensions with close relatives and for the women themselves, who are torn between their family and professional obligations.

The Ambiguities of the Collective Approach

The collective approach is predominant in India, in the form of the Self-Help Group “model”: Mutual aid groups of between 15 and 20 women in charge of managing the collection of savings, the allocation and repayment of loans, often with the support of an NGO. The collective approach appears to favour the empowerment process. The organisation of individuals into groups facilitates the creation of forums for discussion and collective action limiting isolation and withdrawal and favouring mutual reinforcement, mutual aid and a process for building self-esteem. This, however, is on condition that the operation of the groups be monitored and supported over time and, unfortunately, is far from being systematically the case. Convincing members of the group's interest, expressing personal and collective aspirations, managing tensions and conflicts are elements of *savoir-faire* that are neither innate nor spontaneous.

Unfortunately, a great many NGOs are often pressed by fund providers who are more attentive to quantitative (number of loans and repayment rate) than qualitative (operational quality of groups, women's wellbeing) results; the NGOs also have very few means to dedicate to training and monitoring groups. Conflict, misappropriation, exclusion, disappointment and frustration: There are many problems linked to the malfunction or breakdown of groups.

In addition to the quality of the support given, the role of the group leaders is also decisive but – yet again – given little recognition or support. While there is often a fine line between leadership and authoritarianism, and the “frontier” between personal and group interests is sometimes blurred (leaders using “their” group to broaden their social group, and not hesitating in appropriating part of the loans for themselves, etc.), the fact remains that these women leaders are exemplary.

It is through them that new ways of thinking and acting are gradually spread. Considering the responsibilities that they carry, the travelling they must do and the personalities with which they must regularly come into, it is for them that the empowerment processes are the most pronounced; but it is also for them that the risk of conflict and tensions are the most marked. The competences required go against social norms in matters of feminine virtues.

Political Empowerment?

The collective approach is supposed to favour so-called “political” empowerment, i.e. involvement in local political institutions, participation in public demonstrations, protests in support of individual rights, the lobbying of public authorities, etc. A great many Self-Help Groups are called upon to play this role and thus supposed to support the process of decentralisation that is currently underway in India. But what do we see in practice? Spontaneous mobilisation is exceptional. It is when the microfinance organisation offers adapted support that women's groups become involved in the management of shared goods on a local scale, in supervision groups for public interest works, in protest action to obtain basic services or even in local assemblies resulting from decentralisation. Some federations are also beginning to see the light of day. While groups are producers of externalities, the fragility of these forms of collective action and the resulting risks of dissolution ought to be highlighted: lack of transparency, poor management, conflicts with men or with other communities. Finally, exploitation by political parties are permanent dangers.

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Becoming Aware of Limits...

Should we abandon all hope and condemn microfinance, on the pretext that it will only have a limited impact? No, but it is becoming urgent to increase awareness of the limits of the instrument and not to overestimate its potential.

Microfinance is simply a financial tool allowing families – and especially women – to better manage family cash flow. On the other hand, there is no reason why this financial service should automatically lead to a process of empowerment. When, from an economic point of view, the effects are limited or disappointing (low profitability, repetition of the sexual division of labour and its hierarchical nature), a major impact is seen nonetheless. The new mobility experienced by a large number of women who had, until now, been confined to the village or even the neighbourhood. A Western observer who is unfamiliar with those kinds of interdicts and sexual norms may hastily conclude that the impact has only been minor. This newfound freedom is, however, essential. Naturally, it is relative, and not without its ups and downs. Women are still permanently faced with resistance from their family and their in-laws, and they are also the subject of many suspicions on the part of their close relatives. While the process is necessarily chaotic and sometimes laborious, the opening on to the outside world and the awareness that the horizon of the village or the neighbourhood is not an unchanging frontier, represent considerable progress.

... As Well As The Potential

Appreciating the collective dimensions of empowerment for their actual value also supposes a proper understanding of the initial context: In the Indian context where - unlike a great many African or South American countries – the concept of women's collective action is only just emerging, the mere fact that women are being allowed to come together as a group is already a huge step forward. In a context where democracy remains very formal and non-egalitarian – particularly as far as women are concerned – the principle of Self-Help Groups represents an unexpected opportunity to give rise to truly democratic practices and to fight against these forms of inequality. Financial independence (which remains relative, this cannot be stressed enough) must be understood, not as an automatically transformed resource, but simply as an element that is likely to modify the parameters of choice (Kabeer, 1997). Financial independence increases women's margins for manoeuvre within a structure which is only evolving slowly itself. This perspective served to interpret the potential of microfinance in a realistic, reasonable way.

This tool offers women an additional opportunity that is likely to increase their negotiating power within a framework constituted of all social and sexual norms in force in a given society, and which regulate the respective behaviour of women and men. These norms are the result of a permanent dialectic between individual practices and collective constraints. They are neither set nor irreversible. But the weight of systems of representation and their normative nature gives them an inertia that is sometimes disconcerting. Being aware of the weight and inertia of social norms incites one to remain modest as to the possible effects of microfinance: Whatever the quality of the range and the degree of technicality of the financial products available, the road to equality will necessarily be long and, if microfinance does indeed contribute, that can only be in a marginal way.

Going Beyond Instrumental Concepts

As a conclusion, what suggestions can be made for improving the effects of microfinance? There is an increasingly urgent need to go beyond the instrumental concepts that prevail today. At this point in time, the targeting of women can be explained essentially by reasons of effectiveness. It is supposed, on the one hand, that women will allocate more of the income to their family's wellbeing (Guérin, 2000) and, on the other hand, that women are more "docile" and more "disciplined" in matters relating to repayments. The equity arguments – considering microfinance as a right for women and serving the fight against gender inequalities – are ultimately limited to a minority of organisations. This statement, which has been made a number of times on a global level (Brown, 2002; Fernando, 2006), is seen once again in India, where 95% of customers are women.

For many NGO managers, the question "why do you target women" is, in fact, surprising as the answer seems to go without saying. They have little awareness of the discrimination that comes to bear on women and do not develop specific courses of action in that sense. The position adopted by public authorities is even more problematic. Whereas microfinance was originally introduced by civic organisations favouring a global approach to microfinance (Fisher and Sriram, 2002), today in southern India – in particular Tamil Nadu and Andhra Pradesh – microfinance is now part of the main tools used by public policies on the fight against poverty, but with means that are vastly inferior to what are highly ambitious objectives. Here, microfinance is nothing more and nothing less than an instrument serving populist, demagogic policies.

Integrating A More Global Discussion

Feminist movements were the first to denounce the dangers of a purely instrumental approach to microfinance. Without calling the legitimacy of the tool into question, these movements argue in favour of its political foothold and feel that microfinance projects can only be justified where they establish strategic links with others forces of change, including women's networks and movements, as well as women's lobbying and protection organisations (Mayoux, 2003 and 2004; Hofmann and Marius-Gnanou, 2005). The ILO adopted the same position by acknowledging that the purpose of microfinance is absolutely not the elimination of problems relating to poverty – including women's poverty – and that it is only legitimate if it is integrated into a more global discussion on the promotion of fundamental rights, for women in particular (ILO, 1999).

In addition to this political foothold, it is equally fundamental to improve the range of services. Knowing the local context and the specific constraints experienced by women is an initial step, particularly to the extent that social relations vary considerably from one country to the next, or even from one region or community to the next. Adapting financial services to needs in terms of cash and financing is also necessary as there is no choice here but to recognise the predominance of standard services, which are often incompatible with the real needs of women and overlook the diversity amongst women, who are all too often considered to be a homogeneous group. Some innovations emerge here and there but they unfortunately remain confined to a minority of organisations. Raising the awareness of staff – men as much as women – of gender issues is also often overlooked, as is the use of appropriate impact indicators (all too often one settles for repayment levels, it being assumed that good repayments are a reflection of an improvement in the family's wellbeing). Finally, the connection with complementary measures in matters relating to access to basic economic and social rights is absolutely essential.

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Not Only Reaching, but also Empowering Women: Ways Forward for the Next Microfinance Decade

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Since 1997 not only 'reaching' but also 'empowering' women has been the second theme of the Microcredit Summit Campaign. In the 2006 State of the Campaign, Sam Daley-Harris⁴² argues for the importance of women empowerment to achieving the Millennium Development goals and empowerment 'at the centre of human progress'. He concludes the same section with: "We must improve microfinance where it fails to live up to its promise, not write it off as a failed, over-hyped fad. What is also needed is a powerful vision for outreach and impact, a vision that is clearly laid out in bold goals."

Microfinance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Through their contribution to women's ability to earn an income, microfinance programmes can potentially initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Microfinance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality. Gender equality and women's empowerment in turn are essential and integral components of pro-poor development and civil society strengthening.

41 This paper draws on work since 1997 funded by Levi Strauss Foundation, Aga Khan Foundation Canada and Pakistan, DFID, the Open University, Milton Keynes, UNIFEM and ILO. It also draws on current work for a Module for Gender and Rural Finance for IFAD, FAO and World Bank. Further details, reports, resources and case studies can be found at www.genfinance.info Any comments, suggestions and additions gratefully received – please contact the author at l.mayoux@ntlworld.com This paper does not necessarily represent the views of any of the sponsors of the work.

42 Daley-Harris 2006 <http://www.microcreditsummit.org/pubs/reports/socr/2006.htm>

However, evidence indicates that empowerment is not an automatic consequence of microfinance per se, but depends on the degree to which women's needs and interests and gender equity are reflected in programme vision and design. This paper reviews the degree to which the Microcredit Summit and CGAP policies live up to their stated ideals in relation to women's empowerment. It argues that, despite significant advances in recent years in addressing the challenges of both commercialisation and poverty reach, gender continues to be marginalised, with potentially serious consequences for women and for programmes themselves. The final section of the paper outlines a possible Plan of Action for mainstreaming gender equity and empowerment in the microfinance movement.

Gender and Microfinance: Apparent Consensus

A concern with gender issues in financial services is not new, nor is it a donor- or Western-led agenda. From the early 1970s women's movements in a number of countries became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women.⁴³ The problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975, leading to the setting up of the Women's World Banking network. In the wake of the second International Women's Conference in Nairobi in 1985 there was a mushrooming of government and NGO-sponsored income-generation programmes for women, many of which included savings and credit. A number of international workshops at the end of the 1980s attempted to bring together the experience of government and NGO programmes.⁴⁴ Then in the context of the rapid expansion in the 1990s evidence of women's higher repayment rates and higher levels of expenditure on family well-being were used by gender lobbies within donor agencies and programmes to argue for targeting women in microfinance programmes.

Targeting women has been widely acclaimed as 'a good thing' by donors and NGOs of widely different political persuasions. Donors and microfinance providers have produced manuals outlining ways of increasing women's access

43 In the early 1970s SEWA identified access to credit as a major constraint on women's economic activity. In 1981 a conference held in Nairobi by ACOSCA aimed to form a network of leaders who would work to make credit unions more representative to women's needs and to make country-specific plans. They recommended a programme of information for women, research on women in credit unions, financing of labour-saving technology for women and child-care facilities and increasing women's representation on decision-making bodies (Mbogo 1989). For an overview of selected programmes in Kenya, Malawi, Sierra Leone, Zambia and Zimbabwe see FAO 1988.

44 See resulting publications: Berger and Buvinic eds., 1989 and Grown and Sebstad eds., 1989.

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to microfinance.⁴⁵ Female targeting has been based on a number of apparently mutually reinforcing arguments⁴⁶:

- Efficiency

Women have often proved to be better savers than men, better repayers of loans and more willing to form effective groups to collect savings and decrease the delivery costs of many small loans. Targeting women therefore improves the financial sustainability of microfinance programmes.

- Poverty Reduction

Specific attention to women in poor households is seen as essential to achieving the poverty reduction goals of the Microcredit Summit Campaign. Women are generally poorer than men and hence form the majority of the target group for poverty-targeted microfinance. They also tend to invest additional earnings in the health and nutritional status of the household and schooling for the children. This means that targeting women has a greater positive impact on child poverty reduction.

- Gender Equality and Empowerment

From 1997 not only 'reaching' but also 'empowering' women has been the second theme of the Microcredit summit campaign. Access to financial services has been seen as a human right to be enjoyed by women as well as men. In addition to the contributions of rural finance to sustainable livelihoods, targeting women has been seen as contributing to a series of 'virtuous spirals' of women's economic empowerment, increased wellbeing and women's social and political empowerment.

In many cases all three arguments are used simultaneously. For example in the section on the Microcredit Summit Campaign goals webpage in the section

45 Early Manuals included IWTC 1981, 1982 and Hillhorst and Oppenoorth 1992. More recently gender Manuals for microfinance have been produced by UNIFEM 1993, 1995; Binns 1998.

46 For example in the Microcredit Summit Declaration and Plan of Action 1997 in the section entitled 'Microcredit: Empowering Poor People to End their Own Poverty' one finds the following: 'empirical evidence has shown that women, as a group, are consistently better in promptness and reliability of repayment. Targeting women as clients of microcredit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly the children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income' (RESULTS, 1997:8).

entitled 'Why target women?', it is argued: "1.2 billion people are living on less than a dollar a day. Women are often responsible for the upbringing of the world's children and the poverty of the women generally results in the physical and social underdevelopment of their children. Experience shows that women are a good credit risk, and that women invest their income toward the well being of their families. At the same time, women themselves benefit from the higher social status they achieve within the home when they are able to provide income."⁴⁷

Virtuous Spirals: Empowerment Potential of Microfinance

There is evidence to support all three arguments. Firstly, many programmes have increasingly targeted women for efficiency reasons, including experience of higher repayment rates. The reasons for higher female repayment rates are unclear. In some programmes this seems largely due to the types of loans accessed by women compared with men – smaller group loans have higher repayment rates than individual loans regardless of gender of the borrower. In some cultures women are much more vulnerable to social shame than men, and so are much easier to pressurize into repayment. Women are also more likely to be found around the home during the day when credit officers call.⁴⁸ Women themselves often claim that women are better financial managers and generally more reliable than men. Programmes in Africa studied by the author also claimed that women were better savers and directed all their savings promotion to women, seeing men as too irresponsible.

Secondly women are both disproportionately represented amongst the poor and research in a number of cultures has shown that women use their incomes for household expenditure more than do men. The 1995 UNDP Human Development Report estimated that 70% of the 1.3 billion people living on less than \$1 a day are women.⁴⁹ A number of studies in Latin America, Africa and South Asia have shown that women spend a greater proportion of their income on household wellbeing than men.⁵⁰ Again precise reasons for this are unclear. But women in most cultures are allocated the main responsibility for caring for children which then also extends to their use of any income they earn. In some cultures women are expected to hand over any income they earn to men and/or expected to have very limited personal needs. This in turn has negative impacts on their ability to invest in economic activities which can grow and become profitable.

47 <http://www.microcreditsummit.org/aboutmicrocreditsummit.htm>

48 The fact that women are easier to pressurize was a stated reason for targeting women in Bangladesh programmes studied by Anne Marie Goetz in 1990s (Goetz, 1996).

49 More recent country-wise statistics can be found at <http://unpac.ca/economy/wompoverty2.html>

50 For discussion of studies of relationship between women's assets and household wellbeing see Chant, 2003; Gammage, 2006 and Quisumbing and McClafferty, 2006.

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Microfinance can also have positive contributions to a number of different and mutually reinforcing dimensions of women's empowerment⁵¹:

- Firstly, increasing women's access to microfinance services can lead to women's economic empowerment through enabling women's decisions about savings and credit use, enabling women to invest in their own economic activities and assets and/or play a more controlling role in household activities. This may increase productivity and the income under women's control and increase women's engagement in the market.
- Secondly, increasing women's access to microfinance can increase household wellbeing. Channelling economic resources like credit or savings to households through women can enable them to play a more active role in intra-household decision-making, addressing the risks facing the household, and increase investment in family welfare. This may not only benefit children through increasing expenditure in areas like nutrition and education, particularly for girls, but can also lead to improved well-being for women and enable women them to bring about changes in gender inequalities in the household.
- Thirdly, a combination of women's increased economic activity and increased decision-making in the household can lead to wider social and political empowerment. The positive effects on women's confidence and skills, expanded knowledge and support networks through group activity and market access can lead to enhanced status for all women within the community. In some societies, where women's mobility has been very circumscribed and women previously had little opportunity to meet women outside their immediate family, there have been very significant changes. Individual women who gain respect in their households may then act as role models for others leading to a wider process of change in community perceptions and male willingness to accept change.
- Finally, women's economic empowerment at the individual level has potentially significant contributions at the macro-level through increasing women's visibility as agents of economic growth and their voice as economic actors in policy decisions. This, together with their greater ability to meet household well-being needs, in turn increases their effectiveness as agents of poverty reduction.

Microfinance groups may form the basis for collective action to address gender inequalities within the community, including issues like gender violence and access to resources and local decision-making. These local-level changes may

51 See graphic representation in Microfinance and Women's Empowerment: Virtuous Spirals on www.genfinance.info

be further reinforced by higher level organisation, leading to wider movements for social and political change and promotion of women's human rights at the macro-level. Microfinance has been strategically used by some NGOs as an entry point for wider social and political mobilisation of women around gender issues. Microfinance groups have been used by some programmes as the basis for mobilising women's political participation.

Some women in some programmes have undoubtedly been very successful.⁵² Some women, and many women in some contexts, show enormous resourcefulness and initiative when provided with a loan or given the chance to save without interference from family members. Most programmes can cite case studies of some women who were very poor before entering the programme, started economic activity with a loan thereby improving well-being, relationships in the household and becoming more involved in local community activities.⁵³ Impact studies which differentiate by poverty level often find this to be the case particularly for the 'better-off poor' who have some education and contacts to build on for successful enterprise.⁵⁴

Vicious Circles? Questioning Assumptions

Nevertheless, there is still a long way to go before women have equal access to financial services in rural areas or are able to fully benefit. Despite shortcomings of the information available, the evidence indicates that all the assumed linkages between access and empowerment need to be questioned.⁵⁵

Questioning Access

It is clear that although women's access to microfinance services have significantly increased over the past two decades, in many regions women's access is still unequal in many programmes, credit unions and village banks. Moreover it cannot be assumed that the existence of microfinance programmes necessarily increases the range and quality of services to which women have

52 For a review of the positive impact of microfinance see Cheston and Kuhn, 2002; Dunford, 2006 and Goldberg, 2005.

53 Noponen 1990, Hadjipateras 1996, Marx et al 1997.

54 eg Ashe and Parrott 2001.

55 The discussion here is based on discussions and grey literature collated by Linda Mayoux during a series of workshops between 1997 and 2007 in South Asia, East West and Southern Africa, and Central and South America funded by various donors and involving over 100 organisations. Graphic figure for questioning assumptions, case studies and further discussion can be found on the genfinance website www.genfinance.info

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access. In some cases, and particularly for poor women, it may undermine existing informal finance systems like crisis funds in ROSCAs and/or willingness of patrons and relatives to give interest-free loans and/or access to more charitable forms of credit from traders. In Zimbabwe for example, microfinance clients were explicitly discouraged from giving food and goods on credit to agricultural labourers pending their wage checks at the end of the month, undermining essential support for the very poor outside the programme. Badly designed compulsory savings and/or insurance schemes by MFIs may deplete resources going into ROSCAs.

Statistics on client or membership numbers, even where gender disaggregated, say very little about the quality of the services accessed by women compared with men. A common feature of rural village banks is that women are the majority of savers, but it is men who receive the majority of loans. Because men are the majority on decision-making bodies, the interest rates are fixed in favour of borrowers which may lead to lower levels of financial sustainability. In particular loan amounts received by women are generally lower than those received by men and this cannot be completely accounted for by demand factors. Most programmes to which women have access do not give loans large enough for purchase of assets like land and housing and/or require assets as collateral and/or signature of a 'male guardian'.

It is now widely accepted that the most easily accessible information on women's access i.e. gender disaggregated statistics on numbers of borrowers and savers, numbers and size of loans and repayment data cannot be used as indicators of actual access, and even less as proxy indicators of empowerment. Registration of loans in women's names does not necessarily even mean women's participation in decisions about loan application. Men may simply negotiate loans with male programme staff as an easier way of getting access to credit.⁵⁶ Even high repayment levels by women do not of themselves indicate that women have used the loans themselves. Men may take the loans from women.⁵⁷ High demand for loans by women may be more a sign of social pressure to access outside resources for in-laws or husbands than empowerment. This is particularly common where men do not have access to loans and/or are not prepared to attend meetings and submit to the financial discipline required to access them.

56 In Harper's early study of AKRSP out of 31 micro-enterprise loans issued for women, interviews found that in 8 cases women did not even know the loan had been taken (Harper, 1995).

57 In Harper's study of AKRSP of the 31 micro-enterprise loans issued for women, interviews found that even where women knew about the loan, only 7 loans were controlled by women. The majority - 16 were used by men and although women knew about the loan, they had not been involved in the loan-taking process (Harper, 1995).

Questioning Economic Empowerment

Even where men do not actively appropriate loans, all the assumed linkages along the chain of women's economic empowerment need to be questioned. Women may themselves choose to invest the loans in men's activities because gender inequalities in the local economy and/or household distribution of labour and assets give them few profitable alternatives for investment in their own activities. Loans may be repaid from male earnings, through women forgoing own consumption, or from income or borrowing from other sources.⁵⁸ Even where women control the loans, impact on incomes is widely variable. Most studies find that for the majority of women borrowers income increases are small, and in some cases negative.⁵⁹ All the evidence suggests that most women invest in existing 'female' activities which are low profit and insecure and/or in their husband's activities. In many programmes and contexts it is only in a minority of cases that women can develop lucrative activities of their own through credit and savings alone.

It is clear that women's choices about activity and their ability to increase incomes are seriously constrained by gender inequalities in access to other resources for investment, responsibility for household subsistence expenditure, lack of time because of unpaid domestic work and low levels of mobility, constraints on sexuality and sexual violence which limit access to markets in many cultures. These gender constraints are in addition to market constraints on the expansion of the informal sector and resource and skill constraints on the ability of poor men as well as women to move up from survival activities to expanding businesses.

There are signs, particularly in some urban markets, that the rapid expansion of microfinance programmes may be contributing to market saturation in 'female' activities and hence declining profits. This hits mostly the women dependent on these markets but who do not even have access to microfinance.

58 In Bangladesh one study found that approximately 50% of loans taken by women were used for men's productive activities, while another significant proportion were used for activities where control was ambiguous such as consumption or stocking and resale of goods or on-lending for interest (White, 1995). In Goetz and Sengupta's study of 275 women they found that women had full control of loans in only 17.8% of cases and in as many as 21.7% they had no control. A survey of 26 women in SCF Bangladesh found that 68% of loans had been used by the husbands or the sons and all except 1 first time loan (Basnet, 1995). In BRAC 10% female respondents reported no personal income and the women relied on family and friends for weekly cash repayments (Montgomery et al 1996). Male appropriation of loans was also noted for Port Sudan (Amin, 1993) and three ACORD-Uganda programmes (ACORD, 1996). Similar patterns were reported by microfinance participants at a central America workshop.

59 eg Everett and Savara 1991; Hulme and Montgomery, 1994; Montgomery et al, 1996.

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The most significant contributions of microfinance are widely recognised as being through ‘income-smoothing’ and decreased vulnerability to crises. Savings facilities and insurance are potentially as important here as credit. Savings does provide women with a means of building up an asset base. Women themselves also often value the opportunity to be seen to be making a greater contribution to household well-being giving them greater confidence and sense of self-worth.

Loans are frequently used by women to purchase livestock which improve family nutrition and can provide a secondary source of savings to be drawn on at times of crisis. At the same time the role of microfinance programmes per se can be overstated. Careful studies of women’s savings behaviour show very complex juggling of different sources and types of savings in which those of microfinance programmes themselves are only one, often a minor one.⁶⁰

Questioning Wellbeing

Women’s increased contribution to income going into households does not necessarily mean an increase in total income accessible to all household members. Worryingly, in response to women’s increased (but still low) incomes evidence indicates that men may be withdrawing more of their own contribution for their own use. This may include anything from productive investment, to increased expenditure on more expensive brands of alcohol to marriage of more wives or support for other women in town. Men are often very enthusiastic about women’s credit programmes, and other income generation programmes for this reason because their wives no longer ‘nag’ them for money.⁶¹

It also does not ensure that women necessarily benefit from the income they contribute, or that there is any challenge to gender inequalities within the household. Although in some contexts women may be seeking to increase their influence within joint decision-making processes rather than independent control over income (Kabeer 1998), neither of these beneficial outcomes for women can be assumed. Women’s perceptions of value and self-worth are not necessarily translated into actual well-being benefits or change in gender relations in the household (Sen 1990). Women’s expenditure patterns may replicate rather than counter gender inequalities and continue to disadvantage girls. Without substitute care for small children, the elderly and disabled, and provision of services to reduce domestic work many programmes report adverse effects of women’s outside work on children and the elderly. Daughters may be withdrawn from school to assist their mothers (USAID 1999).

60 Lacoste, 2002.

61 For Africa see discussion in Mayoux, 1999. But numerous such cases were mentioned by programmes attending the series of workshops facilitated by the author in all continents.

Women's increased productive role has also often had its costs. Small increases in access to income may be at the cost of heavier workloads for women, increased stress and their health. In Zimbabwe and Zambia, women interviewed by the author said that nowadays if women did not earn sufficient income their husbands would divorce them. Although women valued their limited financial independence men expected women to provide for the household and men continued to play little role in domestic work. A report on ZAMBUKO in Zimbabwe found that women had to hide money from their husbands who would otherwise use it to pay bride-price to acquire more wives or to drink (World Bank 1997).

Questioning Social and Political Empowerment

There is no necessary link between women's individual economic empowerment and/or participation in microfinance groups and social and political empowerment.⁶²

Women in many societies already have well-developed networks in the form of work groups, informal marketing networks and ROSCAs. The degree to which microfinance programmes increase networks cannot be assumed, and ways in which networks can be enhanced must be strategically planned. Firstly, contribution to networks is likely to be extremely limited where group sizes are reduced and limited to women who already know each other in order to maximise repayment pressures, unless there are explicit strategies to develop networking. Secondly, repayment pressures may not only increase stress for individual women but also increase tensions and inequalities between women and within communities. Evidence overwhelmingly indicates that where the group as a whole, or the group leaders, are responsible for ensuring loan repayment or where better-off women want access to loans, women's groups are excluding the poorest and most disadvantaged women. Thirdly, there are indications not only of exclusion of poor women, but also exploitation within groups and diversion of resources to the better-off.

In most programmes there is little attempt to link microfinance with wider social and political activity. In the absence of specific support and organization to address gender inequality, bringing women together for savings and credit does not necessarily develop a sense of solidarity or joint explorations of ways in which women's problems can be overcome. There is evidence to the contrary that microfinance and income-earning may take women away from other social and political activities and that microfinance groups may put severe strains on women's existing networks if repayment becomes a problem (Noponen 1990; Rahman 1999).

62 For references to evidence from Africa on all these points see Mayoux, 1999.

Women's Empowerment or Gender Evaporation?

Falling Between Paradigms

The evidence indicates that all the assumed linkages between microfinance and women's empowerment must be questioned. Although some women in some programmes have undoubtedly been very successful, there is still a long way to go before women have equal access to financial services or are able to fully benefit. In many cases contextual constraints at all levels have prevented women from accessing programmes, increasing or controlling incomes or challenging subordination. These contextual constraints are often compounded by gender discriminatory or gender blind policies which undermine any potentially positive contribution. The contribution of microfinance services alone appears to be most limited for the poorest and most disadvantaged women, who are particularly vulnerable to health and other crises and who have fewer resources to fall back on as a response to market fluctuation or environmental hazards.

There are serious risks and potentially negative effects from microfinance. For some women microfinance has not only had no positive impact, but has been positively disempowering. Gender inequalities within households and communities may be intensified rather than challenged by feminising household debt and taking women's time and resources from other forms of social action.

Credit (i.e. debt) may lead to severe impoverishment, abandonment and put serious strains on networks with other women. Where women are not able to significantly increase incomes under their control or negotiate changes in intra-household and community gender inequalities, women may become dependent on loans to continue in very low-paid occupations with heavier workloads and enjoying little benefit. Pressure to save may mean women forgoing their own necessary consumption. A particularly serious concern is that targeting women with small, loans, savings and insurance may overburden women and reduce men's sense of responsibility for household wellbeing.

This may also have wider negative impacts on communities and gender roles. Where microfinance makes cash widely available through women there is evidence of dowry inflation and pressure on women to bring loans with them as dowry (Rahman 1999). The poorest women in markets and communities are the most likely to be excluded by programmes altogether, particularly where repayment is the prime consideration and/or where the main emphasis of programmes is on existing micro-entrepreneurs. The excluded poor may be made even more vulnerable through market competition with better-off members of microfinance programmes.

None of the above implies that targeting women with effective microfinance services and group strategies should be stopped. But rather that a much more explicit gender vision and set of gender strategies needs to be developed for the microfinance movement. Adequately addressing gender issues in microfinance requires a strategic gender approach which is woman-led and actively aims not only to increase women's access, but to translate this access into empowerment and enable women to challenge gender inequality. It also requires mainstreaming gender concerns into financial and other services for men to encourage changes in gender attitudes and behaviour. This is necessary not only for women themselves, but as an integral part of any microfinance programme aiming to make a significant contribution to economic growth and poverty reduction.

What is worrying about recent debates is the way in which different assumptions, goals, and policies have become conflated.⁶³ Female targeting has in many cases been seen as a substitute for gender policy. Despite all the evidence discussed above, numbers of women's names on loan and savings registers continues to be taken as proof of benefits to women. The interpretation of 'gender' as 'women and men' as advocated in much gender training, has not led to strategies to bring men into the process of questioning gender inequalities that disadvantage women. It has rather led to a questioning of any positive action to protect women's interests on the grounds that this is discriminatory. In addition, the predominant concern for financial sustainability has led to the cutting of most non-financial services, including gender and enterprise training. Organisations like SEWA have become potent images of women's empowerment, and the SEWA Bank is said to be financially sustainable.

This has been taken as evidence that women's empowerment is an automatic outcome of all financially sustainable microfinance, even without the accompanying organisational structures and explicit empowerment strategies which SEWA promotes. Because some women in households where men are supportive have been able to bring about significant improvements in their condition and position in the household and community, unwarranted assumptions are made that no women need support to bring about change.

Although women's empowerment may be a stated aim in the rhetoric of official gender policy and program promotion, in practice it continues to be subsumed in, and marginalised by, concerns of financial sustainability and/or poverty alleviation. Accompanying the rapid increase in women's access to microfinance has been a progressive narrowing of the definitions of empowerment and

63 As discussed below and outlined in detail by the author elsewhere (eg. Mayoux 2000), these assumptions, goals and policies can be seen in terms of three competing paradigms: the financial sustainability paradigm, poverty alleviation paradigm and feminist empowerment paradigm.

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decrease in funding for explicit strategies to achieve it. Recent trends towards commercialisation and poverty targeting are likely to further marginalise women, unless explicit attention is paid to gender concerns as an integral part of these strategies.

Challenge of Commercialisation: Gender, Profits and Consumer Protection

Since the 1990s most of the emphasis in microfinance debates and 'Best Practice' has been on financial sustainability. The most detailed articulation of the financial sustainability 'paradigm' is given in Rhyne and Otero (1994), and echoed in publications and funding guidelines by USAID, ODA-UK (now DFID), World Bank, UNDP and by most other members of CGAP. The ultimate aim is to set up large programmes, which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies. The main target group, despite claims to reach the poorest, is the 'profitable poor'. Policy discussions have focused particularly on setting of interest rates to cover costs, separation of microfinance from other interventions to enable separate accounting and programme expansion to increase outreach and economies of scale, reduction of transaction costs and ways of using groups to decrease costs of delivery.

Within this paradigm, gender lobbies have argued for targeting women on the grounds of high female repayment rates and the need to stimulate women's economic activity as a hitherto underutilized resource for economic growth. They have had some success in ensuring that considerations of female targeting are integrated into microfinance delivery and programme evaluation. There rapidly developed a widespread consensus about how to increase women's access to services based on women's lack of access to resources and power and the different types of physical and social assets they could contribute to programmes. Products were limited in order to make management simple for field staff, predictable cash flows for programme managers and also comprehensible to clients. Many programmes had only one loan product, compulsory savings as a condition for accessing loans and in some cases compulsory insurance for assets.

Alongside this focus on female targeting, the term 'empowerment' is frequently used in promotional literature. Definitions of empowerment are in essentially individualist terms with the ultimate aim being the expansion of individual choice or capacity for self-reliance. It is assumed that increasing women's access to microfinance services will lead in itself to individual economic empowerment

through enabling women's decisions about savings and credit use, enabling women to set up micro-enterprise, increasing incomes under their control. It is then assumed that this increased economic empowerment will lead to increased well-being of women and also social and political empowerment.

However, although these measures did serve to increase women's access, it soon became very evident that many of these loan conditions in very many cases seriously limited the degree to which women could use loans to significantly increase incomes. Loans were too small and repayment schedules inappropriate for activities which had a lag-time between investment and returns. Although appropriate for trade in urban areas and small livestock, they were ill-adapted to the needs of agriculture or large livestock and entry into new and more risky economic activities.

The accelerating commercialisation of microfinance, together with recent advances in technology, have potential to significantly increase access to cheaper and better microfinance services for women as well as men. This has stimulated product diversification and client-centred product development driven partly by market competition and partly through technology improvements in information and delivery systems.⁶⁴ Other recent developments which promise to make product innovation sustainable and increasingly client-based are the increasing emphasis on: Participatory market research; Consumer protection and Financial literacy.

It is now generally accepted that participatory market research and 'knowing your clients' is good business practice. SEWA's services have always been based on consultation with clients. Grameen Bank has just undergone a four-year reassessment and redesign based on extensive client research. This has significantly increased outreach and sustainability.⁶⁵ ICICI Bank in India also conducts both participatory market research and funds in-depth research on the needs of microfinance clients through its support for Centre for Microfinance Research in Chennai. Many microfinance programmes have now been trained in Microsave's market research tools and/or are using some variant of one or more of these tools. There are ways of integrating gender⁶⁶ which if implemented on a widescale could promote sustainable gender mainstreaming in product development.

64 These are discussed in detail in the forthcoming Gender and Rural Finance Module. For link see www.genfinance.info

65 In the three years to December 2005, Grameen's deposit base tripled and its loans outstanding doubled. Profits have soared from around 60 million taka in 2001 to 442 million taka (about \$7 million) in 2004. Dropouts are returning, and even some old defaulters are repaying and re-joining.

66 For details of MicroSave tools see www.microsave.org Gender-sensitive adaptations of Market Research Tools can be found on the Participatory Learning and Market Research page on the genfinance website: www.genfinance.info/MarketResearch

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A recent area of concern due to both the proliferation of products and the increasing numbers of competitors in the microfinance market has been the issue of consumer protection: Do people know what they are signing up to, and how can they be protected from abuse? Since at least 2003, many microfinance networks, including ACCION, have been developing and implementing consumer protection guidelines.⁶⁷ These guidelines potentially offer some protection to women and men, for example the specifications of treatment with respect, privacy and ethical behaviour, particularly if combined with gender training for staff within the organisation.

A critical part of making these protection principles a reality is the introduction of financial literacy to make sure that clients know their rights and understand the information given to them. A number of organisations including SEWA, Microfinance Opportunities with Freedom From Hunger, Womankind Worldwide and Siembra in Mexico have developed manuals for women's financial literacy.⁶⁸ Other diagram methods like 'Eat That Fat Cat' are also being developed to help illiterate women not only learn financial literacy, but also make their own financial plans which can then be read by microfinance programme staff. There are ways of integrating financial literacy principles and guidance into the application process as indicated in the Freedom From Hunger and ACCION consumer protection guidelines. Financial literacy training for men, if it incorporated intra-household financial planning principles, could make a significant contribution to changing men's attitudes and behaviour. If this were a condition of access to certain types of loans, it is more likely that men would attend these courses as gender training.

However none of the above innovations and trends are necessarily gender-sensitive. Participatory market research in itself does not necessarily produce products which will benefit women, only products which women and/or men can be persuaded to buy - which is not the same thing. Questioning needs to explicitly look at gender issues of access and control, empowerment impacts

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- 67 See particularly SEEP 2006 and an overview of the October 2006 discussion on MicroLinks http://www.microlinks.org/file_download.php/SC+15+Summary+Document.pdf?URL_ID=13137&filename=11618091991SC_15_Summary_Document.pdf&filetype=application%2Fpdf&filesize=933903&name=SC+15+Summary+Document.pdf&location=user-S/
- 68 Examples from a joint initiative from Microfinance opportunities and Freedom from Hunger can be found at www.microfinanceopportunities.org or www.ffh.org, from Womankind Worldwide can be found at www.womankind.org, for Siembra at http://www.genfinance.info/Chennai/Case%20Studies/SiembraManual_Chapter%203.pdf and for SEWA at <http://coady.stfx.ca/resources/abcd/SEWA%20Financial%20literacy%20Manual.pdf> A diagram-based methodology 'EAT THAT FAT CAT' can be found at http://www.lindaswebs.org.uk/Page3_Orglearning/PALS/PALSIntro.htm

and gender-specific areas of vulnerability and need. The process also needs to take into account gender differences in access to information and organisation.

Consumer protection requires women as well as men to be aware of their rights and is unlikely to be effective without gender training of staff or inclusion of gender awareness in the criteria for staff recruitment. How far programmes will embrace the idea of either consumer protection or financial literacy will depend very much on the levels of confidence they have in their products to submit themselves to intelligent client scrutiny.

Worryingly, recent data from the MicroBanking Bulletin indicates that even female targeting, never mind empowerment, may decrease with the current upscaling and commercialisation. Of 231 institutions reporting, the highest percentages of women clients are found in those institutions which are young; NGOs or credit unions; small in scale; not-for-profit and/or not financially sustainable; targeting the poor. The lowest percentages are found in mature, for-profit, large-scale banks and non-bank financial institutions. This does not mean necessarily that fewer women are being reached, but that rather than maintaining a gender balance there is an increasingly male focus as institutions mature and upscale.⁶⁹ It does nevertheless indicate potentially negative gender effects of commercialisation, unless specific gender strategies are fully integrated.

The Poverty and Social Performance Agenda

Gender concerns are not necessarily addressed by the recent focus of the Microcredit Summit on poverty targeting. Since 1997, the first theme of the Microcredit Summit Campaign has been 'reaching the poorest' and the original title of CGAP was 'Consultative Group for Assistance to the Poorest'.⁷⁰ In 2006 the Campaign adopted two new goals to make the first theme more explicit and concrete:

- Working to ensure that 100 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end of 2015;
- Working to ensure that 100 million families rise above the US\$1 a day threshold adjusted for purchasing power parity (PPP), between 1990 and 2015.

This poverty focus in microfinance is not new, but continues a second 'paradigm' of poverty reduction or developmental microfinance. Here the main organisational

69 Cheston 2006.

70 Subsequently downscaled to "Consultative Group to Assist the Poor" in the face of mounting evidence that the poorest were not being reached.

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focus is on developing sustainable livelihoods, community development, and social service provision like literacy, healthcare, and infrastructure development.

Microfinance is seen as part of an integrated programme for poverty reduction, not only for the poor but also particularly for the poorest households. An explicit poverty focus has also been part of the mission of some specialist MFIs, notably Grameen Bank and many MFIs in Bangladesh and Finca that aim to be financially sustainable. In some cases poverty targeted projects are cross-subsidised from the mainstream programme or subsidised through separate donor budgets. These NGOs and MFIs have contributed to the product innovation discussed above and to development of methodologies for poverty targeting and/or operating in remote areas, including participatory market research tools, consumer protection and financial literacy.

Recent discussions at the Halifax Summit included papers and training on a number of new areas, like, for example, poverty assessment tools. This was largely in response to the new U.S. law passed in 2003 requiring the development and use of cost-effective poverty measurement tools by the United States Agency for International Development's (USAID's) microenterprise grantees. This has led to the compilation and refinement of a range of different tools for poverty assessment so that MFIs applying for funding from USAID, and also more widely, can assess the degree to which they are reaching the poorest⁷¹:

- Social rating and social performance management seek to include social indicators and social audits incorporating areas like poverty reach as an integral part of rating and performance assessment alongside financial indicators;
- Microfinance and MDGs seek to include ways of integrating microfinance with health and HIV/AIDs awareness for women and children's education.

However again, these measures are not necessarily gender sensitive, and may even militate against female targeting.

The poverty assessment tools are based on a household measure divided equally by members of the household to give a dollar a day individual measure of income poverty. This has numerous pitfalls and methodological problems including how to account for non-market incomes, inter and intra-national variation in purchasing powers and in expenditure and consumption patterns and needs, and reliability of client response.⁷² All of these have gender dimensions which remain

71 For more details of these tools see <http://www.povertytools.org/index.html>

72 A full discussion of these issues is outside the scope of this paper, however some very interesting critical papers can be found on the links page of the poverty tools site <http://www.povertytools.org/Links/links.htm>

to be addressed.⁷³ In particular they are unlikely to be able to accurately assess individual dollar a day poverty without addressing intra-household inequalities. Failure to address inequalities within the household may further decrease the access of women in households just around the poverty line i.e. the main target group of financially sustainable programmes. This is the case even though women themselves may be extremely vulnerable within these households and below the dollar a day cut-off in terms of their own incomes and expenditure.

Proposals for social rating and social performance management similarly will not necessarily address either women's access or empowerment. There are currently attempts to integrate gender into social rating in the form of key indicators for an MFI's policy, strategy and outputs relating to gender. These include gender desegregation of core data and data on numbers of women on Boards and at different levels of the organisation. However, in social performance management, gender is treated as one possible dimension of an organisation's mission against which performance would be assessed. The degree to which social performance management will therefore promote gender issues will depend on whether or not gender is already part of the organisation's vision and mission, and whether or not it has the tools already to assess performance in relation to gender and/or has conducted gender impact assessment. Unless gender is an explicit and integral part of the definition of 'social', there are dangers that gender equity in terms of both access and empowerment will become completely swamped in all the other range of performance indicators.

Worryingly, empowerment in the Summit discussions appears to become equated with access to health education and children's education as a 'credit plus' activity. Women undoubtedly need access to health and HIV/AIDS education, and undoubtedly benefit from such interventions. However, it is unclear why it is only women who should be targeted by such key wellbeing interventions rather than having equal access for both women and men. This might serve to change men's behaviour rather than put all the onus on women. Moreover, although reproductive health is a vital part of women's wellbeing, it is not the sum total of empowerment. Women's empowerment in terms of power relations within households and communities is not discussed in the document commissioned.⁷⁴

73 See Mayoux, 2002. http://www.povertytools.org/Project_Documents/Gender%20Issues%20draft%20072104.pdf , Chant, 2003 <http://www.eclac.cl/publicaciones/xml/6/13156/lcl1955i.pdf> and Gammage, 2006 http://pdf.usaid.gov/pdf_docs/PNADH568.pdf

74 Watson and Dunford 2006.

Empowering Women: Some Ways Forward

There have been very important developments in debates about both commercialization and poverty reduction through microfinance which potentially increase both women's access to a range of microfinance services and the potential contribution to empowerment. There are, however, also some worrying negative trends. Even women's access to microfinance may decrease as a result of recent proposals for upscaling and expansion and poverty reach and social performance management. Discussion of women's empowerment was notably absent from all of the Plenary papers at the Halifax Microcredit Summit: including the 'Who, What, When, Where and How for the next 10 years, and on Poverty Tools and Poverty Reach. In contrast to the 2002 and earlier regional summits there was no gender training. Gender was relegated to an even more marginal issue than at other Summits attended by the author, global and regional.

This misses the important contribution which gender can make to both microfinance and development⁷⁵ in general. An interesting paper by Susy Cheston⁷⁶, one of only two papers on gender commissioned by the Summit, presented evidence to support the claim that targeting women is beneficial even in commercial terms. In 2004, a study by the American organisation Catalyst found that financial performance was higher for companies with more women at the top. The experience of Wells Fargo Bank in the United States also indicates the benefits of targeting women as a client group (Cheston 2006). Elsewhere numerous studies have shown that attention to gender issues increases the chances of success of most projects, and this includes microfinance.⁷⁷ This does however require commitment to gender in the organisational vision running throughout an organisations' activities and information systems, and also a gender-sensitive organisational working culture for staff.

Equally important, women are not a minority but a marginalised majority – except in contexts where gender inequalities lead to higher levels of female mortality than men. As discussed above, this is particularly the case amongst

75 World Bank studies have estimated that if South Asian countries had given the same priority to addressing gender inequality in education as given in East Asia, real per-capita annual growth between 1960 and 1992 would have been between 0.7-1.0% faster. These growth impacts would be much greater if they also took into account the subsequent impacts of women's education on reduced gender inequality in employment, access to technologies, or credit, all of which have been found to be significant (Blackden and Bhanu, 1999; Klasen, 2002).

76 See article from author in this issue.

77 Evidence from OED shows that the earlier a gender perspective is included, the greater will be the benefits. Gender Issues in World Bank Lending, Operations Evaluation Department, 1995, World Bank

the poor – the prime target group for microfinance. It is difficult therefore to see how any serious poverty reduction strategy could fail to take gender as a core concern – as is indeed reflected in the 2006 Summit documents cited at the beginning of this paper. As argued in a now extensive gender research literature, taking gender as a core poverty concern will inevitably require looking within the household black box, positive actions to support women and promotion of an enabling environment free of gender discrimination.

The failure to pay serious attention to gender strategies misses an important opportunity to discuss the many positive innovations which are taking place and promote these as an integral part of Good Practice. These are discussed in detail elsewhere⁷⁸ and include in particular:

- Microfinance groups which build on and strengthen women's networks for mutual learning and collective action rather than only mechanisms for reducing programme costs. This requires specific attention to gender in group design, training, support followed through and reported on in organisation events like Annual General Meetings;
- Product design which enable women to set up profitable enterprises and increase their say and control over household enterprises rather than being ghettoised in small group loans. This requires gender sensitive participatory market research and consumer protection and financial literacy, as well as gender-sensitive poverty targeting;
- Non-financial services and application processes which help women to effectively plan their use of financial services, protect their interests as producers and consumers and promote an image of women as respected and equal actors in households and communities rather than passive channels for profitable financial products to households where decisions are made by men. This requires mainstreaming gender equality and women's empowerment throughout all 'credit plus' activities as well as explicit measures to promote women's rights and gender advocacy either by the organisation itself, or linking with other organisations.

The ways in which gender equality and women's empowerment can be most effectively promoted differs between microfinance providers depending on the type of financial institution, context and capacities. A number of checklists for programmes exist which can be adapted and used.⁷⁹ There are steps which financial institutions of all types can do: from banks through MFIs to NGOs with

78 See for example relevant papers on genfinance website www.genfinance.info and genfinance listserve <http://finance.groups.yahoo.com/group/genfinance/>

79 See for example the gender checklist on genfinance <http://www.genfinance.info/Documents/Gender%20Checklist.pdf>, the Women Advancing Microfinance gender audit given at the end of Cheston 2006.

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savings and credit as part of an integrated development programme. Moreover, although some of these strategies will require 'a different way of doing business', and some shift in priorities for resource and funding allocation, they are likely to increase rather than undermine sustainability. This is not a question of 'women's empowerment projects' as optional add-ons, although if well-designed these can also have their role. It involves mainstreaming gender and empowerment throughout programme design in order not only to benefit women, but in the process improve the longer term financial and organisational sustainability of the services themselves and the sustainability and dynamism of the economy in general.

It is often assumed that gender strategies are inappropriate in banks and/or conflict with financial sustainability. However there are many ways in which contribution to gender equality and women's empowerment can be increased even within financial sustainability constraints through:

- Having a clear vision and commitment to gender equality and women's empowerment throughout their advertising and promotion in order to attract women clients and also change attitudes towards women's economic activities in the wider community;
- This vision and commitment should also underlie the types of questions asked during loan assessment of both women and men, for example, about family circumstances.

Many formal sector banks have gender or equal opportunities policies for staff. Many also have childcare facilities and proactive promotion policies for female staff. Increasing the numbers of female staff is essential to increasing the numbers of female clients in many social contexts. Both female and male staff will however require gender training integrated into general induction training.

Many formal sector banks have been at the forefront of product innovation. This does however, require more than the introduction of a few small loan products for women's activities. Possibilities are:

- Mechanisms to enable women to graduate from small to larger loans without discrimination provided they have a good credit record;
- Loan products and sponsorship of enterprise competitions to encourage women's enterprise in non-traditional activities and also in services needed by women;
- Introduction not only of products specifically targeted to women, but revising the loan conditions for all products to ensure that there is no gender discrimination;

- Encouragement of male savings for education of girls, assets for their daughters to take with them in marriage to encourage men's responsibility for the future of their and enable female savings to be used for enterprise investment.

Banks generally use individual rather than group-based lending and may not have scope for introducing non-financial services. This means that they cannot be expected to have the type of the focused empowerment strategies which NGOs have. Nevertheless, they can be actively involved in collaboration with other service providers giving for example: Enterprise and business development services for women and providing loans to female trainees; legal aid services for women and reproductive health services for women. This collaboration could be formal partnerships or merely having literature available on these services for clients to read while they are waiting to see bank staff.

Banks can, and do, also enter into partnerships with NGOs and provide loans to groups or organised federations. This however presumes that the NGOs are not expected to be sustainable but have secure support for their organisational role. Banks could seek particularly to work with NGOs and other organisations with a demonstrated commitment to gender issues.

Most of these measures have minimal cost but would enable expansion of numbers of female clients and increase repayment rates. They would therefore enhance, rather than detract from, financial sustainability. The best way of integrating gender policy within existing practices and contexts can be assessed through a gender audit or a well-designed participatory process. This would entail some initial cost, but could be expected to recoup these costs through better outreach to good female clients.

All of the above are also possible within integrated poverty-focused MFIs and NGOs. For organisations with a 'credit-plus' focus, the scope is even greater for both mainstreaming gender equality and empowerment within the credit plus and specific empowerment initiatives. In particular it has considerable scope for effective group-based strategies for collective action and lobbying and advocacy.⁸⁰

Ultimately there is the possibility of a microfinance movement which promotes a vision of women as successful and competent entrepreneurs and advocates for equitable changes in national legislation and good conditions in the

80 See for example initiatives by SEWA in India www.sewa.org, ANANDI in India www.anandiindia.net and LEAP in Sudan www.leap-pased.org and the Participatory Action Learning System being developed by the author <http://www.lindaswebs.org.uk/PALS/PALSIntro>



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informal sector. This would in turn be the really significant contribution to the human progress and poverty elimination envisaged by the Microcredit Summit Campaign. It is hoped that this next decade of Microfinance will start to take this challenge seriously and be truly bold in its goals for gender equality and women's empowerment.

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Can Microfinance Empower Women? Self-Help Groups in India

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Microfinance programmes like the Self-Help Bank Linkage Programme (SHG) in India have been increasingly hailed for their positive economic impact and the empowerment women. This is based on the view that women are more likely to be credit constrained, have restricted access to wage labour market and have limited decision-making and bargaining power within the household.

This article argues that true women empowerment takes place when women challenge the existing norms and culture, to effectively improve their well being.⁸² While doing so, it carefully interprets the World Bank's definition of empowerment within the South Asian contexts and makes comprehensible distinctions between community driven development, efficiency improving activities that are culturally considered to be women's domain and activities which truly empower women. Based on this conceptual framework the results of the Focus Group Discussions (FGD) and interviews analyze the activities through which the Self Help Groups impact the lives of women in India. It is argued that only a fraction of these activities are truly empowering for the participating women, however, drawing inference from the household data, preliminary results indicate that SHGs could be leading to empowerment of women.

Literature survey

To truly understand the complexity of women empowerment and its different aspects, one has first to look at the existent definitions of the concept, at how it was measured and at the conclusions taken with regards to microfinance.

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Concept of Empowerment

What do we mean by empowerment? When does the well-being of a person improve? Nobel Laureate Amartya Sen (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements. However, the full accounting of individual freedom goes beyond the capabilities of personal living. For example, if we do not have the courage to choose to live in a particular way, even though we could live that way if we so chose, can it be said that we do have the freedom to live that way, i.e. the corresponding capability? Another important point made by Sen (1990) is that for measurement purposes one should focus on certain universally-valued functioning, which relate to the basic fundamentals of survival and well-being regardless of context. Taking the example of universally valued functioning like proper nourishment, good health and shelter, Sen asserts that if there are systematic gender differences in these very basic functioning achievements, they can be taken as an evidence of inequalities in underlying capabilities rather than differences in preferences.

Annas (1993) explains that two actual norms for human life exist globally: in no society is it indifferent to the shape of one's life and what one can make of it, whether one is a man or a woman. One's sex may close some options completely, or make them less available but it always makes a difference to what one's options are over one's life as a whole. According to her, in a traditional society norms for the lives of men and women are enforced strongly and there exists actual division of activities and ways of living.

When we look at a society more traditional than our own, we systematically perceive injustice in the ways in which the two norms impose different kinds of life on men and women, however as soon as we position ourselves with regard to a more traditional society it is obvious that injustice results from the existence of two norms.

In the feminist paradigm, empowerment goes beyond economic betterment and well-being, to strategic gender interests. As Mayoux (1998) suggests, empowerment is a process of internal change, or power within, augmentation of capabilities, or power to, and collective mobilization of women, and when possible men, or power with, to the purpose of questioning and changing the subordination connected with gender, or power over. Empowerment can range from personal empowerment that can exist within the existing social order. Thus this kind of empowerment would correspond to the right to make one's own choices, to increased autonomy and to control over economic resources. But self-

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confidence and self-esteem also play an essential role in change. Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so (Kabeer, 2001). Personal empowerment can lead to changes in existing institutions and norms, however, without the collective empowerment the personal empowerment and choices are limited, as Sen explains.

The nature of empowerment can be diverse, depending upon the parameters that define the lack of power within the institutional framework in operation. North (1990) points out that institutions are humanly devised constraints that shape human behaviour and they structure incentives in human exchange, whether political, social or economic. It is the social or cultural environment that results in the varying degree of empowerment of different members of the society and which are broadly determined by not only formal constraints, such as rules of law, but also informal constraints, such as the codes of conduct.

Malhotra et. al (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. Since these dimensions cover a broad range of factors, women may be empowered within one of these sub-domains. They give the example of "socio-cultural" dimension which covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to non-familial social support systems and networks available to women.

The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets."⁸³ Thus, as the World Bank (2001) report confirms, societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard of their people. The World Bank also identifies four key elements of empowerment to draft institutional reforms: access to information; inclusion and participation; accountability; and local organisational capacity.⁸⁴

83 Refer to Social capital, empowerment and community driven development at <http://info.worldbank.org/etools/bspan/PresentationView.asp?PID=936&EID=482>

84 Refer to <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/68ByDocName/WhatIsEmpowermentFourAreasofPractice>

Empowerment is also related to the concepts of social capital and community driven development with which it is sometimes confused. According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome. Social capital, on the other hand, features social organisation such as networks, norms and inter-personal trust that facilitate coordination and cooperation for mutual benefit. It is by nature a stock. And Community Driven Development (CDD) is a methodology of undertaking development enterprises that gives control of decisions and resources to community groups. It is by nature an activity. Connecting these three, Grootaert (2003) points that building social capital facilitates empowerment. Social capital and empowerment are multi-level concepts and facilitate the link to poverty reduction, whereas CDD is a manifestation of social capital and empowerment. Summarising, Krishna (2003) points that these three concepts need to be pursued separately. For social capital, the emphasis should be on building stronger cognitive structural links among community members, for CDD the emphasis is on making complementary resources and formal authority available to communities. The emphasis should be on improving governance and making individuals and communities better agents of their own development.

Kabeer (1999), stresses that women's empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her, it is important to understand empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. Kabeer emphasises that the ability to exercise choice incorporates three interrelated dimensions: resources⁸⁵ (defined broadly to include not only access, but also future claims, to both material and human and social resources); agency⁸⁶ (including processes of decision-making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation) and achievements (well-being outcomes).

85 Resources do not only include material resources but also various human and social resources, which serve to enhance the ability to exercise choice. In this broader sense resources are acquired through a multiplicity of social relationships conducted, in the various institutional domains, which make up a society (such as family, market, community). Access to such resources will reflect the rules and norms, which govern distribution and exchange in different institutional arenas.

86 Is the ability to define one's goals and act upon them. It is more about observable action; it also includes the meaning, motivation and purpose, which individuals bring to their activity, their sense of agency, or 'the power within'.

Kabeer further stresses that it is resources and agency together that constitute what Sen (1985) refers to as capabilities: the potential that people have for living the lives they want, of achieving valued ways of 'being and doing' which are valued by people in a given context. 'Functioning' refers to all possible ways of 'being and doing', which are valued by people in a given context and of 'functioning achievements' to refer to the particular ways of being and doing which are realized by different individuals. If the failure to achieve valued ways of 'being and doing' can be traced to laziness, incompetence or individual preferences and priorities, then the issue of power is not relevant. It is only when the failure to achieve one's goals reflects some deep-seated constraint on the ability to choose that it can be taken as a manifestation of disempowerment.

Another question that needs examination is whether empowerment is a universal concept irrespective of cultural and geographical location? Mohanty (1991) criticises the underlying assumption of feminists in the Western world that women in the developing world have similar aspirations and empowerment needs. Such an interpretation, he suggests, does not take into account social relations and institutions. In contrast, Nussbaum (2000) refutes the arguments from culture, diversity and paternalism to construct a universal framework to assess women's quality of life.

In India, women are not the only marginalized section of the society. The scheduled castes and scheduled tribes are still largely under-privileged in terms of wealth, education and access to basic services, in particular health services. Using the sociological analysis proposed by Andre Beteille (1999), India is the contradiction case of egalitarian political order and is a hierarchic social structure. Thus economic and social inequalities rooted in traditions and cultural norms need to be changed as political measures alone cannot bring empowerment. He points out that empowerment is invoked in the context of economic weakness and insecurity, particularly of marginalised, unorganised and other disadvantaged groups.

Measuring Empowerment

Malhotra (2002) emphasis that even after identifying empowerment as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment. The UNDP's Human Development Report of 1995 introduced two new complementary indices: the Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM). The GDI indicator measures the inequalities between men and women in terms of access to basic needs. GEM

evaluates women's access to political and economic posts. The three indicators retained are the share of seats held by women in the parliamentary assemblies, the share of supervisory posts, high administrative posts and technical posts assumed by women, and the estimated share of income from work of women compared to that of men. Based on Amartya Sen's work, the UNDP makes the distinction between the measure of inequality and empowerment. The GDI focuses on the extension of capabilities, the GEM is concerned with the use of those capabilities to take advantage of the opportunities of life. The UNDP found a very strong correlation between its gender empowerment measure and gender-related development indices and its Human Development Index. Bardhan (1999), points that these indices have limitations. Firstly, the presence of large proportion of elected women members in the national parliament does not necessarily have significant real power. Secondly, such a measure does not take into account the participation of women in the local political institutions and their visibility in other bodies of civil society.⁸⁷

Sinha and Patole use the EDA Rural System to evaluate 20 Microfinance Institutions (MFIs) representing various models within India. The EDA approach's triangulation method uses three different tools: the direction of change (Focus Group Discussions), the process of change in different contexts (case studies) and the assessment of that change (quantitative data). Interestingly, they do not build any index of empowerment. Ackerly (1995) constructs an indicator, Accounting Knowledge, to measure the probability that the changes associated with empowerment intervene. Goetz and Sen Gupta (1996) built an index of Managerial Control in order to classify the borrowers into five categories ranging from no control (no knowledge of the use of the loan or no contribution in terms of labour to the financed activity) to full control of the use of the loans (full control over the entire productive process, including marketing).

Hashemi, Schuler and Riley (1996) investigate the change in women empowerment with the help of an ethnographic study and quantitative survey. The analysis studies 1,300 women to measure the effects of Grameen Bank and Bangladesh Rural Advancement Committee. They create an empowerment indicator built on the following eight criterions: mobility, economic security, ability to make small

87 Beteille (1999) points out that the political participation in the local political institutions does not automatically reflect at the national level and also does not automatically suffice to define empowerment. The Indian constitutional amendments of 1992 had fixed a quota reserving one-third of the seats for women in the local political institutions (Panchayati Raj Institutions). However, in 2000, the share of elected women in the two houses of parliament was only 8.9%. Hence political participation in the local political institutions does not automatically reflect at the national level and also does not automatically suffice to define empowerment.

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purchases, large purchases, involvement in major household decisions, and relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns.

In the past the repayment rate was used as an indicator of empowerment. However, many researchers have expressed concern about this, pointing out that women may repay loans through taking loans elsewhere and get into serious debt. In some cases men may control loans, whereas women might be mediating between male family members and MFIs. Hulme and Moseley (1996), suggest that focussing on repayment rates puts further pressures on the groups to exclude those who are most in need of microfinance.

On measuring empowerment, Kabeer (1999) highlights various methodological points about some of the key elements: Resources, agency and achievement. Many analysts point the need to go beyond 'access' indicators in order to grasp how 'resources' translate into the realization of choice and have led to a variety of concepts seeking to bridge the gap between formal and effective entitlement to resources, generally by introducing some aspect of agency into the measure. 'Control' is one of the most commonly used ways to measure empowerment. For instance, Goetz and Sen Gupta (1996) argue that if it is hypothesised that control over loan filled activity is in fact a critical 'control' point in the process by which access to loans translates into a range of valued achievements, then 'managerial control' can serve as an indicator of empowerment.

Since women are given greater respect within their communities for conforming to its norms, and are penalized if they do not, their own values and behaviour are likely to reflect those of the wider community and show a preference for similar practices. Therefore, if empowerment were simply equated with a role in decision-making and 'control' over household resources, then having sons and bringing in large dowry would be women empowerment. Yet both dowry and a preference for sons are associated with some of the strongest indicators of gender discrimination on the Indian sub-continent.

In terms of measurement of agency, there are both positive and negative measures like women's mobility in the public domain, their participation in public action, the incidence of male violence and the most commonly used is the agency of decision-making. The decision-making may range from making decisions about expenditure on food and household budget to more important decisions like children's education, decision of women to work outside the market, when sons and daughters marry, to purchase and sale of major assets. However, different cultures have different distribution of power with men-making decisions in some areas and women taking decisions on some other issues. Kabeer (1999) points

that evidence from South Asian studies suggests that, within the family, the purchase of food and other items of household consumption and decisions related to children's health appear to fall within the women's arena whereas decisions on education, marriage of children and market related transactions in major assets tends to be the male domain. Therefore, greater care needs to be taken in selecting the decisions which indicate levels of empowerment.

However, decision-making is an art, as reflected in an account of the Kisii in Kenia by Silberschmidt (1992). Women admitted that men should be consulted on all issues but in reality took decisions themselves. He also pointed that it was common practise to avoid open confrontation while still taking there own decision and sometimes even manipulating the men-folk and taking independent decisions. Kabeer points that within the South-Asian context, the re-negotiation of the power relations within the family are about changes in the informal decision-making, with the women opting for private forms of empowerment, which retain the public image of the man intact within the current norms of the society.

While measuring achievements, Kabeer cautions on the need to make the distinction between achievement differentials which reflect the differences in choice and those which draw attention to inequalities in the ability to make choice. She draws attention to the fact that improvements in the care of infants is not necessarily evidence for empowerment as 'care of infants' came within the women's pre-assigned jurisdiction, then improvements reflect increased efficiency in pre-assigned role rather than an evidence of empowerment. However, women who lived or had lived with their in-laws, or whose husbands were much older than them, were less authoritative in taking care of their children's health.

Pitt and Khandker (1995) investigated the decision-making outcomes according to the gender of the loanee to infer the gender differences within the household. However, it is difficult to interpret their results that state that loans to men were likely to have a greater fertility-reducing effect than loans to women. Kabeer suggests that this could have been due to the fact that they try to make assumptions about agency on the basis of evidence on relationship between resources and achievements.

Microfinance and Women Empowerment

A majority of microfinance programmes target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority.

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Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organisations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Hashemi et.al (1996) investigated whether women's access to credit has any impact on their lives, irrespective of who had the managerial control. Their results suggest that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness as well as in composite empowerment index. They also found that access to credit was also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organizations.

Holvoet (2005), finds that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making patterns. However, when loans are channelled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns are observed. This involves a remarkable shift in norm-following and male decision-making to more bargaining and sole female decision-making. She finds that the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transformed groups into actors of local institutional change.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. She further points that in some cases women's increased autonomy has been temporary and has led to the withdrawal of male support. It has also been observed that small increases in women's income are also leading to a decrease in male contribution to certain types of household

expenditure. Rahman (1999) using anthropological approach with in-depth interviews, participant observations, case studies and a household survey in a village, finds that between 40% and 70% of the loans disbursed to the women are used by the spouse and that the tensions within the household increases (domestic violence).

Mayoux (1997) further discusses that the impact within a programme also varies from woman to woman. These differences arise due to the difference in productive activities or different backgrounds. Sometimes, programmes mainly benefit the women who are already better off, whereas the poor women are either neglected by the programmes or are least able to benefit because of their low resource base, lack of skills and market contacts. However, poorer women can also be more free and motivated to use credit for production.

Mayoux (2001) also warns about the inherent dangers in using social capital to cut costs in the context of other policies for financial sustainability. The reliance on peer pressure rather than individual incentives and penalties may create disincentives and corruption within groups. Reliance on social capital of women clients along with increasing emphasis on ideals on strict economic accounting at the programme level require increased voluntary contribution by the members in terms of time and effort. It has been noted that those putting in voluntary contributions also expect to be repaid in the form of leadership of the group etc.

Another issue that needs further investigation is whether without change in the macro environment, does microfinance reinforce women's traditional roles instead of promoting gender equality? A woman's practical needs are closely linked to the traditional gender roles, responsibilities, and social structures, which contribute to a tension between meeting women's practical needs in the short-term and promoting long-term strategic change. By helping women meet their practical needs and increase in their efficacy in their traditional roles, microfinance can help women to gain respect and achieve more in their traditional roles, which in turn can lead to increased esteem and self-confidence. Although increased esteem does not automatically lead to empowerment it does contribute decisively to a women's ability and willingness to challenge the social injustices and discriminatory systems that they face (Cheston and Kuhn, 2002). Finally, it is important to realise that empowerment is a process. For a positive impact on the women empowerment may take time.

THE SELF-HELP GROUP BANK LINKAGE PROGRAMME

Over the past decades, subsidised rural banking in India, despite its large network of rural bank branches has failed to reach the poorer sections of the society. By the early 1980s, the All India Debt and Investment Survey (Government of India, 1981) showed that the share of non-institutional agencies (informal lenders) in outstanding cash dues of the rural households was 38%. The main limiting factor in reaching formal finance to this group was the high transaction costs and lack of appropriate credit and saving products. A study conducted by NABARD in the mid-eighties revealed that financial services required by poor households are: safe-keeping of small surpluses in the form of thrift; access to consumption loans to meet emergency needs and financial services and products that did not require collateral (MYRADA, 2002). The Self Help Group Bank Linkage model evolved from the pioneering efforts of NABARD and two NGOs, MYRADA and PRADHAN.⁸⁸ Starting with 500 groups in the early 1990s, the cumulative numbers of SHGs that have been financed have increased to 1,618,456, by March 2005. The expansion of the SHG bank linkage programme has seen an acceleration in the past few years. It has reached an estimated 121.5 million people and disbursed more than Rs. 68 billion in cumulative bank loans up to March 2005, using a network of 41,082 bank branches and 4,323 NGOs.

Information on Self Help Groups	
A. Physical Achievements	
1. Number of poor families who have accessed bank credit up to March 2005	24.3 million
2. Estimated number of poor people assisted up to March 2005	121.5 million
3. Percentage of SHGs comprised of women	90
4. Cumulative number of SHGs financed by banks up to March 2005	1,618,456

88 MYRADA and PRADHAN are two NGOs engaged in social development. In 1992, they persuaded the government to remove legal obstacles so that NGOs could take loans from banks that could be further lent to the SHG members.

B. Financial Results	
1. Cumulative bank loans disbursed to SHGs up to March 2005	More than Rs.68 billion**
2. Bank loans disbursed to new SHGs during 2004-2005	Rs. 17,266 million
3. Increase in credit flow to SHGs over the previous year	61%
4. On-time repayment reported by participating banks	Over 95 per cent

Partnerships	
1. Number of participating banks	573
2. Commercial banks	47
3. Regional Rural Bank	196
4. Cooperatives	330
5. Number of bank branches lending to SHGs	41,082
6. Number of participating NGO and other agencies	4323

* Source: Progress of SHG – Bank Linkage in India, 2004-2005, microCredit Innovations Department, Nabard, Mumbai, 2005.

** 1USD = Rs. 43

NABARD (2005) explains that the Self Help Group is a group with “an average size of about 15 people from a homogenous class. They come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritisation of needs, setting terms and conditions and accounts keeping. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond the individual capacities of any of them. The SHG members begin to appreciate that resources are limited and have a cost. Once the groups show this mature financial behaviour, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups’ own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments.”

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The SHG bank linkage programme links a SHG group to banks, where the banks provide a loan to a mature group. The group places its savings in the group deposit account in the bank (at about 12% per annum), using its group savings and group guarantee as a collateral. Nabard provides subsidized refinancing support to banks to encourage such lending. However, the demand for such refinancing support to banks has fallen, as SHG lending is more profitable and has lower default rates (less than 1% as compared to 11-12% of their regular portfolios) (Basu and Srivastava, 2005). The NABARD SHG bank linkage programme has achieved only 1.4% of the potential demand, reaching out to seven million households with an average credit of Rs. 2,000 a household, as against the need to reach 100 million with Rs. 10,000 per household. The microfinance institutions (MFIs) on the other hand, have been able to meet only 0.25% of the demand (Mahajan, 2002).

India has 37% of the world's population earning less than \$1 a day, of which 60% are women (Human Development Report, 2003). The Government of India, National Policy for the Empowerment of Women (2001), declared various measures aimed towards achieving greater equality between men and women. In 1993, the Indian government ratified the International Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). The government's poverty alleviation programmes such as Swaranajayanti Grama Swarojgar Yojna (SGSY) and the Rashtriya Mahila Kosh implement their programmes through microfinance interventions of NABARD's Self Help Group bank linkage programme. Apart from the large numbers of households that this programme services, the following features make the Nabard SHG model unique:

1. The distinctive process of formation of the SHGs and the freedom that they have in deciding the terms of their lending and borrowings within the group, once they receive the loan.
2. The use of the existing and extensive infrastructure of rural bank branches for disbursing microfinance services.
3. Three distinctive ways of linking the SHGs to the banks, through NGOs, commercial and rural banks, with the NGOs playing a major role in promotion of the SHGs and their training.
4. The government's poverty alleviation programmes such as Swaranajayanti Grama Swarojgar Yojna (SGSY) and the Rashtriya Mahila Kosh implement their programmes through microfinance interventions.

Using higher rates of savings, borrowings, timely repayment of credit, promptness in attending SHG meetings and decisions by individual members as indicators of enhanced credit access, income generation and socio-economic empowerment

of the poor, Puhanzhendi and Badatya (2002) find that the SHG programme has a positive social impact. Puhanzhendi and Satyasai (2000) further argue that the social impact of these programmes on the household is greater than the economic impact.

Data and Focus Group Discussions

This study is based on a unique database collected from five states⁸⁹ in India, in two periods (July 2000 and end of 2003). The main aim of the survey was to accumulate information on the impact of SHG bank linkage programmes on poverty, vulnerability and social development. The complete survey involves a household level survey, quantitative survey of the SHGs, Focus Group Discussions and interviews.

However, for this paper we investigate the results of the Focus Group Discussion and interviews. Each Focus Group Discussion had at least 15-20 SHG participants, each from different SHGs. A total of 20 such FGDs were conducted, four in each of the five surveyed states. In addition, the analysis is further supported by the preliminary evidence from the household survey⁹⁰. About 1000 households were surveyed, based on the quasi-experimental sampling design. In addition to a randomly chosen group of participants, a control group was also selected. The households of the control group belong to a village, which is similar to the SHG villages, in terms of the level of economic development, socio-cultural factors and infra-structural facilities. These control group households were un-exposed to the concept of SHGs till the time of the survey. The motivation for choosing the control group was to compare it with the group of SHG beneficiaries and get the real impact of the SHG programme, instead of changes arising due to economic, political, social, cultural and policy environment.

Both the SHG and the control group show similar characteristics in terms of the average age of the respondent, the percentage of female borrowers and the increase in the value of land owned between July 2000 and the end of 2003. Measuring the increase in the average level of assets owned, the gain for the control and SHG group are comparable. The groups are also similar in terms of other household features like the percentage of earners, literacy and respondents engaged in farm activity. There is no noteworthy difference in terms of the asset-ownership (Bali Swain, 2006).

89 These states (districts in parentheses) are Orissa (Koraput and Rayagada), Andhra Pradesh (Medak and Rangareddy), Tamil Nadu (Dharamapuri and Villupuram), Uttar Pradesh (Allahabad and Rae Bareli), Maharashtra (Gadchiroli and Chandrapur).

90 The author is simultaneously working on a technically sophisticated analysis of the household data to investigate the impact of SHGs on women empowerment.

SHGs and Women Empowerment

The complexity of the concept of 'women empowerment' is clear from the different interpretations and methodologies that have been used to measure it. It is therefore not surprising that every investigation of the impact of microfinance programmes on women empowerment has its own incomplete interpretation of the concept.

Using the World Bank's definition of empowerment along with Kabeer's sensible interpretation of women empowerment within the South Asian context, this paper argues for a more strict interpretation of women empowerment. It is interpreted as the process in which a woman challenges the existing norms and culture to effectively improve her well-being. A distinction is therefore made between the outcomes that lead to greater efficiency within the existing norms, community driven development (CDD) and outcomes that can be directly interpreted as women empowerment.

For instance, activities like improvement in nutrition of children, lead to greater efficiency in the woman's role in the household but it also falls within the existing role of the women within the norms of the society. When a woman is better able to perform such activities, it leads to an increase in her self-confidence and feeling of well being. This might create conditions leading to woman empowerment, but are not empowering on their own. Similarly, Community Driven Development activities, undertaken under the initiative of the SHGs – for instance, solving drinking water problems in the village, reduces the demand on a woman's time while leading to better health of all household members, particularly children. However, most of these activities are for the welfare at the household (including women) or community but are not directly empowering. According to our definition, the truly empowering activities are those that reflect the changes that women have effectively made to better their lives by resisting the existing norms of the society.

Based on the conceptual framework above the responses of the FGDs have been classified as follows:⁹¹

A. Efficiency improving activities that are culturally considered within the woman's domain:

1. Sending children (both girls and boys) to school more regularly;
2. Improved nutrition in the household;
3. Taking better care of health and hygiene of their children;

91 Source: Activities from Focus Group Discussions, author's data

4. Taking care of other group members in time of health and psychological crisis. For instance, taking a pregnant member within their group to a hospital for delivery of a child. Helping a group member with household and income-generating activities at the time of loss of her husband;
5. Helping in social functions like marriage.

B. Community Driven Development Activities commonly taken up by the SHGs members:

1. Cleaning the village road, village pond and village school;
2. To solve the drinking water problem, arrange a tube-well in the village;
3. Helping to start a school for their own children and children of the village;
4. Building a bridge over a small rivulet, thereby connecting the village road to the outside world. They did this by taking a contract from the local authorities and using their own and other villagers free labour;
5. Build a small patch of the village road;
6. Starting a store with groceries, vegetables and other basic requirement within the village at reasonable prices, so that people do not have to travel to the nearest village market for shopping;
7. Starting an adult literacy programme in the village;
8. Participating in the sanitation programme of their village;
9. Help government in immunisation programmes;
10. Monitoring the school and primary health care centre in their village;
11. Street light for the village and its maintenance;
12. Anti-alcohol campaign to stop consumption of alcohol by men in the community.

C. Women empowering activities:

1. Overcoming the resistance from husband and other members of the family to join the SHG;
2. Increased participation in decision-making within the household to issues that were usually considered outside the domain of woman;
3. Improved status and increase in respect within the household;
4. Feeling fearless, open and confident;
5. All group members learn to sign their names and some have joined adult literacy programmes;
6. Adopting family planning measures;
7. More mobile, can move out of the house and the village more frequently;
8. Talking to the male persons in their village, which they were not confident to do before because of cultural reasons;

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9. They have more information about the government programmes due to their exposure and can apply for them for their own betterment and the benefit of the community;
10. Actively participating in the decision to send their children to school;
11. Eradication of prostitution;
12. Some women can actively engage in the decision of their marriage with the elders in her household;
13. Awareness about politics and engaged in political participation by way of voting or directly, by standing as a candidate in the local elections.

Some of these changes have been confirmed by the quantitative data to be significant vis-à-vis the control group. However, others like the adopting family planning measures, decision on marriages of children etc. did not show evidence for improvement in the household data. The level of self-confidence and mobility are also important constituents of empowerment. The comparison between the SHG respondents and the control group shows drastic differences. An overwhelming majority (88%) of SHG respondents reported an increase in self-confidence after joining the group.

In terms of the economic confidence, about 87% of the SHG respondents (as compared to only 33.5% of control households) reported confidence in meeting a financial crisis in the family. The SHG households also showed a significant positive change in the level of confidence while expressing their opinions in meetings. The interaction with government and bank officials had greatly increased and indicated greater mobility, confidence, exposure and better communication skills.

Several studies have raised concern about the 'control' of women over their loans and their ability to manage them. Another concern is over the feminisation of debt, where women are seen as becoming mediators between the male members of their family and the microfinance institutions. 'Control' over resources by women has been specifically interpreted by many studies as an appropriate indicator of women's empowerment. It has been alleged that purchase of raw materials and pricing of final products are often controlled by the male members of the household. This does not hold for the surveyed SHG participants. Almost 60% of the SHG households (43% of the control group) reported that borrowing women themselves took the crucial decisions in the purchase of raw material and product pricing. When asked if the respondents planned their activities and supervised others working with them, the difference between the SHGs (50%) and the control group (30%) was even greater. The fact that the SHG respondents were better able to arrange credit and other inputs in time for their activities can also be directly attributed to the microfinance services made available within the programme.

However, a small but nevertheless alarming increase of about 10% in family violence was noticed within the SHG households. A few other studies have reported an increase in family violence due to the greater economic independence of women, where they resist subjugation and traditional controls imposed on them. The resistance by the respondents to verbal abuse, beating and physical abuse, psychological and emotional abuse, seems to be growing within the SHG respondents as compared to the control group.

Political participation, especially at the local level has been seen as a key factor in empowerment of women. In India, the government has passed legislation to ensure reservation of seats for women in the local institutions (Panchayats). SHG respondents showed greater awareness of reservations for women in Panchayats and jobs, and an increased level of participation in village politics. The SHG respondents also reported an increased level of respect from their spouses after joining the group. Almost 50% of the SHG households, as compared to 18% of the control group, confirmed this. The households were also asked some key questions on decision-making. According to the norms in the South Asian society, especially India, it is usually the head or the male member(s) of the household that take certain key decisions.

The SHG respondents in this data set did show a greater involvement in decision-making within all family matters, when compared to the control group:⁹²

Decision-making within the households		
	SHG participants (%)	Control group (%)
As compared to July 2000, has your involvement in the decision-making of your family increased in the following areas?		
1. Family planning	28.5	20.3
2. Children's marriage	13.7	18
3. Buying and selling of property	20	17
4. Sending daughters to school	30	22
5. All decision of the family	45	28.5

However, this empowerment did not show any significant impact on some of the key decision-making areas of family planning, children's marriage and the buying and selling of land. These decisions, which have traditionally been within the male domain, reflect that although the women have been empowered, SHGs

92 Source: Author's data.

have not been able to make substantial impact in these key decision areas. A slight change, however, has been noticed in the inclusion of women in the decision-making process of sending their daughters to school.

CONCLUSION

Given this detailed investigation of women with respect to the control of resources, changes in behaviour and the decision-making reveals that many strides have been made in the right direction and women are in the process of empowering themselves. But examining the evidence on some key issues both within the quantitative household data and the FGDs, suggests that a lot needs to change to make women truly empowered.

Based on the evidence along with a more strict interpretation of women empowerment, it is difficult to believe that a minimalist microfinance programme would have sustainable impact on the empowerment of women. SHGs, where a majority of groups are linked with the help of NGOs that provide support in financial services and specialised training, have a greater ability to make a positive impact on women empowerment.

If women empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and more lasting empowerment.

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Gender Impact Assessment in Microfinance and Microenterprise: Why and How⁹³

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Although women are being targeted in microfinance and microenterprise projects, this does not necessarily mean that gender relations are being taken into account. Rather, targeting women raises a host of questions about the context in which women are operating their businesses or handling finance. These questions need answering if we wish to understand whether women are able to use the services and make the anticipated improvements in their livelihoods (Mayoux 1998).

Why Assess Gender Impact?

No intervention can have neutral effects when the players do not start as equals. Gender relations themselves affect a project's ability to deliver the outcomes and impact that it proposes. Gender awareness in impact assessment starts from recognising that a project will always affect men and women differently. Women face a variety of obstacles or constraints to taking and repaying credit, starting up and developing their businesses, and responding to policy incentives.

These obstacles are the outcome of existing gender relations. The matrix below identifies some of the obstacles which might prevent women from utilising microfinance or business development services in the ways they might wish. These constraints interact and reinforce each other:

- 'Individual' refers to constraints that operate because of the woman's own endowment of skills, experience, knowledge, confidence, etc.
- 'Household' refers to social relations within the household which are mostly talked of in relation to husbands and wives. But usually the household

93 Source: Development in Practise, Volume 10, Number 1, February 2000, p. 89 – 93.

is a broader unit with sons and daughters, parents and other relatives also affecting the range of activity which it is acceptable for women to undertake.

- Analysis often stops at the level of the household in the discussion of microfinance and enterprise but it is important to recognise the constraints that the wider society imposes in terms of norms of behaviour, legal rights, and the perceived value of what women do.

The following matrix combines constraints identified from a wide range of cultural contexts and would need to be systematically worked through for a specific context.

Gender-based obstacles in microfinance and microenterprise:

	Individual	Household	Wider community / national context
Financial	Women lack access to banks / financial services in own right.	Men's control over cash income; men's expenditure patterns.	Perception of men as controllers of money / loans.
Economic	Women undertake activities which produce low returns; women have a heavy domestic workload.	Gender division of labour; unequal access and control of land, labour and inputs unequal control of joint household produce and income stream from this.	Women underpaid for equal work women locked in low-paid jobs; stereotypes of appropriate roles for women in the economy; women lack access to markets for inputs and outputs if mobility constrained because of social norms.
Social / cultural	Women not literate or educated; girl's education not prioritised.	Limited role for women in household decision making; polygamy results in conflict / competition and discrimination between wives; violence towards women.	Banks and financial institutions do not view women as a potential market; women's mobility constrained by social norms.

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Political / legal	Women lack confidence to claim political / legal rights.	Women lack legal rights to jointly owned to jointly owned household assets.	Women's legal rights to household assets not defined in law or useful for collateral; women lack political positions to establish appropriate laws; rights to land both traditional and formal.
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It is also important to recall that neither women nor men are in themselves homogeneous categories. Young unmarried women face very different prospects and constraints compared with older women who may be widowed or divorced. For the latter, independent action is more socially acceptable in some societies than it is for young unmarried women. The stage of the life cycle also tends to determine issues such as a woman's access to the labour of other family members, especially children.

If these obstacles prevent women from responding to programmes and incentives in the same way as men, then the impact of these interventions on women and gender relations will be different also. Even if a project proposes to treat women equally, the ability of men and women to use and respond to the services offered will differ in practice. This difference in response may then reinforce existing differences and result in unintended (and usually unmonitored) negative consequences for women.

How to Assess Gender Impact?

Understanding the way a project has approached gender is a good starting point in designing an impact assessment and a number of questions can be asked in order to establish this:

- What analysis has the project made of gender relations in the specific context in which it is working? What approach does it take as a result of this analysis?
- Who has the project targeted - women only, women and men, men only - and why?
- What positive impact does the project expect to have on (i) women for themselves; (ii) women in the context of their families/households; (iii) women in the context of their communities? How are these impacts expected to come about?

Have any potential obstacles to achieving these impacts been identified? How was it anticipated that they would be overcome?

- What impact does the project anticipate for other members of the household/family? What does this assume about the way gender relations operate?
- Does the project anticipate negative impacts on gender relations?
- What indicators were identified to measure the project's progress? How do these indicators relate to gender relations?
- What steps has the project taken to evaluate its impact on women and on gender relations?
- What steps has the project taken as an institution itself to implement a gender policy in its staffing, organisation, and management?

Even where women have been targeted, projects may show no further gender awareness in the way in which they are designed, equally represented in positions of authority implemented, and monitored. Indeed, a project with a policy to ensure that women are the village level can be argued to be addressing gender relations more overtly than one which is a 'women only' programme since, in the former, wider social expectations about the position of women may be directly challenged.

The impact assessment work might then be approached as follows:

1. Establish a gender baseline: that is, establish the nature of gender relations in spheres relevant to the project's operations, for instance in areas such as the control of individual and household incomes; responsibilities for different types of family/household/individual expenditure; access and control of resources required for income generation, etc. It is these gender relations that are most likely to affect the impact of the project. Techniques such as the Harvard Framework help to collect this type of information systematically (see, for example, March et al. 1999). If the project did not carry out its own baseline study then it may be possible to construct one using secondary sources as well as using 'now' and 'before' techniques.
2. Consider the potential impacts of the project on gender relations: while evaluation is about establishing whether the positive objectives planned by the project have been achieved, impact assessment has to look both to the positive and negative impact, expected and unexpected. 'What you don't look out for you don't see' and this is especially the case with gender. Impacts may be 'unexpected' as far as one particular project's planning is concerned, but they may not be so when compared with experience elsewhere which may suggest potential areas of impact to be watched out for. Further, positive and negative effects can exist alongside each other and

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it is important to understand how women themselves assess the balance between them. This may also throw up ideas about how negative impacts might be addressed in the future through changing the design of the programme or putting different strategies and policies in place.

3. Establish the information and indicators required: First, disaggregate all data collected to consider how the situation may have changed differently for women compared with men. Indicators such as job creation, income, and well-being have different characteristics for men and women. Jobs for women may be more likely to be part-time, seasonal, or temporary, and/or be in sectors which are traditionally those in which women work and attract lower wages compared with men. Incomes can have very different characteristics (e.g. amount, cash flow, seasonality, etc.) depending on the type of enterprise.

Women are more likely to take up certain types of enterprise than men and vice versa. Well-being indicators can be prioritised quite differently by men and women, and incomes which are small and regular and come directly into the hands of women are more likely to be used for household and family welfare expenditures.

Second, consider the impact on gender relations (both expected and unexpected); for example, have expenditure responsibilities shifted in the household in response to increases in income of individual members? Have working hours increased for all members of the household, or do additional hours worked in an enterprise result in additional workloads for women? How has access and control of resources vital to the enterprise changed?

4. Collect and analyse the data using tools and techniques appropriate to the task: This means using both quantitative and qualitative tools to collect gender-related information. Data on the nature of women's employment might best be collected through a quantitative survey but information about underlying relationships is probably best collected using a range of qualitative tools, especially those from the Participatory Learning and Action (PLA) tool kit. The beauty of these techniques is that once the question being researched has been decided, then it is usually possible to devise a means of answering it using these techniques. But obvious examples are the gender division of labour in productive and reproductive work; asset ownership profiles, and responsibility and task profiles. Alongside these, which are mainly used to explore intra-household changes, are tools such as enterprise maps which can indicate the types and numbers of women's and men's businesses in an area or market. All of these techniques can be done on a 'now' and 'before' basis (e.g. asking what the situation was

ten years earlier) to get a sense of what is changing. A crucial issue is that these techniques focus the discussion, and the debates and explanations occurring during the exercise are vitally important to an understanding of what exactly has caused the changes.

Nevertheless, in the context of gender relations there remains much ground which can often not be openly discussed. The discussion of how people organise their financial and economic affairs inside the household is usually a delicate area. Approaches to difficult issues, such as violent incidents perhaps caused by disputes over money, have to be extremely carefully handled. Ideas include asking project officers about incidents they know of and following them up on a case study basis, while understanding that not all women will be prepared to talk about their experience. It is also difficult to raise these kinds of issues in group sessions unless groups already have had some prior discussions about it - this is why it is important to know whether such discussions have already been part of the project's approach.

Carry out the impact in gender-sensitive ways: that is, in using male and female researchers appropriately; finding a location for the interview - can a location be found where women feel comfortable but are not likely to be interrupted; and when is an appropriate time of day between tasks? The dynamics of group discussions have to be carefully handled and it is probably best to separate men and women, depending on the types of questions being asked, even if the groups are usually mixed.

Finally, is the composition and dynamics of the research team itself. Considering the skills needed to properly incorporate gender - does it require a 'gender specialist' or is gender the responsibility of the whole team? How can sufficient female researchers be recruited and what special arrangements need to be made (especially, for example, in Islamic communities) to enable this to happen smoothly?

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Internal Allocation of Household Resources in Morocco and Implications for the Development of Microbusinesses⁹⁴

WOMEN'S WORLD BANKING and AL AMANA, 2003

In 2001, Al Amana⁹⁵ decided to introduce a new product – namely the individual loan – for customers who had succeeded with their loans in the collateral system, this being a means of favouring its market penetration. In order to understand the potential demand from Al Amana customers, a financial analysis of 128 people living in Rabat was conducted in October 2002, which consisted in identifying the revenue and expenditure of a company and a household.

The analysis revealed the existence of asymmetries in the size and volume of businesses, based on gender differences. Indeed, women had a tendency to have much more modest businesses than their male counterparts, especially when one compares the value of monthly revenues and the value of the capital involved.

Subsequent analysis conducted by Al Amana did, indeed, show that this scenario applies to all of Al Amana's borrowers, and that it is even worse than was first thought. The research related to male and female customers in five branches located in the Rabat region, where the individual loan product was tested, as well as in the area around Kenitra, a small town situated 30 km north of Rabat.

The purpose of the research⁹⁶ presented in this report is to understand the nature of this “glass ceiling” and question how identities based on differences in

94 This article is based on the research report titled RELATIONS DE GENRE ET MICROFINANCE: Allocation interne des ressources des ménages et capacité des femmes pauvres à développer des activités commerciales, by Women's World Banking and Al Amana, 2003. <http://www.alamana.org/servies-clients/etudegenre1.htm>

95 Al Amana is one of the largest microfinance institutions in Morocco.

96 Qualitative research, based on in-depth interviews and information gathered during meetings with target groups or focus groups, was conducted in the Rabat region in 2003.

gender, along with the distribution of roles, may affect the development or non-development of businesses and companies run by women.

The Factors Influencing Business Performance:

Gender Identities, Roles and Responsibilities

In Morocco, gender roles are essentially defined by the institution of marriage, which favours men over women. The basis of this asymmetry is a masculine obligation which is rooted in the Koran, which states that the man is supposed to be the financial provider par excellence within the household. In return, the wife ought to obey him in accordance with the principle of 'ta'a. Men are also meant to shoulder full financial responsibility for their wives. In addition, they must also provide financially for their elderly parents and purchase the provisions they may need, though this is a phenomenon that has somewhat diminished over time. In return, wives are supposed to fulfil their role as mother, spouse and finance manager.

Changes in Gender Identities

The roles that men and women define for themselves in parallel are based on social ideals, or on what is perceived as being a "model", and are fundamentally different from the roles each sex plays in reality. In fact, women play a far more preponderant role in the financial equilibrium of their households, while men have become increasingly incapable of taking on that role by themselves, owing to unemployment and the low salaries they receive.

This fundamental transition in roles lays at the root of a great deal of ambivalence on the part of the interviewees, both men and women. This ambivalence, when coupled with other factors, limit women's ability to develop their businesses.

Women's Attitudes Towards Women Who Work

When asked what motivated them to try to have their own income, many women described themselves as having been forced to do so because of economic or financial imperatives.

However, despite those imperatives, the women expressed ambivalence and contradictory opinions as regarded their work:

- The fact that a woman works makes her socially vulnerable, as it indicates that her husband either unable to take care of his responsibilities, or he is absent.

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- In order to protect her virtue and honour, once she has entered the labour market, a woman ought to avoid anything that is "shameful", or 'hshouma'. This limits the type of business she may enter into, as well as the extent of her mobility.
- A woman must, however, fulfil all of her domestic responsibilities, just like women who do not work. Consequently, her responsibilities are greater, and end up doubling.
- Labour in the informal sector or in domestic service (which is generally scorned) remain the only activities open to women who have received no formal education. These women constitute the majority of the population with which our research was concerned.

Many women also concluded that their labour outside their households had only added to their responsibilities, while the number of men's responsibilities had fallen in comparison.

The weight of the ambivalence as regards to paid labour is such that, even when the women admitted to having learned many things thanks to their work, that it had increased their worth and increased their right to make decisions within their own households, a significant number of them asserted that they would rather not have to work, if they had the choice.

Men's Attitudes Towards Women Who Work

The men interviewed expressed more ambivalence than female interviewees on the question of women who work. They have a number of reasons why they do not want their wives to work:

- It is a clear indicator that the husband is incapable of taking charge of his responsibilities.
- The fact that their wives have received no formal education indicates that the women can only work in domestic services.
- Their wives will never be able to earn enough to cover the expenses that their work implies; consequently, the end gain is not worth it.
- By working, women would be unable to perform their household tasks as is expected of them.
- Their wives would be subjected to sexual harassment.
- The wife would have more authority.
- It is a religious interdict.

This clash between modern economic imperatives and traditional ideals relating to the strict demarcation of male and female roles, does indeed limit the ability

of women to develop their own businesses. The following section of this report examines these factors in greater detail.

The Definition of Success

When asked what they would like to have achieved by the end of their lives, the response of most women participants focused on children. If success in life essentially involves success in business activities, then this is a clear indicator that a person is motivated by a spirit of enterprise. It is worth noting that, in the course of this research, neither the men nor the women asked defined success in this way. The men aspired much more to have stable professions that would give them access to retirement pensions rather than having prosperous businesses.

Nevertheless, the men considered their ability to meet their family responsibilities as an indicator of success, while this was not the case for women. Having a prosperous business was not part of the women's priorities when it was, in part, for the men.

Malika, a Young Embroideress

Malika is 36 and the mother of three children. She lives with her two youngest children and her husband, who is a fishmonger in Kenitra, a small town 30 km north of Rabat. Malika's eldest daughter lives with her parents in Casablanca, where she goes to school. Malika's main activity – and her source of income – is embroidery, but she also earns money by sometimes giving embroidery lessons to young girls, and by making pastries for special occasions such as Ramadan. She owns two sewing machines which are in one room, on the second floor of her house.

Malika left school because her mother was pushing her to work to earn a salary. Over time, she wanted to find a factory job, but her father would not accept her performing an activity outside the family home. Sewing was therefore the most logical choice of activity. She then worked with her sisters and mother. Malika gave all the money she earned to her mother, only keeping a little when needed. At that time, she hoped to enlist with the Army, but her father would not give his permission. After her marriage, Malika moved in with her husband's family. She always thought that it was important for a woman to earn money and be financially independent. Before she got married, she obtained her husband's permission to work. Her mother-in-law did not agree; when the couple still lived with the parents, Malika did only a little paid work. Nonetheless, the couple were

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about to save 9,000 DH⁹⁷ and move to a one-room apartment. Malika's father then gave her a sum of money to buy a plot of land near Kenitra. The couple built a one-room house there. Malika was happy with her newfound freedom, and began to develop her activities. She took samples of her sewing work to the market, and took orders from merchants. She also decided to sell her items to neighbours. She realised that the quality of her work was appreciated, and that more and more women were turning to her to have their caftans made. Little by little, the couple set up Malika's sewing activities and her husband's fishmonger's trade. He now has two employees in his fishmongery, and Malika recently bought a third sewing machine thanks to the loan granted to her by Al Amana. They have been able to extend their home, so that they now live in a modest, two-storey house.

Malika runs her sewing business from her house, so that she may still perform her domestic tasks. On a typical day, Malika gets up in the morning and prepares breakfast for her son, who goes to school at 8:00 am. At that time, her husband has already left the house, as he goes to the port very early to buy fish. Once her son has left for school, she starts cleaning the house. Her husband returns at 10:00am to eat the breakfast that Malika has prepared. Once he has left, she makes bread and continues her housework. She cleans the floor every day, and does laundry twice a week. She takes clothes to be pressed at the local laundry. After completing the morning's household tasks, she prepares lunch for the family. After the meal, Malika takes a 30-minute nap and starts sewing. When her son comes home from school, she helps him with his homework. She continues with her sewing until the end of the day, when her husband returns home for prayers. She makes him tea, unless she is very busy in which case he makes it himself. He returns to his stall and Malika then prepares dinner. Her husband comes home at 8:30pm for evening prayers and then eats dinner. After the meal, she usually watches television or, if there are enough orders, Malika will continue to sew until midnight. Malika said: "It's not easy taking care of the house and doing my work." Malika would like to turn the living room into a sewing workshop; she would also like to set up a sewing school.

Malika and her husband share activities between themselves, so that she takes charge of those done inside the house, such as housework, minding the children and the sewing work. He takes charge of activities outside the home, such as his business, the market, buying books and other items for their child who goes to school, paying bills, going to the café and the mosque. Malika also has a few activities outside the home, such as orders for caftans, applying for loans from Al Amana, and enrolling her son at school.

97 100DH is roughly equivalent to 9 euros.

Malika reinvests part of the money she earns into her business, and spends the remainder on furniture, household repairs, clothes for herself and the children, and other purchases for the house. She also gives money to her brother when he needs it. She saves as much as possible, either cash in what is known as 'daret' - a rotating savings association - or by buying gold jewellery. She states that she had 8,000 DH in cash at the time of her interview but her husband knew of 5,000 DH.

She said that she did not want to tell him about the full amount. "There may be lots of things I'd like to buy, and that he wouldn't let me get... ." When she was asked why she keeps a relatively large sum of money in cash, she replied that the money could be used for expenses in emergency situations.

Malika's husband provides for the main household expenses and also saves money, but Malika does not really know the total sum of his savings. Malika considers her personal money to be an addition to that of her husband. The title deeds to the house are in the name of Malika's husband.

Those women who do not accept that it should be their husband's name that appears exclusively on the title deeds will not, however, ask any questions. Even when they do and are refused, they will not insist for fear of sowing discord in their relationships – discord that could lead to divorce. Malika describes the dilemma faced by women in the following transcript:

Interviewer: "As regards your property. You said it is not in your name, but in your husband's. But you built it together?"

Malika: "He didn't want to hear anything about it. We talked. He said that I'd always made it clear that there was no difference between us... When he said no, I didn't argue, even though my brother advised me to be strong."

Interviewer: "Why?"

Malika: "Well, we were fine before, and I didn't want to give him any ideas. The first thing he said was that I didn't trust him. I asked him why I couldn't own the lower floor while he took the middle floor, and he started pushing me to tell him that I doubted him". Malika then stopped talking about this issue so as not to cause any problems.

This model of consent reflects the gender prejudices that always favour men and are present in various aspects of the Moroccan family law codex. Up until very recently, divorced women had no right to property, custody of any children or any alimony.

Sexual Division of Labour: a Difficult Adaptation

The sphere of female entrepreneurship and women's freedom of movement and management are limited by the contours of the sexual division of labour, the sectors of activity where women prefer to invest themselves, and the cultural and social barriers to female entrepreneurship. However, there are new opportunities opening up for women at the same time, opportunities that they tackle using to their own strategies.

Under the traditional model of the division of labour between spouses, all the unpaid activities that took place in the family domestic setting fell to women – in other words, the home or family agricultural operation – while craft or trading activities outside the family home fell to men. There were, however, a number of flaws in this division, as some women performed paid work at home (spinning wool, weaving, embroidery, cooking, baking, etc.) or offered a number of services for women (qabla or traditional midwife, neggafa or mistress of ceremonies at weddings, preparing the bodies of dead women for burial etc.).

With colonisation in 1912 and the development of salaried employment, women – especially the poorest coming from the rural exodus – stepped out of the traditional model and went to work in factories and businesses. After independence in 1956, the ever increasing levels of schooling amongst female city dwellers opened new doors for women to administration, university, liberal professions and business, and gave them access to higher echelons of responsibility.

However, over the course of this evolution, women in rural areas – who are poor and illiterate – remain greatly hampered by family responsibilities which limit the freedom of action and movement of married women in comparison with divorcees or widows. In the poorest urban areas, women only “go out” to work when men relinquish control, either owing to their economic or physical incapacity (accident, illness, old age, etc.) or because of their absence (death, divorce, emigration, rural exodus).

Aside from night-shift work and very particular sectors (such as underground work in mines and quarries), work regulations do not create any significant discrimination against women. Women can, therefore, work in all sectors of economic life.

With regards to female entrepreneurship, a distinction must be made between the various social strata: in very poor or poor areas, business is generally informal and very often the extension of domestic know-how, such as food preparation, sewing, embroidery, weaving, beauty, catering etc. However, amongst educated,

well-off female city dwellers, there is – in addition to those traditional sectors – no limit to entrepreneurship (which is generally structured and formal), and women are especially present in the media, communication, IT, import-export, tourism and even fishing.

Barriers to Women's Activities

With regards to starting an activity, women generally prefer to perform a “female” activity, more particularly at home, either on a personal basis or as a subcontractor. Marketing requires intermediaries or informal networks, and very few women (amongst those who are married) deal with sales themselves. Conversely, divorcees and widows are more active in small survival businesses.

Therefore, for many of the poorest women, their matrimonial status as married women is an obstacle to salaried employment and business, owing to opposition from their husbands and the weight of domestic tasks linked to having a large family. Furthermore, the nature of their businesses is more concerned with survival and economic growth. Unlike men, who handle their projects differently. For instance, in the field of microcredit, a large number of customers are women, and both microcredit organisations have data broken down for each sex. The international experience has shown that, over time, projects run by microcredit customers witness growth thanks to access to larger, guaranteed loans. Unfortunately, projects run by men stand a greater chance of growing than those run by women.

Poverty and illiteracy limit women's activities to traditionally female professions and employment as cleaning ladies for other families. Illiteracy has not, however, prevented them from working with more educated women: 25% of the active female urban population are illiterate, while 35% have a basic level of education, with 20% have a secondary level and 20% a higher degree.

New opportunities for women are linked to education, professional training, the social and cultural expansion of women's access to public life, especially since the accession of King Mohamed VI and the changeover government which place a greater importance on women, despite internist resistance. The media are also making people more accustomed to the presence of women in the street, the administration, courts, factories, the police, the cinema, the government and the parliament.

But the number of women entering the sphere of entrepreneurship remains low, because women put their families before business unless they are forced to do otherwise by the absence of their husbands.

The ability to reinvest profits in the business

Models of Expenditure According to Gender

The ability to reinvest profits in a business is another factor in development. Generally, the pressure exerted on women to draw money from their projects and inject it into the family budget is greater than the pressure on men. This is due, in particular, to a combination of factors:

- Firstly, it has been observed that men and women consider the income generated by the wife is only complementary to that of the husband, even when it is the household's principal income. This could be interpreted as an attempt to protect the husband's honour and to avoid marital conflict. Moreover, income-generating activities conducted by women are deemed to be less important than those of their male counterparts. When unforeseen expenditure arises, the money is taken from the wife's business budget rather than from that of the husband.
- Secondly, in households where both spouses earn an income, many women stated that the contributions made by their husbands were insufficient to cover their basic needs. Not only do the women have to cover the shortfall, but they also take on the psychological pressure of making ends meet.
- Thirdly, while husbands feel responsible for housing, food and clothing, they often put forward less money than is required. The wife must often cover the shortfall.
- Fourthly, many women reported that they felt under permanent pressure because of their children (of all ages). The latter want money, better clothes, sports shoes, etc. The pressure is even greater when the sons are unemployed.
- Fifthly, whereas sons were traditionally responsible for taking care of their elderly parents, it has become more common for the daughters to do so. It is not that sons no longer wish to shoulder their responsibilities, but everything has become very expensive.
- Sixthly, women spend money in order to maintain their position in a meticulously structured system based on reciprocity with neighbours and other members of their families. They are supposed to contribute with gifts and, on occasion, even food for weddings, baptisms and funerals. It is assumed that these will be returned to them when their turn comes. Such reciprocal arrangements help women to level the fluctuations in their income and better manage risk factors.

Models for Saving Based on Gender

Another trend observed in the population in which this research was conducted, was the act of putting large sums of money aside in case of emergencies that may arise. This trend of saving money impacts on the ability of interviewees to reinvest that capital in their respective activities, thus compromising the development thereof.

It is obvious that this affects women's activities much more than those conducted by men. Whilst it is clear that, in many households, both men and women make savings, it is also evident from the interviews that it is women who are responsible for saving money.

Generally, this trend of saving a great deal of money highlights the very real lack of products available on the market to counter financial risks, such as health insurance. Access to such products could allow microentrepreneurs to significantly increase their investments in their own businesses.

Conclusion

While feedback for Al Amana was not the objective of the research, at the end of each interview or group discussion, the participants (both men and women) were asked to make suggestions for Al Amana to enable to improve its products. Those participants who were among collective loan borrowers wanted higher loans, and loan repayments on a monthly basis rather than a weekly basis, as well as access to individual loans. Those already benefiting from individual loans also expressed the wish to have access to higher loans.



Gender Relations and Intra-household Resource Allocation: Key Findings from the Dominican Republic

INEZ MURRAY, WOMEN'S WORLD BANKING

In May 2002, Women's World Banking⁹⁸ conducted a study of the effects of gender relations on the ability of poor women to grow their businesses. The population chosen for the study was drawn from the Santo Domingo-based clients of ADOPEM⁹⁹, a microfinance institution (MFI) and WWB network member, operating in the Dominican Republic. This research pushed the frontier of how Women's World Banking (WWB) thought about promoting gender equity through microfinance.

This article summarizes the study's key findings. The central research question was to understand how gender identities and consequent roles and responsibilities impact the growth and lack of growth of women's businesses. The research was qualitative, using a combination of in-depth individual interviews and focus groups.¹⁰⁰

98 Women's World Banking is a network of 31 regulated and unregulated MFIs operating in 22 countries with a total reach of 5.6m borrowers. 84% of the WWB network's borrowers live below the poverty line and 89% of them are women. ⁹⁸ To be a member of the WWB network, an institution must be led by a woman and the majority of its clients, borrowers and savers, must be women. Women's World Banking provides technical support to its members. The study was conducted by WWB's market research unit.

99 ADOPEM was founded in 1982 and joined the WWB network that year. As of December 2005, it was serving 56,108 clients and had 230 employees based in 19 branches throughout the country, four in Santo Domingo. ADOPEM built its strong reputation and steady growth on a commitment to serve the poorest clients, offering loans of less than US \$300 and providing clients with a variety of training programs, services, counseling and technical support.

100 The total research population consisted of 130 individuals, 99 of whom were women, 31 were men. The sample was further stratified into 'low sales' and 'high sales' businesses in order to test the drivers of growth. The sample was drawn using borrower information from ADOPEM's loan databases from four branches in Santo Domingo – La Sabana Perdida, La Rotonda, Los Alcarrizos and the Head Office.

The results reflect the opinions expressed by participants during interviews and focus group discussions. They are not representative of all the populations under study in the Dominican Republic. Rather, they provide insight and direction to the multiple factors that MFIs need to consider when thinking about their future strategies, modifying their existing products, introducing new products and increasing their impact on the clients they serve.

Key Findings

Factors Influencing Business Performance

a. Gender Identities, Roles and Responsibilities

The researchers began by exploring masculine and feminine gender identities. There was a great deal of congruence among female and male interviewees as to what it means to be a man and to be a woman in the Dominican Republic. Both men and women agreed that to be a man was to be an authority figure, the head of the household and the breadwinner. These financial contributions entitle men to be “Machista.” They have the right to have children with other women, to have discretionary income to spend on alcohol, clothes for themselves, cars, etc., and they have the right not to engage in housework. Machismo has financial implications for families, because the incomes generated by men must frequently be shared among several households.

Women’s Views on What It Means to Be a Man

“Men have to drink, and they have to have lovers.”

“This is a macho country; men believe that what they say, goes. My husband was a driver. He travelled all the time and he drank. He would come home, change clothes and leave. He didn’t care about anything. One day my son was sick and he left me alone with the sick child. I was very disappointed. Everything was always my responsibility.”

Men’s Views on What It Means to Be a Man

“You move forward by maintaining the household, by working. If you’re a man you can’t be waiting for someone to bring food home. If you don’t bring it home the woman has to go out in the street and find a way to support herself, and if you take the responsibility as a man, this won’t happen.”

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Both men and women agreed that to be a woman means to be a mother, wife, housewife and in many households, the financial manager. In addition, most interviewees agreed that housework continues to be the women's exclusive responsibility and that an increasingly important part of being a woman is the capacity to generate income. Another basic function fulfilled by the women interviewed is to ensure their families' futures and manage family-related risk and vulnerability. The main strategies women use to fulfil this function are saving and investing in their children's education or in housing.

Women's Views on What It Means to Be a Women

"I get up at six in the morning. I make breakfast for my kids while they're still asleep. Then I give them their baths, get them dressed and take them to school. After that I go and sell cosmetics in the street."

"I work night and day and I have to fulfil all the roles. I'm practically his servant. I have to serve him as a wife and as a woman. It's my obligation."

b. Differences in Perceptions of Women's and Men's Roles and Responsibilities

Men and women differ about what it means to take responsibility for the household. While men perceive themselves as heads of the household with ultimate responsibility for the family, women say that in reality it is they who are responsible for everything in the home. This difference in perception versus reality gets played out most notably in the financial arena. Women argue that men limit their responsibility to paying for food and housing while they have to pay for everything else: additional food, clothing, school fees, medicine, furniture, etc. And women perceive this to be totally unfair. Men argue that women spend money on unnecessary items such as furniture and clothes. Both men and women agreed that men have more discretionary income than women.

At least some of these differences of opinion originate in the "machismo" aspect of male identity. The diversion of part of the man's income to what is perceived by women as unnecessary expenses (alcohol, gambling, recreation, friends, and lovers) has a debilitating effect on the household economy. Having multiple families limits the amount of money men can spend on each one, which may account for why men limit their financial responsibility to just food and housing. Infidelity has an emotional impact, creating mistrust, lack of transparency (including about finances) and lack of communication. It also increases the possibility of abandonment. These gender dynamics impact the way men and women think about spending, savings and investment decisions, all of which impact the ability to grow a business.

Women's Perceptions of Roles and Responsibilities

"If tomorrow he gets a good job he'll do what they all do: [go with another woman.] I won't be surprised. I know all men are like that. As soon as they have money they go out and start spending it on other women. They ignore their wife, they humiliate her. The other day I went out to work and Julio, you know, made breakfast for the kids. Then he got some money, he said he didn't want to cook any more and he went out drinking."

Men's Perceptions of Roles and Responsibilities

"Sometimes women work, and they can manage things, but right now in the Dominican Republic it's the man who has the responsibility. In this country most of the responsibility is the man's, in everything. It's 70 to 75 percent his."

"I need a wife who helps me, when I go to my business and when I need to rest a while, a wife who will cook my food and wash my clothes. I left one wife because she was very good and quiet, but she didn't take good enough care of me. She didn't cook my food, she got up late, when she did the washing she didn't want to cook for me, and many things like that."

c. Aspirations and Definitions of Success

Another factor that influences business growth is that when asked what they aspired to in life, most interviewees mentioned goals such as living in a home they could call their own, having their children become professionals, upgrading their own education and ensuring that they had financial security in their old age. Thus the research found that measuring the "success" of microentrepreneurs by the growth in sales of a single business ignores the multiple sound investment allocations households make in order to cater to present and future needs. Broadening the definition of success to include housing, the education of children and oneself, and financial security for the present and the future is more useful in explaining strategies that households engage in.

Women, for example, are more likely to invest in multiple businesses (horizontal diversification) whereas men are more likely to plough their earnings back into a single business. Women's horizontal investment strategy lowers the vulnerability of the household in case of business failure (not putting all their eggs in one basket), and smoothes the income flow over weeks, months and years. It also helps women manage time, as some businesses, such as trading, require active management, while others, such as renting a room, require only passive management. Diversification also limits the growth potential of the woman's primary business.

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d. The Capacity to Invest Money in the Business

Most women interviewees reported that they had to divert a portion of their business profits to household expenditures since they were responsible for all household expenditures with the exception of housing and food. This diversion of profits gets more extreme the poorer the household. Business earnings are distributed among such areas as savings, education of children and concrete blocks for construction of their houses—often room by room. This type of behaviour, though rational, limits the amount of profits that women reinvest in their main business.

Men and women appear to have different perceptions of the resources needed to manage a household. Women think that men underestimate expenditures, and men think that women overestimate them. Women think that this is because men are simply unaware of the costs in time and money needed to manage a household because they do not engage in these activities. These different perceptions easily lead to frustration and conflict.

Men and women also have different spending preferences, related to their gender roles. For example, men attach a great deal of importance to buying a car, being able to buy a cold beer for his friends and acknowledge that other men spend money on 'other' women. Both men and women agreed that women tended to prioritize the family over their own interests.

Men's Views on Responsibility for Household Expenditures

"The family doesn't lack for food, this is your [the man's] responsibility that the family has food."

"If I fall in love with you and you feel the same way, I will give you presents, not the other way around. This is what happens to men because we get more emotional about money and love. It's our downfall. I could have only a quarter of what you have, but if I'm in love with you, no matter what, I would spend everything on you, even what's not mine."

"There are two very important things: to be on foot and without a house. A man who travels on foot is worse than a one-legged dog. You have to have wheels. Even if it's only a bicycle and four sticks to put up a tent to call your own."

Women's Views on Responsibility for Household Expenditures

"Women all do some kind of work and we all want to invest, because most Dominican men, even though they're poor, they have another family. So if we work and make ten pesos and we live in a rented house, we want to buy a plot of land so we can build a house."

"Men and women think differently. Women are more interested [in the family] and don't like to waste their money. Normally women invest in the home, the children's clothes and the things they need more than in anything else."

"Men spend money on drink, on gambling and on their own clothes. And it's very common for them to have two or three women."

e. Gender Roles and Saving Patterns

Women consistently said that men do not save and, for that reason, women are the ones who must save. While many men acknowledged that women are thrifter than they are and, to a certain extent, they feel that saving is the women's responsibility.

The reasons people save differ by household income. The poorer households tend to save only for emergencies, while the better off also save for school fees, to buy plots of land, to pay loan instalments and to supplement their loans to make other investments. Women adopt various saving strategies: They stretch their housekeeping money as much as they can, or they tend to tell their male partners that they need more money for food and other household expenses than they actually do, which allows them to save what is left over.

Women keep savings separate from men in many households simply because, if they do not, men will either want to use the money or will contribute less housekeeping money. They also do not tell their male partners how much money they earn.

f. Gender Roles and Investment Patterns

Gender roles, as well as lack of access to health insurance, life insurance and pension plans, determine men's and women's investment patterns. Although both male and female interviewees said they give priority to investing in housing and in educating their children, the women – in view of their responsibility for raising children – tended to put more emphasis on these investments than did the men. In some cases, the men said that they would resist investing in housing if there is any doubt regarding the permanence of the relationship, because if the couple separates, the woman will probably end up keeping the house.

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Property, particularly housing, is seen as the main investment vehicle, and women seem to put more emphasis on buying a house. The income from renting out houses and rooms is a way to cover current expenses, such as children's education, and ensure income for the future, especially during old age. Both men and women interviewees said that a house was an investment that could be left to their children. Nearly everyone mentioned investing in education, so that their children would have professional careers and a better life, but also so that their children would help them in their old age.

Helping this population to build assets by offering well-designed credit and savings products – and protecting those assets by offering insurance – helps the microfinance provider achieve the “double bottom line.”

g. The Capacity to Invest Time in a Business

Women's shift into income-generating activities has not been met with a comparable shift in men taking responsibility for the housework or managing the household. This places significant limits on the amount of time they can devote to their businesses, thus limiting their businesses' growth potential. Ideally, women would like part-time or flexible working hours.

Women's Views on Juggling the Demands of Business and Family

“Since I have all the responsibilities in my house, this didn't allow me to get ahead very much.”

“Men only have to do one thing. They don't have to go home and do the laundry, or bathe the kids. Even when you get home tired, you have to go pick up, make dinner, even if you have someone who cleans, there's always something you have to do in the house.”

h. The Importance of a Support Network

Women who have succeeded in growing their businesses often receive support from female family members (mothers, sisters, daughters, etc.) for childcare and household tasks. Conversely, lack of this type of support limits women's business success.

The provision of affordable childcare would have a major impact on women's business growth. This issue is a familiar one wherever and whenever women have the opportunity to vent their feelings about matters that deeply affect them. For Dominican men, on the other hand, it is a non-issue. Wives, sisters, mothers will always step in to look after their offspring.

i. Gender-Based Types of Business Activity

For the most part, there is a division of labour between men and women inside and outside the home – a specialization in men’s work and women’s work that is connected to gender identity. When developing businesses, this division is expressed in expected stereotypes. Women’s business activities are often an extension of the work they do in the home for example, cooking (food service), sewing (dressmaking); cleaning (domestic employee); and physical care of people (beauty salon). These businesses tend to have few barriers to entry, such as skills, assets, etc., so competition is intense, decreasing income generation and growth potential.

Location of Business Activity

Since women tend to combine housework with economic activity, they often prefer home-based businesses or businesses very close to their homes. While such arrangements are convenient, the home is often not the optimal location for a business, and space is limited. The constant distraction of domestic tasks can further limit business growth. While this is particularly acute while her children are small.

Cooperation among Family Members

Interviewees who were living with their spouse or partner told us that cooperation between the couple in the allocation of resources (e.g., time, money) is a vital ingredient in the success of a business. By contrast, women whose spouses do not cooperate can have a very difficult time growing and maintaining their businesses.

It was also notable that in houses where both men and women had microenterprises, the income generated by the woman often went to support the family, which allowed the income from her husband’s business to be reinvested in his business. In some cases women also work in their husband’s businesses. While a wife’s investment of either money or time in her partner’s business can be highly beneficial to the household, it also represents a point of vulnerability in the event of a deterioration of the couple’s relationship. For women, it also means that they are limiting the growth trajectory of their own business.

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Women's Views on Cooperation among Family Members

"I say that the unity of the couple is very important for the growth of a business, because when you're in harmony with your partner, there's no money wasted. If your husband isn't going out dancing, if he's not going out alone, the money won't be wasted."

"Sometimes, instead of helping me, he hinders me. When I told him at the beginning, 'I'm going to go to the Women's Bank so that I can start a business,' he said, 'How are you going to do that?' Then I said, 'Sure, I'm going to ask for it [a loan] so that you will pay it for me. Then he got angry and went for a very long time without speaking to me. But since I'm responsible I went and did it. Then he went crazy, because he wanted me to give him the loan money that I got. And I said to him, 'Unfortunately I can't give it to you, because it's my responsibility and I'm going to fulfil it.'"

Men's Views on Cooperation among Family Members

If there is cooperation, most people, from where I sit, the man goes to the market and the woman opens her corner store and is working and doing business and there's mutual cooperation. Without that you can't get ahead."

j. Poverty as a Barrier to Business Growth

Many of the limitations to investing in and growing businesses relate not only to gender but to poverty. Gender is tightly correlated with poverty: women are poorer than men. The poorest households also have access to less capital for investment, and generally tend to be more risk-averse, thus choosing lower-return business activities. Moreover, poor households must diversify income sources in order to manage the risk of income fluctuation (for example, if a business fails). Because their safety net is very small or even nonexistent, one adverse event – such as an illness – can mean profits are pulled out of the business to such an extent that it either fails or has little potential for growth. To the extent that women tend to be poorer than men, this further accounts for women having smaller businesses than men.

Women's Views on Poverty as a Barrier to Success

"If I could invest 10,000 pesos in the room that I still have to finish, and 10,000 in clothes, then I would please my customers more. I would buy clothes, shoes, pants, and I would do better... all sorts of things, I could sell anything that sells because I have clients. The problem is that I don't have the resources to expand the way I'd like to."

“Things were going fine because everybody was paying me. This happened when we weren’t working, when we had no income. I got sick with typhoid fever and I couldn’t continue with my business, so it is from there that we had to support ourselves. I had to take the payment for the bank and for supporting the family from there.”

Empowerment

a. Motivations for Going into Business

When asked what motivated them to go into business in the first place, several women acknowledged the necessity for both men and women to earn income and the limits of many men’s likely contribution to the household. However, the women interviewed see businesses not only as a way to generate income, but also as a way to be more valued and to achieve a higher status and position within their marital relationships and their families.

Factors that led women to develop their businesses include a desire for financial independence from their husbands and for greater autonomy in decisions about their lives; a desire for self-improvement and personal growth; more respect; the possibility of providing a better education, and hence a better future, for their children and the possibility of getting out of abusive and violent relationships.

Men’s main motivations have to do with generating enough income to support their families, having an alternative in case they lose their jobs, and having enough income to buy a house.

Women’s Motivations for Going into Business

“I think that when women learn how to earn their own money, they are more respected and they are freer. I always like to be productive. I don’t like to depend on anyone else, and I have taught my daughters that they need to study.”

“Women should keep on acquiring new skills, learning new things, not only to earn money. A woman sitting at home is like a piece of furniture that’s used when it’s needed. Or you’re just the servant of the house and all you do is clean, wash and cook. That’s no good. A woman needs to study and learn.”

b. Changing Gender Roles: How Generating Income Changes Women’s Lives

It is important to note that both men and women acknowledge that whoever generates the income decides how it will be spent and both equate that with power. The fact that women can generate income from their businesses and

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control how it is used, has introduced fundamental changes into the dynamics of power relationships and of decision-making within the family. This experience has generated a sort of autonomy, which allows women to demand more democratic and equitable marital relationships. As a result, many female interviewees reported that they felt less subordinate in their marriages than in previous generations. The men interviewed appear to be satisfied with the economic activities being undertaken by women, because it eases financial pressure on them and helps pay family expenses.

It should be noted that several women acknowledged that their transition to earning income (and borrowing money from ADOPEM) was met with resistance, sometimes in the form of violence, from their male partners. In some cases their male partners stopped resisting when they saw the financial benefits that resulted. In other cases, women decided to leave the relationship.

In general, the women in the study have a high opinion of their capabilities. They perceive themselves as being more creative, intelligent, innovative, proactive, inclined toward planning, and better organized than men. This has important implications in environments in which women are devalued and discriminated against, since these women have been able to build considerable self-esteem and self-confidence. Thus, they have a better attitude and feel very positive about developing their entrepreneurial capacity.

Nevertheless, despite women's growing self-confidence liberating themselves from gender stereotypes is not much easier than escaping from poverty. Many interviewees noted that women's increasing financial contribution to the household has been met with a reduction in the financial contribution of men. Additionally, some men are disconcerted and uneasy with regard to the women's more assertive attitude and their resolve to make family and business decisions. Naturally, some men are not happy to have given up control.

Women's Views on Changing Gender Roles

"Before, only men could progress because women had no rights. We couldn't study, we couldn't have a business, we couldn't work – nothing – but now women have the same rights as men and we can demand our rights, our space to do anything. We have businesses, we work and we earn our own money."

"Before, women had eight children, now they have one, or at the most three."

"It was my idea. It's always my idea. Now he's starting to catch on. He's learned from me. And he gives me ideas too. He's says, let's do this, I say OK. Before, he had no idea about this."

Men's Views on Changing Gender Roles

"I see a very real liberation. Women today are not like they were in the past. They don't put up with things. Women in the past, like my mama, they put up with a lot from men, they worked like mules."

c. Decision-Making, Power Relationships and Control over a Couple's Finances

The women and men interviewed said that in some households decisions are made by mutual agreement between the husband and wife, while in other households, decisions are made by the husband or the wife separately. Both female and male interviewees said that producing income increases one's decision-making power within the household. Men said they control the money they earn, and most women reported that they control the money that they earn.

Since money equals power, both genders engage in covert and overt strategies to maximize their own advantage. In many cases, neither gender knows the full extent of the other's earnings or savings. Women tend to find ways of overestimating the price of household goods, of skimming off the top and/or of engaging in other ingenious strategies in order to maximize their partners' contribution.

Decision-Making Power: Men's Views

"Money gives power is an old adage. He who has nothing is worth nothing. When you earn money you have power, and when she applies this in the house you're going to have problems. For example, when the woman comes home from work and you say, 'Look, love, I want you to do this,' and she says, 'I don't want to. Find someone else to do it.' And she doesn't do it."

d. Building New Gender Identities

The women in the study recognize that, by educating their children differently, they have the opportunity to be a positive influence for change regarding the discrimination and subordination of women.

Many of the women interviewed are teaching their sons to take responsibility for household tasks. In some cases, this generates conflict with their husbands.

These changes in attitudes need to be supported through public education campaigns, outreach to schools and the encouragement of media forms such as soap operas that contain progressive messages.

Women's Views on Building New Gender Identities

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“I’ve always thought that men are like that because of their upbringing. Some women don’t want to give their sons housework because they say ‘that boy of mine is going to turn out gay.’ And the men themselves don’t want to do it for anything in the world. They won’t do it themselves and they don’t want their sons to do it. But now I think things are changing. I tell my sons you have to help with the housework because later you’re going to have a wife and you have to help her.”

“Sure, it’s all about education. They have to understand that it’s not one house for the man and another house for the women, that’s part of education. I give each one their chores, I’m training them to have equal goals, regardless of whether they’re male or female.”

Recommendations

Modifying Products and Service Delivery

While it is important to continuously reduce transaction time for all microentrepreneurs, women’s businesses in particular, are time-sensitive due to their other household duties. Time spent getting to or from a branch, in the branch or in a group meeting should be kept to a minimum. In societies where women live in seclusion, however, time spent in meetings with other women should be promoted, provided it fits in with other demands on women’s time.

Women want to see their financial services provider as a trusted advisor. They are more sensitive to good and bad customer service than men and expect their dealings to be more relational than transactional. Training in customer care should take this into account. Institutions focusing on the women’s market will need to make customer service a core competency.

Women do not want different, “feminine” products such as pink check books, but they generally do want more information before making a decision to purchase a financial service. This should also be integrated into customer service training for front-line staff, and marketing materials should explain service attributes and conditions clearly and transparently.

Some product categories, such as long-term savings products and insurance, require more explanation than others. Financial literacy training can be integrated into product marketing materials.

Lending and Savings Products

The invention of the group loan mechanism by the Grameen Bank in Bangladesh in the 1970s was a breakthrough because it minimized the collateral required, enabling very poor people to borrow money. Individual loans, on the other hand, still require some form of guarantee. In general, women have less access to certain types of collateral such as land titles and they have less access to guarantors who have salaried jobs. Lenders should take this into account when designing products that target women.

As this research has shown, households are not necessarily co-operative. Many women reported that as they increased their financial contribution to the household, their male partner reduced his. With this in mind, it is important to be sensitive to a woman's need for confidentiality from her financial services provider. Institutions need to think carefully before mandating that the husband's signature should be on the loan agreement. Likewise, with savings products, savers should be allowed to keep their balances confidential.

Products should be designed with the financial goals of the customer in mind. Think about their lifecycle events and their need to build assets and to manage risk.

Since women are responsible for saving in most households, savings products should be designed with their realities in mind. Women save small amounts on a daily or weekly basis. They like the money to be collected from them and they like to save for specific goals. Research has shown that when people have a goal to save for, they are more likely to save.

Savings products for particular life cycle events (goals) would include regular, small deposits over a fixed period of time, such as 12 months to pay for school fees, 36 months to provide collateral for a home improvement loan or 120 months for old age. The latter can be combined with insurance so that the ultimate lump sum goal is guaranteed for designated beneficiaries if the saver dies before maturity.

Loan products that cater to lifecycle needs such as housing (home improvement loans) are a vital part of the product mix. Some microfinance providers such as Grameen have mandated that the woman's name be on the property title in order to receive a loan. The extent of the need for this depends on the cultural context and the ability to do it cost-effectively depends on the legal context. When offering home improvement loans, this should be considered.

Risk assessment by credit officers tends to look more at flows of money than at stocks. This became evident when we examined Florentina's borrowing history in particular. We found that the credit officer had underestimated the value of her

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properties and the income that flowed from them. This led to an unnecessary rationing of credit. A larger loan, made available sooner in her asset-building trajectory, could have boosted her asset creation. Microfinance providers need to ensure that credit officers are adequately trained.

Emergency loans can be offered for unexpected shocks such as sickness or accidents. Consumption loans for household durables are valued by women, particularly if, like washing machines and gas stoves, they reduce drudgery.

Microinsurance

Gender roles mean women are expected to manage risk in most households. Affordable health insurance would reduce the vulnerability of poor households considerably, as would life insurance that minimizes the financial loss of the deceased on the family.

As with all products designed for the poor or the rich, market research is an absolute prerequisite. Applying a gender lens to this research is also vital if products are to achieve optimum outcomes. For example, research in East Africa has shown that upon the death of a husband, a woman can lose assets that were jointly held with her husband to her husband's family. In this cultural context, in order to ensure allocation of the payout to women. The assets must be in the woman's name; women must be designated as beneficiaries and payouts should be made directly to a woman's account.

Research on microinsurance around the world also suggests that this product category needs to be supported with education for the customer in order for it to be adopted.

Marketing Strategies for Financial Services

Marketing is primarily used to help an institution attract new customers and improve the retention of existing customers. Traditional marketing efforts can be very successful in helping the institution to specifically focus on the women's market. Advertising can be used not only to find new women clients, but also as an important tool to encourage women's emotional aspirations, i.e., being successful business women; being recognized as financial contributors to the household; being independent and capable of making financial decisions. Women customers may find it useful if communications include client testimonials that have a pedagogical approach to growing a business.

Developing a women-focused brand is another strategy institutions may use to focus on the women's market. Designing and delivering a brand that honours

and encourages women has the potential to build loyalty among women clients as well as to change others' attitudes towards women. This brand positioning will also help the institution to become the provider of choice for women.

Childcare

Aside from financial services, access to affordable childcare would be the single most important lever in helping women to grow their businesses. The microenterprise sector, civil society, governments and donors should work to develop a low-cost childcare business model that low-income women can own and that low-income children can attend. Women business owners would need to be supported by training and would be able to purchase materials with loans. Quality control would need to be carried out by a supporting agency.

As of May 2006, ADOPEM had nearly 500 women who ran day care centres and kindergartens.

Business Development Services

Many interviewees in this study had very limited visions for the development of their businesses. Microfinance providers could form strategic alliances with specialized business development service providers (BDS) to enable clients build up their capacity. Some microfinance providers offer training themselves, as does ADOPEM.

Health Care

As well as forming a strategic alliance with a health insurance provider, microfinance institutions can think creatively about how to effectively leverage their distribution channel to promote health education and access to health care providers.

CONCLUSION

Studies that break open the 'black box' of the household economy and understand resource allocation decisions, power relations and gender dynamics are fundamental if the microfinance sector and stakeholders beyond it are to have a serious impact on gender equity. This study highlights some of the benefits and costs of low income women engaging in income generation activities. On the positive side these women are building their and their families' economic

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security. By doing this they are gaining autonomy and in some cases they believe that they are better at administration, management and business than their male counterparts. They have demonstrated extraordinary acumen in financial management, saving and investing. They invest in their children and in their own futures. They are a good investment. On the negative side, this study found that the more responsibility they take on, the more responsibility they are given. As they contribute more financially to the household, so their male partners contribute less. Additionally, there is little take-up by men of household chores and child rearing.

Microfinance is a platform upon which much can be built. Linking microfinance providers to insurance companies, health care providers, social security systems etc. has huge potential to improve the availability and quality of services that enable poor women build their financial security. Applying a gender lens to designing these services is critical if we are to be serious about maximizing the impact of these services on gender equity. However it is equally important to acknowledge the limitations of microfinance in promoting gender equity. Investment in education systems and legal reform are basic tenets of a wider strategy.



Gender-Sensitive Microfinance? Critical Commentary on the Targeting of Women in Microfinance¹⁰¹

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“Giving is a way of manipulating others or satisfying a rather personal need to prove something to oneself”.¹⁰²

Since 2005 – the UN International Year of Microcredit - and the award of the 2006 Nobel Peace Prize to Muhammad Yunus, microfinance has become a much-discussed tool in the fight against poverty. The system for allocating microcredit to poor population groups fits into the capitalist financial market in the world and largely operates in accordance with its rules. The comment made by Walden Bellos¹⁰³ once again highlights the fact that the microfinance sector must, in certain regions, still fight against sustainability issues relating to its effectiveness. His stance – which is critical of capitalism – mentions salient points from the current deglobalisation debate.

At the same time, his analysis concedes – naturally and without comment – the fact that women are the principal beneficiaries of that credit. Owing to the many positive experiences of managing microcredit granted to women, and repayments in particular, women constitute the main target of the microfinance sector.¹⁰⁴

101 This article is based on empirical research data collected by the author in 1999, 2000, 2001, 2003 and 2006 in Quito, Ecuador. This data also served as the basis for the author's thesis (Dabringer 2004). Contact maria.dabringer@univie.ac.at

102 Sennett Richard 2002:167.

103 “Microcredit schemes end up coexisting with these entrenched structures, serving as a safety net for people excluded and marginalized by them, but not transforming them”.
Online: Bello, 2006:1.

104 cf. Lemire, Pearson & Campell 2002.

The focus on women is very often highlighted as being a particularly positive aspect of microcredit because women, as economic players, strengthen (or must strengthen) their status on various social levels and facilitate their integration into the market.

I wish to address this point, supporting my arguments with the case of a microfinanced business run by women in Quito, Ecuador, and also to discuss the effects of microcredit projects on the everyday life of women, individually and in concrete terms. The advantages and disadvantages, problems faced by and requirements of women in relation to those projects will be tackled in order to give another view of projects aimed at reducing poverty. I will take, as the decisive point, the place of women as a dynamic forum for action, female labour resources, and women's handling of financial resources as well as the significance of social relations – both private and public – in the context of microfinanced business.

The D'Casa Project

In south Quito, the capital of Ecuador, lays a wholesalers' market, the *Mercado Mayorista*. It is in one of the many depots that the canteen for D'Casa, a catering company, is housed. The company was officially founded in 2000 as a legal corporation, with the help of microcredit and funding from an international development co-operation.

Twelve women from the south of the city who met on a training course started D'Casa. The aim of that training programme, run in the mid-1990s, was to improve the existence of families through targeted, continuous training for women. The courses were offered by CEPAM, an NGO.¹⁰⁵ Emphasis was placed on areas surrounding Quito, particularly marginalised districts in the south.¹⁰⁶ The regularity of the meetings held by CEPAM strengthened the women's sense as a group. Thus after one year, their wish to make use of their shared potential had grown and they initially set themselves up as an A.P.N.T.A. (*Asociación de Promotoras en Nutrición y Tecnología Alimentaria*¹⁰⁷).

Overseen by the NGO CEPAM, the women gradually gave birth to the idea of creating a buffet and catering service.¹⁰⁸ To that end, they wanted to turn their knowledge and competences in the field of nutrition and cooking to good

105 CEPAM Quito / *Centro Ecuatoriano para la Promoción y Acción de la Mujer*, cf. Online: CEPAM Quito 2007. (Ecuadorian Centre for the promotion and actions of women)

106 Granda et al. 2002b:145.

107 *Asociación de Promotoras en Nutrición y Tecnología Alimentaria*: Association of women promoters of nutrition and food technology.

108 cf. Granda et al. 2002b:145.

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account, as „their“ social area for acting against the national economic crisis that threatened their existence and that of their families. The catering service – which was intended to supply large and small organisations with snacks and hot meals – was an option that seemed feasible. For its part, CEPAM decided to actively support this process of creating a business, as well as providing financial support. In 1998, after a number of other training courses in business management, the basic initiative - named D’Casa (Asociacion de Promotoras en Nutricion y Tecnologia Alimentaria) – was born.¹⁰⁹ In 2000, the D’Casa initiative was given legal corporation status. Working in conjunction with CEPAM and its backers, the Fundación Valle Interoceánico and the Rotary Club Quito¹¹⁰, the A.P.N.T.A group of women created the D’Casa catering company in the same year. The women obtained legal status as a company liable for their own initiative and, where applicable, agreed loans.¹¹¹

The shared responsibility of the project partners was expressed in practice by the fact that A.P.N.T.A. was, from that moment, responsible for the administration, production, marketing and services, CEPAM for managerial staff, training, strengthening organisation processes and the perpetuation of business management. For its part, the Fundación Valle Interoceanico took charge of the accounting, while the Rotary Club, which is in fact a sub-group of the Fundación, granted a loan which allowed the women to become associates.¹¹² Subsequently, the D’Casa initiative was a great success. More and more companies, universities and institutions, as well as private individuals, consulted the women and have, until now, entrusted them with the task of supplying them with products and services.

The ability of the group – based on women – to go from being a community of interests (training programme in the context of physiology and nutrition technology) to being a manufacturing business means moving from a role as consumers (consumption of training) to a role as producers in the public domain (provision of services in the form of catering services). This was clearly a „yes“ to integration into the capitalist market and a commitment to some form of advertising (e.g. public relations), but above all to a system of global-local marketing, and to Western influences, of which not all aspects were previously familiar to the women.

The contexts concerning women in the Ecuadorian patriarchal society were highlighted with the help of detailed analysis of the various problematic areas that were revealed over the course of running the business. I would, therefore, like to

109 cf. Intercambio 2001:51.

110 Fundación Valle Interoceanico: a public interest association in Quito, Ecuador.

111 cf. Online: Acta Constitutiva de la Sociedad Civil D’Casa, 2000 and description of Intercambio, 2002.

112 Intercambio 2001:51, Viteri 2004.

open a parallel debate on the various defining parameters relating to microcredit and women, to which often little attention is given in current debate.

Women's Sphere and Economic Activity

CEPAM allocates women day-to-day practical areas which are specific to their intrinsic social role, for example, feeding their family. It is them, for the most part, who do the food shopping. They cook and they give food to their families, especially in the social classes that do not have the means to pay for these services through the intermediary of employees, as is a current practice in Ecuador. Urban training programmes for women - which provide information on the physiology of nutrition and make the women better able, as multipliers, to pass that knowledge on to other women - must essentially be considered as being effective, judicious initiatives. In the daily life of the *compañeras*¹¹³ of D'Casa - which is often qualified as being difficult and monotonous - participation in training courses and the creation of a microfinanced business meant an increase in knowledge for the women and an active exchange of experiences, for which they congratulate themselves. According to their own perception of things, their competences have increased as regards to content and continuity and, in any event, they use this increase as a qualification and they benefit (or have benefited) from it on a daily basis.

From a feminist, anthropological view, there is a parallel dichotomy which is firmly anchored socially between man/public and woman/private. On top of this, there is a prejudice handed down over the course of history which claims that women have a "natural" attachment to the informal-domestic sphere¹¹⁴. This may manifest itself in training courses for women (such as cooking courses). There are countless examples of direct confusion between women's movements/projects and the socially determined role of women.¹¹⁵ When women consolidate their commitment to „typically“ female domains (health, food, etc.) through projects - microfinanced or otherwise - then „(...) traditional notions of women's domestic roles are reinforced“.¹¹⁶ Owing to the social division of tasks, women's identity is often rooted in the values of the subsistence economy, to which women are consequently reduced.¹¹⁷

113 The word *compañera* (meaning companion or comrade in Spanish) is often used by women amongst themselves, especially by those involved in women's movements in Latin America.

114 Stephen 1997:270. Cf. The kitchen defined as a female domain - Prechtl & Burkard 1999:120, Jormakka & Kuhlmann 2002:11ff.

115 cf. Stephen 1997:269.

116 Stephen 1997:270.

117 Wichterich 2003:62; Cf. The concept of *female consciousness* according to Kaplan 1982, 1990.

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When, in addition to their tasks of caring for the family, women dedicate themselves to economic activities, they find themselves in a “dual reality”.¹¹⁸ The fusion of the means for earning an income from various economic activities co-exists here with the co-ordination of a family's daily life. Managing that situation is a determining factor in daily life.

The economic crises that continually sweep across Latin American countries highlight the importance of women who manage to overcome them in practice. In times of crisis, thanks to the solidarity between neighbours and associations, women develop tactics that not only focus on resolving individual problems but also follow shared objectives. This is how the D’Casa group of women should also be interpreted. In that case, feeding one’s family was initially, in a time of crisis, what had mobilised the women (female consciousness). The „kitchen“ as a sphere for social interaction and economic activity brought the women together around shared activities. Integration into the existing market occurs through the availability of services (which are provided, for the most part, by women in Latin America).¹¹⁹ In a sphere with female connotations – being the kitchen and dietary habits – female virtues find a forum for representation. Knowledge and resources are generated and, ultimately, used economically. “The kitchen becomes a place for producing a specific form of femininity.”¹²⁰

The women in creating this business act from within areas of their daily life addressed already during the training programmes. The „female“ domain is familiar to them, and it is there that they act „safely“ and draw their strengths and consolidation from those „female“ contexts. It is this “basis“ that serves as a structure, and it is the women’s existing resources that are counted upon. „Focus on subsistence: the women displayed the confidence that leads to individual change.”¹²¹ At the same time, the responsible handling of food, as in the case of a catering business, allows sensible integration into the market.

Whilst, in following the point of view expressed by Lynn Stephen¹²², I am defending the position according to which the implementation of female employment strategies and political orientation of women often bring about a modification of existing prejudices as to a woman’s place, this problem must necessarily be viewed within the context of microfinance projects dedicated to women.

118 Stephen 1997:270.

119 cf. Sassen 1998:204ff, Cicneros 1992:466f.

120 Miklautz, Lachmayer & Eisendle 1999b:12.

121 Moffett & Morgan 1999:232.

122 Stephen 1997:270.

The “Female” Workforce and the Feminisation of Work

The commitment of the women of the D’Casa catering company from South Quito means, that they have created a sphere of life which they feel is worth expending energy and efforts. This not only brings new experiences, but existant skills like distribution, management and availability of the company’s workforce constitute a central task.

The field of activity in a business created on the basis of a collateral economy meant integration into the Ecuadorian market economy for the D’Casa women. The success of the project meant, for them, a fixed, stable income¹²³, their own revenue with – depending on the women’s feelings on the matter – a fair, self-determined salary, an objective which was at the forefront of their efforts from the outset.¹²⁴ The salaries certainly remained regular from the creation of the business onwards, but there cannot yet be any talk (in 2006) of sufficient income to cover the cost of living.¹²⁵

Within the scope of the responsible management of the small business, the group of women was and is able to make decisions unaided with regards to day-to-day work; they can decide on their work post.¹²⁶ Work hours can, on the one hand, be set individually and, on the other hand, also be determined by customer demands. The irregularity of orders often renders daily organisation within the group complicated and laborious. As orders (especially at the beginning of the project) were foreseeable, and almost every order had to be accepted in order to keep the business on track, fixed work hours were unthinkable for a long time.

Double or triple workloads are also a logical consequence of the professional activity of the D’Casa women, causing repercussions in the family sphere. The tasks that can no longer be performed – or can only be performed in part – by the women in their own households owing to their activities in their new work place are taken on by other family members. Some domestic tasks still fall to the women, which leads temporarily – in the case of exceptional orders

123 D’Casa 2002:11f.

124 cf. Online: Intercambio/ Programa de Gestión Urbana [PGU] América Latina y el Caribe.

125 cf. The work conditions of microbusinesses in Chile, which make up 80% of all businesses in the country. Cf. study conducted by Valenzuela & Venegas 2001. They showed that despite greater participation in small businesses, women still earned comparatively less than men.

126 Intercambio 2001:53f, Granda 2002b:146, D’Casa 2002:11f. The abovenamed project reports considered the concept of the economic solidarity of projects – which, though their involvement in small business, would give women a sense of self-esteem – as being an important component which would also be maintained in future. (Intercambio/ Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001).

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– to an excessive workload for them. This situation remained unchanged in 2003, according to studies conducted.¹²⁷ The term „feminisation of work” is also frequently used in the case of D’Casa.¹²⁸ The women’s „economic value” consequently increases in the collective consciousness, because the effectiveness of their work – symbolised by their own income – is evident above all.¹²⁹

When better orders are received, great pressure bears down on the women. In 2001, I was able to have an in-depth conversation on the subject with Anita Tamayo¹³⁰, who leads competent female social workers from CEPAM working on the project. She emphasised that the number of orders received by the women had increased, from the year 2000 onwards, to such an extent that there were insufficient capacities available to adequately perform the tasks required. Owing to the uncertain financial future of the business, the employment of additional workers had not, however, taken place. The dynamic of the women’s group had perhaps also changed with the arrival of „new” women, and the D’Casa *compañeras* had not wanted to take their side. This situation had also changed very little by 2006. However, there had been a new development in 2003: the involvement of the daughters of the D’Casa *compañeras*, who had been included in the women’s group as workers. In this way, any posts that were free temporarily had been allocated within families, which had strengthened the family network.

Over the course of these processes, the *compañeras* had recognised that they were not to exceed their own work capacities. They had to “manage” them. Working in conjunction with the other female employees from CEPAM, they implemented strategies in order to do this:

- A schedule was created, thus making the volume of work completed by each woman more transparent.
- Responsibilities were delegated for the various sectors of activity (purchasing, organisation, etc.).
- The growing complexity of the organisation required an increasing division of tasks and “professional” management. With the growth in professionalization, it proved necessary to resort to the division of labour and specialisation of the women involved.

Being an objective by-stander to the project, I found the fact that all the women felt responsible for all areas when the business was created to constitute one

127 cf. Kampmann 1991, Kampmann & Koller-Tejeiro 1991a.

128 The overloading of women with work and responsibilities, plus the unpaid work that is often required for projects (popular cuisine, etc.) has, in the main, been heavily criticised since the early 1990s. (cf. Backhaus 1991:38).

129 Kampmann 1991:6.

130 Interview on 23.08.2001, Quito/Ecuador.

of the project's major strengths¹³¹. It is precisely this element that the local press always mentioned when reporting on women's projects operating in the context of the city of Quito, as a form of manifest solidarity between the women. The public was therefore able to grasp the „particular quality“ of the working atmosphere within D'Casa. Here is an example of a caption under a photograph published in the Ecuadorian press: “In the Kitchen: no-one has a specific task – they all work together, in accordance with their responsibilities relating to punctuality, flexibility, order and cleanliness.”¹³²

This perception of women's day-to-day routine and the transmission of such information through the media tend to give an engendered distorted image of reality. It reduces women to the dichotomous cliché of woman/private against man/public (as mentioned above) and denies the role of each sex which is greatly determined by the social environment and hence part of the inherent problem. Above all, these representations imply that the stereotype of how women organise, live and work in “their” domain remains very firmly intact. In a society where professional activity is dominated by men, women cannot be taken seriously as actors in small businesses, as their moving between their private, informal obligations and their public, economic obligations has no place on a social level.¹³³ At the same time, the various contexts in which the *compañeras* evolve have an influence on precisely those many new images and sexual identities within the globalised society. “New gender constructs, in the sense of hybridisation, seem possible and are also increasingly necessary in order to adapt to a complex world [...]”¹³⁴

Annette Backhaus refers very realistically to the circumstances in which southern women act and to those who must not be ignored in the organisation processes: “Women organise themselves in order to ensure their survival, to be able to play their traditional role of mother and housewife in a context of extreme poverty.”¹³⁵ She sees the particular strength of women's initiatives in the existential need to organise and the practical gender interests of women to change their poor living conditions. At the same time, this strength becomes a weakness in some circumstances: women give up on projects that have already started when family circumstances (duty to care for grandchildren, etc.) force them to do so.¹³⁶

131 Intercambio Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001:53f.

132 “*En la cocina: Ninguna tiene tarea específica, todas colaboran para cumplir con sus compromisos de puntualidad, agilidad, orden y limpieza*”. El Comercio 2001:C10.

133 cf. Stephen 1997 : 269, Backhaus 1991:44.

134 Hess & Lenz 2001b:21.

135 Backhaus 1991:43.

136 cf. Backhaus 1991:44.

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„The traditional role of women [engenders] a need to organise in some contexts, but at given moments it also becomes the determining factor in the collapse of women’s organisations.“¹³⁷ The collaboration with D’Casa offers a perfect illustration of this. One of the *compañeras*, Bertha Castillo, said that she was thinking of leaving D’Casa.¹³⁸ This decision was surprising because she had been one of the women who had been the most involved in the group. Truth be told, at that time, she could have been named as one of the D’Casa women who would not think of leaving. She said that she had a daughter who had a baby, and that she had to save her strength to care for her grandchild and be there for her family. Yes, that seemed to go without saying. D’Casa, the work post and commitment to it had to be secondary. She also told people that the women’s group had thought about arranging „part-time weekend work“ for her, meaning that she could work if there were any weekend orders.

This example clearly shows that society under the Latin American national State relies on family associations where inter-family and social problems are concerned. The State makes less and less provisions for kindergarten places, which would fundamentally allow young parents to fulfil their professional duties, independently of the grandparents. The additional income from working at D’Casa was important for Bertha Castillo. However, the family and the social support of children and grandchildren are decisive factors on a social and emotional level. It is a decision that Bertha Castillo makes in her heart and mind, thus expressing a preference and, in her context, a parallel supplement to the State’s social security system.¹³⁹ This is a situation which, truth be told, is not new and goes against the project’s idea to support women’s independence.

Women’s Management of Financial Resources

Each active entry into an urban capitalist market brings with it the necessity of money management. For the *compañeras*, the availability of a surplus in terms of monetary resources entails a new field of activity. At the same time, the process of setting up a business required the contribution of financial resources as start-up capital. In 2000, this “contribution” of start-up capital – to cover expenses relating to the purchase of foodstuffs – proved to be as major a turning point in the women’s daily culture as it was also for their families. None of the women had any capital, so the money had, for the most part, to be borrowed and repaid after payment by the principal. In the first instance, this involved income earned by men (husbands) who, when the company was registered, had to take on part of the financial responsibility. This created uncertainties for the families finding themselves within such a fragile

137 Backhaus 1991:44.

138 Personal interview with *compañera* Bertha Castillo, Mercado Mayorista, 04.08.2003.

139 cf. Wichterich 1998:149ff.

State structure. The women needed to have a critical eye and be open to internal family discussions. It was a matter of defending the idea of setting up a business. The problems arising from such circumstances were also viewed as a handicap by the women themselves: "Sometimes we didn't even have the money for the meal at home and we were scared of falling into debt."¹⁴⁰

The contribution of personal capital was also deemed to be of particular significance by the women at CEPAM, as the women themselves attached greater respect to work and personal commitment.

Financial uncertainties were often the critical argument put forward by the husbands and children who could not, on the basis of the concept of their "traditional" role, come to terms with the idea that mothers (or wives) could be co-owners of a business: "[...] in addition, the family is not in agreement initially, because they do not see any constant revenue and [only see] the mother's departure [...]."¹⁴¹

This statement shows that, on the one hand, the contribution of financial means in the family is deemed positive and that the mother's "absence" is justified as a result. On the other hand, this interview is an expression of the fact that the woman is subsumed into her role as a mother¹⁴² and not as a woman by definition. Most of the time, she is criticised in her new role as a woman. This is why „[...] a step was taken towards integration, a step that was taken by the men and children, with the aim of making the family aware of the work done by women and mothers."¹⁴³

An initiative was launched to counter family resistance: the inclusion of men.¹⁴⁴ This brought about greater understanding amongst the men and the children. Certain family members still cannot accept that the women (and mothers) have created

140 "A veces ni siquiera tenemos dinero para la comida en la casa y nos atemorizaba endeudarnos". N.N. zit. aus Líderes 2001b:11.

141 "[...] además al inicio la familia no está muy de acuerdo porque no ven ingresos constantes y la salida de la madre [...]". Interview with Maria Elena Acosta, 13.03.2000, an employee at the CEPAM, and former director of CEPAM Quito. Sra. Acosta has worked with the CEPAM since 1985, and therefore knows the organisation well. After the change in regime in 2003, she left her job to take up a political post (Own recordings, 2003).

142 cf. the phenomenon of *marianismo*, the "glorification" and elevation of women in their role as mothers.

143 "[...] se ha realizado un paseo de integración donde participaron los esposos e hijos con el objetivo de que los familiares conozcan y valoren el trabajo de sus esposas y madres". Intercambio/ Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001:53.

144 From the early 1990s onwards, Martina Kampmann (amongst others) asked, in an anthology (which was extremely valuable and which she published herself) on women in Latin America, that men's attention be drawn to women's initiatives, to require a conscious change in their behaviour as dictated by their role (Kampmann 1991:8).

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their own sphere of activity, thus shattering the typical image of their role. The constraints on the women, as implied by those circumstances, are highlighted here and included in the discussion. They clearly explain the women's emotional and financial dependence. The consequences of financial independence for the women were always mentioned in the many discussions and conversations with the NGO and the *compañeras*.¹⁴⁵

The existence of relatively regular income for the family after a few months of activity had positive consequences within the family itself: "With the income that we earn from the business, we contribute to household expenses, and they [the men] see us in a new light."¹⁴⁶

The *compañeras* themselves view their income as supplementary or as a "contribution" to men's income. Salaried work and women's income are connected in this way for the greater part of the population. This is because "[...] the social sphere of money [is] in no case that of women [...], even though the stereotypical concept of women's lives is no longer valid."¹⁴⁷ When women have a job and allow themselves to be creative, they receive much less understanding and acknowledgement than women who, as in the present case, work, bring money home and make the family benefit as a whole. This is because „the only salaried work that counts is that involved in the production and marketing of merchandise“¹⁴⁸ and which adds to the family's financial resources. Conversely, there is the unpaid material and non-material work carried out by women in the context of their household. Above all, it is the proportion of women who produce, transform, distribute and prepare meals, the contribution made by women to food provision, that are not brought to the fore in patriarchal capitalist societies.¹⁴⁹ Once „typically female“ work is remunerated, it receives „real“ respect for the money earned within the family.

As regards the handling of financial resources, another detail must be read about D'Casa relating to the financial terms and conditions in the description of the business (which is often quoted), as written by CEPAM. CEPAM designates the following statement as being one of the „*lecciones aprendidas*“¹⁵⁰ by the women over the course of the project: "When money is at stake, one is very careful about things."¹⁵¹

145 cf. Wichterich 1995:174f.

146 "Con los ingresos que obtenemos de la empresa contribuimos a los gastos del hogar ellos nos ven de manera diferente". N.N. cit aus Líderes 2001b:11.

147 Krondorfer & Mostböck 2000a:17.

148 Mies 1996:3.

149 cf. Krondorfer & Mostböck 2000b.

150 *lecciones aprendidas*: Span.: lessons learned.

151 "Cuando se arriesga dinero se cuidan las cosas". Online: CEPAM project description, self-representation:5.

In theory, people act prudently, when money is at stake. This shows the importance of money in organised capitalist societies. The responsible handling of financial resources is immanent to the personality of women entrepreneurs, and is bolstered by good training: "Keeping clear, transparent accounting, professional ethics and respect between *compañeras* and *compañeros* allow for confronting problems and for growth."¹⁵²

At the same time, the subject of the presence or absence of money preoccupied the women on a daily basis. Finding a consensus on money management was considered, in this context, as a challenge and also expressed in such a way that the women would not have to constantly manage large sums of money prior to the creation of the business. In the context of the general terms and conditions, conversations and exchanges within the group served to decide which "rules" the women wished to follow. Furthermore, at that time they had intense discussion on accounting problems that reflected their management of money and their new tasks.¹⁵³

The partners' shares and microcredit repayments had to be made or purged by the *compañeras* using income and profit from the project. This was not possible owing to the economic situation and a shortfall in constituting shares. The process had to be deferred. Lastly, it harmed the women managers, as they could not meet their expectations or those of their partners. The objective of complete independence and autonomy has, however, never been abandoned. In an evaluative-descriptive contribution from Intercambio, the following comment was made on this context under the keywords Prospects and Sustainability¹⁵⁴: "This [the payment of all the shares in the business] means that the organisation, composed of a marginalised section of the population, runs and operates its business autonomously, and that it manages means that allow its sustainability and the improvement of the women's quality of life, as well as that of their families. To do so, they will have to maintain and improve the quality of the product and invest a percentage of the means every month."¹⁵⁵

152 "Las cuentas transparentes, la ética en los negocios y el respeto entre *compañeras* y *compañeros* permite enfrentar problemas y crecer». Intercambio/ Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001:56.

153 Personal admission, Anita Tamayo, CEPAM, 23.08.2001.

154 *Perspectiva de sostenibilidad*: Prospects of sustainability for the project. Cf. Online: Intercambio Programa de Gestión Urbana [PGU] América Latina y el Caribe. Lima/Peru.

155 "Esto significa que la organización popular maneje y gestione su empresa autónomamente y que genere utilidades que les permitan sostenerse en el tiempo y mejorar la calidad de vida de las mujeres y sus familias. Para ello deberán conservar y mejorar la calidad del producto, innovar y asignar mensualmente un porcentaje de utilidades". Intercambio /Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001:55.

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The NGOs, creditors and debtors are all part of the capitalist system and act under the pressure of often limited resources. This means that they often have no freedom to act when money must be injected in ways not foreseen by a project. In parallel to this, social institutions must provide the “results” to Northern providers of funds in the form of successful autonomisation measures for women, which can sometimes not be obtained without additional means (for courses, interventions, time, etc.)¹⁵⁶ This pressure is transferred indirectly and influences the women’s everyday reality. They notice that they are working for the success of the NGO.

In the descriptions and analyses of basic organisations in Latin America, the financial resources and the handling thereof in women’s organisations are designated as being an important field.¹⁵⁷ Many female economic actors stress the responsible management of money by women¹⁵⁸: „Income controlled by women very quickly engender change in the fields of health, nutrition, education, etc.“¹⁵⁹ Women working for women’s organisations often act on the basis of their socialisation as „considerate people” out of a sense of responsibility for their family. I would repeat that this is an aspect which is often given positive emphasis in current literature and perhaps partly explains the “focus on women” in microfinance.¹⁶⁰

Owing to this, women are allocated once again to „the subsistence economy“, i.e. that women are reduced to the following stereotype: “The mother of the family consumes, saves and acts virtuously and ecologically.”¹⁶³ This leads to a “retraditionalisation of the normative image of femininity.”¹⁶¹

THE SIGNIFICANCE OF SOCIAL RELATIONSHIPS

The relationships between women and the people who co-determine their day-to-day life must be mentioned as an important area of the context of this project analysis. Without attempting to be exhaustive, I will highlight changes that took place over the course of the project in the relationships between the women and their conjugal partners and families, and the relationship with the partner organisation, CEPAM, which had supported the women’s group in their activities over the years.¹⁶²

156 Granda et al. 2002b:147.

157 Intercambio /Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001.

158 Cicneros 1992:464.

159 “Los ingresos bajo el control de la mujer repercuten en rápidos impactos en aspectos como salud, nutrición, educación, etc”. Cicneros 1992:464.

160 cf. e.a. Defossez, Fassin & Viveros 1992.

161 ebd.

162 For other social interdependences which are also modified on the basis of the everyday existence of the project, cf. Dabringer 2004.

Using selected examples, I will show how social relationships are formed and how they reflect the various types of contact, the problems and solutions to the problems faced by the women concerned. The analysis of those problems completes the picture of the complex synergy between the various actors and serves to show the interconnection of the business in the local and global context.

The Relationship Between Compañeras, Their Partners and Families

An important strategic concern of all development projects focusing on women is the loosening of static patriarchal models and the breaking down of sexual roles imbued with patriarchalism - "strategic women's interests". So do women achieve greater equality in everyday life by participating in urban life? Do they get more power and freedom to act in the organisation of their daily life? Do they get recognition from their family and more freedom for the personal, private needs?

Annette Backhaus raised these questions more than ten years ago in her remarkable representation¹⁶³ of the women's everyday life in Latin America. These questions are still relevant today. In the Latin American context, women are socialised as „thinking of others“ and bring their practical interests (family, health, children, etc.) as a primary concern in projects. This is the case for the D’Casa women, who take the economic uncertainty of their families as the impetus behind their commitment. Nevertheless, over the course of the process for creating a business, they internalised and carry the important political and social role in their participation in the urban context. „The totality of women’s experience as political organizers will very likely include ‘strategic’ as well as ‘practical’ interests, for the fact of their organizing is inevitably tied to challenging gender subordination at some level.”¹⁶⁴ Annette Backhaus has shown in her studies¹⁶⁵ that the perception of various women’s needs ought already to be in place when designing initiatives aimed at fighting poverty. Material interests (infrastructure for families etc.) must also be mentioned here as a personal, individual interest of women to be viewed as women and active persons. In the following paragraph, I question what has actually changed in everyday life and in the social relationships of the D’Casa women.

163 Backhaus 1991:38.

164 Stephen 1997:272.

165 Backhaus 1991:42f.

Using Individual Strengths for Collective Interests

Accepting a role in a small business, actively making that decision, means that – on a structural level – each women must “commit” to a group process, namely participating in regular meetings, committing a great deal of time, but also experiencing female solidarity, actively sharing the experience of the group dynamic, and actively organising consensual decision-making as a means of conflict resolution. They placed themselves from the very beginning in a freely chosen context which was linked to the hope for new prospects in life and/or employment: “[...] they have grown together, in such a way that they have the certainty that [the existence of] the business depends at the same time on each and all.”¹⁶⁶

Owing to the process of business creation, the women required training courses and „took care“ of their personal image. That alone allowed them to explicitly shatter gender clichés. In this way, a number of changes came about in relation to the women’s personality, which brings with it repercussions depending on roles in the various social spheres that the women frequent.¹⁶⁷ Private concerns and contexts are made public within the group. Mara Videos¹⁶⁸ has succeeded in showing these developments in a case study also conducted in Bogotá: “For these women, crossing the line into the public domain meant discovering solidarity beyond private boundaries and transforming their activity into political action which attempts to meet the needs of marginalised neighbourhoods.”¹⁶⁹

New Understanding of Things and New Self-understanding

Suddenly changing well-established life habits had direct repercussions on the women’s everyday existence and sparked debate within the families. The new perspectives of their role as entrepreneurs, the problems and ways of acting in forging their identities were discussed and constantly came up in family discussions. Christa Wichterich describes these processes: “Professional identities exist side by side with female identities, resulting from their family and domestic responsibilities, and are generally intact or concurrent.”¹⁷⁰

166 “[...] *han madurado juntas hasta tener la certeza de que ‘la empresa depende a la vez de todas y de cada una’*”. Granda et al. 2002b:146f.

167 Granda et al. 2002a. Cf. Intercambio Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001, Viveros 1992.

168 Viveros 1992.

169 “*Franquear el umbral de lo público ha significado para estas mujeres descubrir solidaridades más allá de las fronteras privadas y convertir su actividad en una acción política que busca responder a las necesidades de los sectores populares*”. Viveros 1992:318.

170 Wichterich 2003:62.

These processes did not have the same repercussions on all families. Positive effects of these changes have, however, always been stressed by the *compañeras*.¹⁷¹ In difficult situations, the women drew strength from the group's solidarity. This is where the greatest potential for change in women's behaviour and the breakdown of the patriarchal model can be seen. Due to the group solidarity, the women find the strength to resolve everyday conflict situations. Recharging oneself mentally becomes possible despite the enormous workload. The significance and importance of the social work that accompanies the process support examples taken from other Latin American countries.¹⁷²

New Roles for Women, Men and Children

That a woman is actively taking care of and contributing to the financial resources of the family is no longer an exception in urban Latin America. The very fact of being involved in a business and temporarily going into debt, as well as putting one's family in debt for the sake of that business, rarely brings with it the understanding of all members of the family and close relatives. For the women, supporting D'Casa means changing their own role along with the one they hold within their own families, which spawns other approaches to oneself, family and friends. As mentioned above, the working women being absent from the home, the older children – and sometimes the men – also take charge of various domestic tasks. In this way, the firmly-rooted model of the roles involved changes automatically, as do related obligations. However, this occurs through practical necessity. In the various households, these changes took place in very different ways. While, in some households, discussions have taken place almost every day up until now on the new role of women, in others the new situation has already been accepted. This may be documented as an important step for the women towards a new division of tasks within the household.

This family support has opened the door to stronger women's initiatives. In the families where this support has not been received over the years, "[...] domestic conflicts have arisen."¹⁷³ On an individual level, the women have therefore had to make decisions with their family against outdated models of behaviour and in favour of business.

In cases where family support was absent, the women not only had to take domestic and informal employment into account, but also their training programme, their activity within the small business and the multiple responsibilities that resulted from that. As regards Bogotá, Maria Viveros states that "[...] the

171 Granda et al. 2002b:146.

172 cf. Stephen 1997:272.

173 Stephen 1997:271.

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women's participation in communal activities still means a multiplication of their responsibilities and a source of additional pressure. In very little time, their inclusion in a public interest task is experienced as excessive work and, in a way, a form of self-exploitation."¹⁷⁴

All of the D'Casa women had decided to implement the ongoing project together. The logical outcome was an increase in constraints that each had to accept. It was difficult to take such an emancipatory step towards independence and, at the same time, accept the social consequences (amongst others) within their domestic sphere.¹⁷⁵

Time Management

The handling of temporary resources and the new daily routine, which had sparked discussion within each family, are closely linked to the multiple constraints for the D'Casa women: setting up a business requires time management; various purchases and different administrative approaches have to be carried out. The geographical location of Quito therefore played a significant role. CEPAM is situated in the northern part of the old town, which is in the centre of the city; the women involved in the project all lived in the southern neighbourhoods, which are rather poor and with a bad infrastructure. The distance and family circumstances often hindered the group processes. Infrastructure problems within the city often caused delays and frustration – hence the difficulty for a maximum number of women to make joint decisions for the business. Guided communication structures, the women's organisational flair, the patience of each individual and the desire to implement ideas did, however, serve to keep the project running through various crises.¹⁷⁶ Fassin gives an example of a women's group in Ecuador: "Before going to parades or meetings, they have to clean the house and, when they do go out, they have to take the children with them. This succession of private and public activities is probably one of the most striking aspects of women's mobilisation."¹⁷⁷

174 *"[...] que la participación de las mujeres en actividades comunitarias signifique todavía para ellas una multiplicación de sus responsabilidades y una fuente de tensión adicional. En el corto plazo, su vinculación al trabajo comunitario es vivida como sobrecarga de tareas y en cierta medida una autoexplotación".* Viveros 1992:318.

175 D'Casa 2002 : 11f; Pour la problématique internationale des contraintes multiples des femmes cf. Wichterich 2003:60. Valenzuela & Venegas 2001.

176 For the positive consequences of urban food projects which take account, amongst other things, of women's time management, cf. Villagomez 1999.

177 *"Antes de salir a las marchas o a las reuniones, tienen que arreglar la casa, y cuando se van tienen que llevar los niños con ellas. Esta continuidad entre lo privado y lo público es probablemente una de las características más sobresalientes de las movilizaciones femeninas».* Fassin 1992:352.

Women's Own Financial Resources

Financial resources allow women to re-shape their relationships with their husbands, i.e. they can, thanks to their increased self-awareness, accept another role and actively respond to problematic situations.¹⁷⁸ This new self-understanding is the result, on the one hand, of the positive connotation they have of their own work and, on the other hand, the husbands and sons form a positive judgement of the on obtaining financial resources, which they also expressed. With their new income, the women supported the household, which was accompanied within the family by the husbands' esteem, prestige and promotion of the women's new roles. The esteem for women's work is also immanent to this process.¹⁷⁹

The „traditional“ social contract is eroded over the course of these processes, and the „post-Ford restructuring of households“¹⁸⁰ combines established behaviour models with the overturning of relations between the sexes. „However, there is still no new compensation agreement in society or between the sexes: neither men nor the State will solve the problem of compatibility, which remains a women's problem.“¹⁸¹

Fassin¹⁸² describes, in an example of the Quito neighbourhood Comité del Pueblo, the phenomenon of women acting “in secret”, without knowledge of their husbands. They do not tell their men when they go, for instance, to meetings in the centre of Quito. Discussions and arguments have been reported as so serious that the women often actively avoid them, in order to protect “their space”.¹⁸³ To my knowledge, this did not happen with the D'Casa initiative. In this instance, attempts were made to tackle the problems and convince the men, by informing them of the importance of the project. That idea did not always bear fruit.

Appearance of the Role as Wife and Mother

The roles traditionally played by women in domestic life prior to the project have changed: the independence that followed with what was initially very little additional income bolstered self-awareness as an active woman, providing for

178 cf. Intercambio /Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001.

179 cf. Intercambio Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001, D'Casa 2002:11f, Granda et al. 2002b:146.

180 Wichterich 2003:61.

181 Wichterich 2003:61.

182 Fassin 1992.

183 cf. also Defossez, Fassin & Viveros 1992.

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her own needs herself and wishing to act in the face of economic problems. Political and/or social action in the public domain and, in parallel, the „duties“ in the private domain of the household interfered; the two domains fused and roles were broken down.¹⁸⁴ Not only did the role of housewife and mother as an element of the domestic structure change, but the women’s role in the partnership¹⁸⁵ was always reflected. With the women’s increased familiarity with one another, conversations and discussions became more open and honest. The group’s familiarity allowed the women to reveal their susceptibility and emotion, as well as their personality. In my eyes, this represents one of the greatest strengths of women’s associations and everyday co-operation in the business.¹⁸⁶

CEPAM reports on the project emphasise the following point on this subject: „They realised that, with their own income, they could be more independent in their relationships with their partners.”¹⁸⁷ The solidarity experienced by the women, and the new view of things that comes from it, have direct consequences, even outside the project: “Equality between the sexes is not gained through workshops – it is experienced in everyday relationships.”¹⁸⁸

The many upheavals experienced by the women by participating in their microenterprise are indisputably accompanied, on the one hand, by a positive boost in self-awareness, changes in everyday domestic life, and in their relationships with their partners. On the other hand, further social problems arise which must be solved individually, outside the scope of economic components.

The relationship between the sexes and the “traditional” roles of men and women are transformed over the course of these processes, even if this transformation is very slow and often quite short.¹⁸⁹ It should be noted that the consequences

184 cf. Fassin 1992:352.

185 I would state here that under no circumstances am I placing partnership and family on the same level, and that I am quite willingly echoing the various roles of women as partners and mothers or heads of households. Owing to everyday reality, the domains are so intermingled that a common analysis seems wise.

186 On the problem of women’s projects and being taken seriously by men, cf. Backhaus 1991.

187 Ana Buenaño Tamayo, CEPAM employee, quote from *El Universo*, 2000:9.

188 “*La equidad de género no se construye con talleres, se vive todos los días en las relaciones cotidianas*». Intercambio Programa de Gestión Urbana [PGU] América Latina y el Caribe 2001:56.

189 Annette Backhaus has shown, from the early 1990s onwards (1991:38-45), that until now women’s projects had had very little impact on the political and social power of men in Latin American society. The strategic interests of organisations had been placed too much at the forefront, and it had been forgotten that women had to be conceived as people evolving in personal, individual contexts.

for the women's individual contexts present themselves very differently. Rooted in this subtlety, particular attention is given, on the one hand to the strength and potential of the joint project and, on the other hand, the many processes involved (which are often ignored and of individual importance for women).

Relationships with Donor Organisations

In their social relationships with the outside world, the women's group was principally closely linked to CEPAM, the framework partner organisation. Despite an equitable partnership at the time the microenterprise was set up, the social differences between those who received and those who gave the knowledge and money could not be smoothed out. With the exception of the existing financial dependence, and the financial risk run by the *compañeras* in making their own investment, the situation was accompanied by dependence on CEPAM for the management of the project. The judgement and support of the female social workers were important for the women involved. This meant accepting outside "help". The great advantage of that relationship could be considered, from an external point of view, as a connection to high-quality, sex-sensitive, project work which reflected and took seriously the wishes and living conditions of the women taking part. "Women's practical interests" (= fight against problems determining everyday life) as "women's strategic interests" (= concern for emancipation in patriarchal societies) raised interest here. In the relationship between the *compañeras* and CEPAM, the NGO, it was not simply a matter of a relationship with some institution. Personal bonds were forged between the female economic actors over the course of time. At the end of the day, it was the existing and non-existing solidarity bonds that took root inside the women as individuals, and which gave the project its quality and sustainability. These were women working with NGOs and women from poor neighbourhoods in Quito who were participants in one common project. The dependences that emerged between the NGO and the basic movement are an integral part of social (aid) relations. The quality with which the resulting situations were tackled is important for each form of collaboration.

In the case of setting up D'Casa as a business, the main advantage lay in the support and supervision of the group process by the NGO, by means of measures, workshops, etc. It is precisely this inequality between partners who are deemed to be equal that was all the more visible in day-to-day work. The following important points may be deduced from different data, empirically supported, which cannot be made explicit in such a setting:

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- Women need personal contact and deep, individual relationships with dedicated people in order to collaborate. Trust, “knowing one another” and “being able to like one another” are important aspects of this relationship. This quality of relationship is directly linked to the social competence of all participants. As the social power was, at the beginning of the project, on the side of the donor organisation (in this context, it had the necessary knowledge, expertise, financial means, etc.), the latter had the specific duty to manage the available power fairly and equitably. This is because, as the American sociologist Sennett states, even the most altruistic donation can “[...] hurt the donee’s pride [...] It lays a heavy burden of gratitude on the recipient, who may have nothing to give back but submission.”¹⁹⁰

- The differences are maintained between the women who provide the supervision (who are partners in the project at the same time) and those who have taken microloans. It must be acknowledged that women working in the organisations and acting within their system belong to other social and economic groups than those who set up small businesses in the city’s marginalised neighbourhoods. These differences must be conceded.

- If these unexpressed differences (and often subtle divergences) are not tackled and smoothed out, inaccuracies and problems may arise, because what remains unexplained then becomes important. When the paths go different ways, objectives change or are not achieved (loan repayments etc.). This was also observed at D’Casa: the training staff has changed twice over the last three years. Important relationships, to which the women had become accustomed, no longer existed. This changed the atmosphere between the women at the NGO and the *compañeras*. On the path to independence, the women said: “CEPAM isn’t our home anymore.”¹⁹¹ This means that the common objectives have disappeared in part, and the women’s group no longer feels understood in this form of partner organisation, unlike previous years. For the D’Casa women, it is less a matter of succession in itself and more a matter of the quality with which the process takes place.

- Collaboration with other organised women’s initiatives is felt to be politically important, but it is not always easy to arrange: on the one hand, for organisational reasons and, on the other hand, owing to the existing guidance requirements of different women with different personalities. The women then compare themselves with organised men’s groups and complain that they are not in a position to similarly arrange services relating to organisation and the breaking down of hierarchies.¹⁹² These statements clearly show that an internal distancing of oneself from the accepted notion that only men can be leaders

190 Sennett 2002:182f.

191 Informal conversation, 04.08.2003, Quito/Ecuador.

192 cf. Backhaus 1991.

is not done naturally. Gender roles are firmly rooted in society. The concept of women's groups having feminine qualities - the advantages of which lay in the fact that they are qualitatively different (from men's groups) – has not yet found its natural place in female thinking.

- From the early 1990s, critical publications¹⁹³ indicated that women's movements were always „used“ by organisations for their structural advantages. This phenomenon is inherent to the system, a consequence of international aid policy which thrives on dependence.

The Ecuadorean women working in basic organisations echo a very different report on donor organisations: “The organisations have a tendency to demonise NGOs, because it is said: well, they use us because that was really the case, we've experienced it ourselves in our own organisation, and that really exists because things aren't explained. But if a director makes things clear and explains an NGO's role to protestors, then nothing can justify resistance towards NGOs (logically). In reality, when we were worried or couldn't agree, we kept our independence because we said it was like this and like that, which means an attachment to our independence in our relationship with NGOs”.¹⁹⁴

Dissatisfaction and the need for a different discussion with NGOs are both highlighted in those statements. There may be opposition between NGO employees and the women who have taken a loan, but it falls to the women themselves to protect themselves from it through a real need for independence, by drawing on the strengths of the basic organisation. This view of things is not, of course, present overall in all women's groups. However, it is important, as a return to the role of victim – the role of “women's group exploited by an NGO” – would give the group a feeling of impotence rather than strength.

This shows that taking responsibility can conflict with the competences that women acquire through their participation in social movements. They have taken the women out of their role as victims (“patriarchy oppresses women”) which has been endorsed for centuries. They become political actors in society, they act responsibly, they

193 cf. e. a. Defossez, Fassin & Viveros 1992, Fassin 1992, Kampmann & Koller-Tejeiro 1991a.

194 *“Las organizaciones a veces, tienden a satanizar a las ONGs, porque se dice : bueno nos están utilizando, y eso sí se ha dado, eso se ha vivido en carne propia en nuestra organización y es porque en realidad no están las cosas claras. Pero cuando uno como dirigente pone las cosas en claro, y uno hace ver a sus compañeras, cual es el rol de las ONGs, realmente no hay porque tener esa resistencia a las ONGs. En realidad, cuando nosotros hemos tenido inquietudes o no hemos estado de acuerdo, hemos mantenido nuestra autonomía porque hemos dicho, esto es así, esto es asado, entonces eso es mantener nuestra autonomía en relación a las ONGs”.* Woman belonging to a basic organisation, questioned in July 2000 by CEPAM, quote from Ernst, Acosta-Maldonado & Tamayo 2000:78.

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organise themselves and contribute (or may contribute) to social changes through social movements (or economic projects).

If the support given by the NGO and the competences acquired are used tactically in that way, this may be viewed as the qualitative success of an initiative strengthening the status of women. Aid should not serve to allow the NGOs to impose themselves, but rather those who have had the opportunity to position themselves politically in society, to participate on a political level and organise their living space.

The “reciprocal knowledge” of the various actors was not limited to being able to work together. The D’Casa women have always known that CEPAM also had objectives to achieve. Especially in 2003, the *compañeras* stated quite clearly that they were aware of their “position” as a leading project in the field of urban work between women and NGOs. Many other projects have not survived because of various internal problems. It was important for the NGO to be able to prove national and international achievements and, thanks to their work and ideas, provide women in an urban context with a better quality of life.

The honesty with which this was discussed between the *compañeras* showed responsible management of the reality of other women and, to my mind, the *compañeras*’ respectful management with the reality that the female employees within the NGO had to challenge in their organisations. This aspect shows the direct consequences of the NGO’s own concerns about the project. The clarity of the NGO’s role in the project on a day-to-day basis is an important component of a sustainable relationship between women’s groups and NGOs. Miriam Ernst et al. stress “[...] the importance of clarifying the role played by non-governmental organisations, as the opposite can cause their demonisation.”¹⁹⁵

NGOs – in this instance, CEPAM – draw the following consequences from these studies and surveys¹⁹⁶: a clear, responsible relationship with basic women’s groups must continue to be important in terms of evaluation and obtaining a specific kind of significance. The perception that is often expressed – according to which women (whether in basic organisations or individually) felt like NGO employees, and that relationships of dependence weighed heavily upon them – leads one to think of the CEPAM employees. Respectful relations with the people they faced every day were, according to this evaluation, one of the most important objectives: “[...] a relationship of support with independence and autonomy, which prevents the dependence that the organisation creates with the NGOs.”¹⁹⁷

195 “[...] *la importancia de tener claridad sobre el rol de las ONGs, puesto que lo contrario puede llevar a satanizarlas*”. Ernst, Acosta-Maldonado & Tamayo 2000:77.

196 Ernst, Acosta-Maldonado & Tamayo 2000.

197 “[...] *una relación de apoyo con independencia y autonomía, que evite la dependencia que genera la organización, con las ONGs*”. Ernst, Acosta-Maldonado & Tamayo 2000:79.

CEPAM employees also express their concerns about individual projects. A percentage of women who are active in main groups have better access to information and to social and political decision-makers (even if this is “only” in the communal domain), because they participate more in communal processes than other women involved. This brings about arrogance and a discouraging attitude. This can often become critical for the project, as the forces of solidarity within the group lose their effect in such circumstances. The overestimation of one’s abilities and the authoritarian ways of many female personalities are often a secondary effect of this dynamic. The importance of recognising differences within women’s groups is especially worthy of interest.¹⁹⁸ “This is why it is necessary to explain that collective processes do not proceed homogeneously. The staff have learned that women’s groups must have their own space and that they must be left to handle internal issues by themselves.”¹⁹⁹

For CEPAM, there are processes and phases – such as those discussed above – in which the participation in the organisation process takes on particular importance. Recognising and controlling those means is a partial objective for the institutions. There is no standard formula for employees, only the intention and efforts deployed to give the women being supported what they need to strengthen them on an individual and institutional level, and do so at the right time.²⁰⁰

It should be noted that the study of documents and empirical surveys shows that there is great potential for all female participants to have to capacity for self-critical discussion.

The concrete implementation lays within the remit of responsibility of each woman, whether she is the beneficiary of a microloan or an actor within an NGO.

198 cf. A different approach: Moore 1993, 1994.

199 *“Es necesario, por tanto, aclarar que los procesos colectivos no son homogéneos. El equipo ha aprendido que las organizaciones de mujeres deben tener sus propios espacios y deben estar solas para poder resolver temas internos”*. Ernst, Acosta-Maldonado & Tamayo 2000:80.

200 In the early 1990s, virulent criticism was aimed at NGOs that had overloaded the content of women’s projects with objectives and then “left them to organise themselves” (Backhaus 1991).

CONCLUSIONS

In basing my arguments on the practical and concrete living conditions of the women of Quito in Ecuador, I have attempted to show that, for sustainable and effective microfinance projects with and for women, their complex contexts must fundamentally and logically be taken into consideration.

The social spheres in which each woman evolves differently, and which each uses in a very different way, are therefore a decisive factor. Women must and can be approached in the spheres in which they move. This brings security and highlights their components, even though there is a risk of replicating stereotypical representations of the female world.

Furthermore, projects are only sustainable when women are supported in the role they have chosen for themselves, in addition to their active entry into the economic process. In many cases, income is earned (for the family) through a burgeoning, additional service but, in tandem, double and triple constraints are produced (for women). Gender roles and the sexual division of labour – which are socially determined to guarantee survival for families – are indeed not necessarily altered by women's employment.

The granting of microloans to women, for reasons relating to their “economic skills”, may be wise and just, but the secondary effects resulting therefrom for each woman in her individual life must also be taken into consideration. It is only in doing so that a realistic assessment can be made of microfinance projects and their performance over time. Changes in gender roles play a decisive part, especially in patriarchal societies, as such changes are never viewed in a positive light in local societies. The focus would have to turn towards the so-called “secondary scene” or “backstage” to the projects.

This inevitably leads to the importance of social relationships being highlighted. They determine each social action, relevant on an economic level or not. All persons directly or indirectly concerned by a microfinance project targeting women are elements in a social network that merits consideration. The different outlook on the actual work conditions of women, and the various social consequences of different projects, first and foremost provides a multitude of data. A more advanced analysis of that data allows a better understanding of the realities of the microfinanced female world. The implementation of microfinanced sex-sensitive strategies, aimed at fighting poverty, is made easier by taking the contexts discussed into consideration.

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Women and Microlending in Western Europe²⁰¹

TAMARA UNDERWOOD, EUROPEAN MICROFINANCE
NETWORK

Women entrepreneurs cite access to finance as the most significant constraint affecting the launch, growth and sustainability of their businesses (Eurochambres, 2004). On average, women in the European Union start their businesses with less capital than men do. Further, many women have difficulty accessing bank lending and borrow funds via informal networks of family and friends. Accessing start-up and growth money through informal networks can result in under-funding of women's businesses, which is a principal cause of business failure.

Given this context, many interested in women's entrepreneurship see great potential for microlending programmes to meet women's financing needs. First, eighty-seven percent of women entrepreneurs run microenterprises (Eurochambres, 2004). Second, the majority of these businesses are in the service sector. Service sector businesses tend to have fewer physical assets to offer as collateral for bank lending and require relatively less financing than banks are used to providing. Microlenders address these challenges directly by offering loans of 25,000 euros and less, providing alternative collateral arrangements and having flexible repayment plans. More than half of lenders also provide business planning support, and technical assistance and training throughout the life of a borrower's loan.

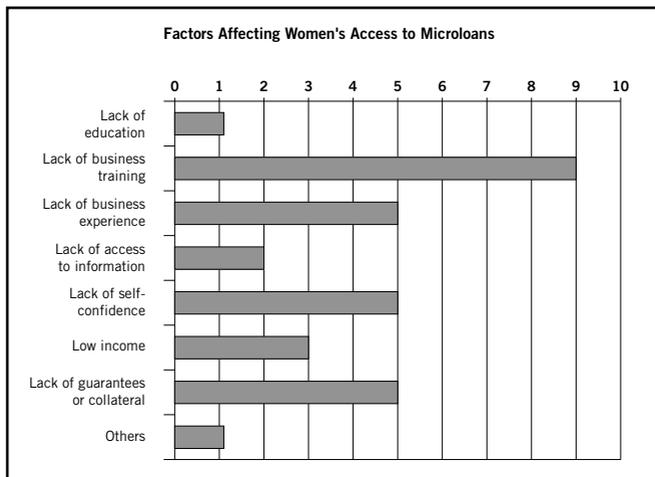
In June 2005, the European Microfinance Network (EMN) launched a survey of Western European microlenders to determine the percentage of women receiving loans over the past three years. Limited data from 3 Western European microlenders suggested that 35% of microloan clients were women in contrast to 62% in Eastern Europe and the Newly Independent States, 59% in North America and 84% in developing countries. The EMN survey aimed to verify this lending rate by collecting data from a more representative sample of microlenders. In addition, the survey examined possible barriers

201 Adopted from the executive summary of the EMN study titled "Women and Microlending in Western Europe", April 2006

affecting women's participation in microloan programmes in Western Europe and collected information on microlender policy and practice with respect to female entrepreneurs.

Thirty microlenders participated in the survey. The data provided indicated that over the period 2002-2004 the number of microloans made to women increased by 30% and the total value of microloans rose by 34%. For men the figures were 35% and 21% respectively. In 2004, the average value of loans disbursed to women (7,670 euros) was slightly higher than the value of loans disbursed to men (7,130). As of 2004, 39% of microloans reported in the survey were disbursed to women. This lending rate is above the general female entrepreneurship level in Europe of 30% (Middlesex University, 2000), but below the lending rates in other regions of the world. The survey results suggest that despite microlending's great potential to meet women's financing needs, a combination of demand-side and supply-side factors are resulting in a lower lending rate in Western Europe than observed elsewhere.

First, on the demand side, practitioners reported that women's status and position in society and in the family may affect their interest in entrepreneurship in general and microlending in particular. Managing a household and dependents creates time pressures making business creation difficult. On the other hand, Eurochambers reports that many women launch businesses in the hope that running their own business will give them greater flexibility in managing their time.



Second, several respondents reported that women are more risk averse than men and therefore are less likely to become indebted to create a business. In fact, some lenders reported that whilst microloans attracted female entrepreneurs to their programmes initially, many women completed training and business support activities and decided to launch their businesses without accessing a microloan. Women's attitude to risk and debt may be affected by their relative poverty when compared to men and/or their caretaking responsibility for dependents.

Third, according to the Global Entrepreneurship Monitor, the degree of necessity-entrepreneurship, that is starting a business because other employment opportunities are not available, is dependent on country-level income. High income countries, such as the majority reporting data for this survey, have low levels of necessity-entrepreneurship which, coupled with social benefits systems, may contribute to lower overall entrepreneurship rates for women and men. Two Western European countries reporting fall into the middle income country bracket where necessity-entrepreneurship is higher.

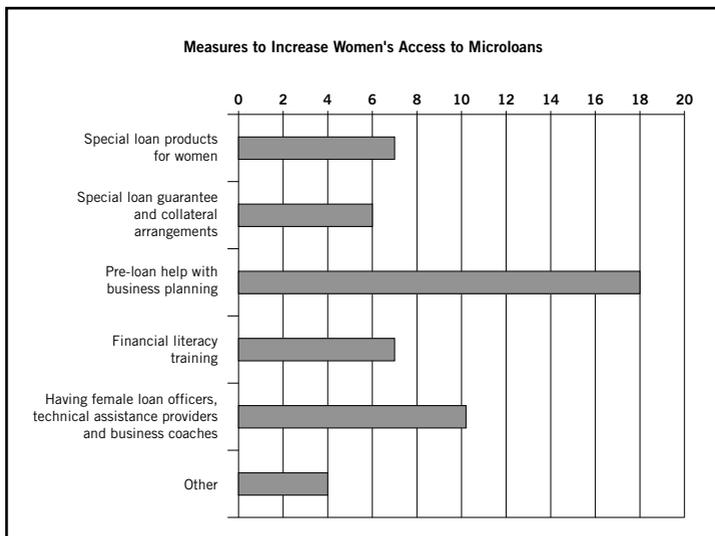
Fourth, government welfare to work and welfare to entrepreneurship policies may also have an impact on the number of women starting businesses. Some respondents reported that single mothers, in particular, were unlikely to risk their government benefits to launch a business unless there were benefits guarantees in place.

On the supply side, a majority of microlenders did not think that the design and implementation of their programmes in any way hindered women's access to microloans. However, 69% thought that special measures were needed to improve women's success in accessing loans. This result suggests that microlenders believe that women face specific disadvantages.

According to the survey, measures targeting women appear to be most required at the pre-loan phase. There is a need for tailored assistance in business planning and business management skills. Respondents also recommended loan products that waive guarantee and collateral requirements. Many practitioners thought that having specialised and/or female staff to deliver pre-loan services to women was important. In the post-loan phase, respondents thought that women did not face unique difficulties running their businesses or meeting repayment requirements when compared to men. Therefore, it appears that existing post-loan training, coaching and technical assistance is adequate.

Although 69% of respondents thought special measures were needed to increase women's access to microloans, the majority of microlenders participating in the survey do not at present undertake such measures. Seventy-five percent do not have a policy to guide their work with women, 65% do not have tailored loan

products and 55% do not provide access to specialised training and technical assistance or access to specialised staff. As such, there seems to be a gap between programme design and awareness of actual need. This gap may be contributing to a lower rate of female lending.



This gap between programme design and need may be explained by several factors. First, a cluster of respondents reported that they did not implement specific programmes for women because of their equal opportunities policy. They thought that implementing specific programmes for women would be discriminatory. Second, the microfinance sector in Europe is relatively young. According to a survey carried out on behalf of EMN by the new economics foundation (nef), 45% of microlenders active in 2003 started their programmes after 2000, thus their programmes were only 4 to 5 years old at the time of this EMN study. As such, microlenders may not have developed a full understanding of the specific needs of particular client groups nor appropriate programme responses to these needs. Third, in Western Europe, women working in the microfinance field are concentrated in support roles. Whilst 54% of the microlender workforce is female, 73% of this group is support staff, 23% is in middle management and 4% of this group is in senior management. In addition, 36% of board members are women. The number of women in decision making positions may influence the level of attention given to supporting women's entrepreneurship.

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Some Resources on Gender and Microfinance

GENFINANCE www.genfinance.info

This website from Linda Mayoux provides resources, discussion threads and weblinks on gender issues in microfinance. It is “intended as ongoing resource which will grow over time to enable gender experts and microfinance specialists to work together to develop realisable ways forward.”

One of the categories of this website is a training resources section. Most of the material is based on a series of trainings on ‘Sustainable Microfinance for Women’s Empowerment’ for the Pakistan Microfinance Network (2004), gender trainers and practitioners and Taraqee Foundation (2005), coordinated and organized by Aga Khan Foundation Pakistan.

The overall objectives of these trainings are:

- “To raise awareness and competence in gender analysis among micro-finance practitioners
- To develop practical action plans for designing an effective and sustainable gender policy adapted to the needs and structure of different organizations.
- To adapt gender checklists which practitioners can use for future gender planning.
- To develop skills in participatory methods with female and male clients which could be used for ongoing market research and assessment
- To develop an international network for exchanging ideas about strategies for women’s empowerment through sustainable micro-finance.”

Some examples of training modules are “What is gender? Basic concepts and goals”, “Empowerment versus sustainability? Products, services and participation with a gender lens” or “Gender mainstreaming for empowerment: organisational gender policy.”

GENFINANCE DISCUSSION GROUP

<http://finance.groups.yahoo.com/group/genfinance/>

This discussion group described as “A group and listserve to discuss gender dimensions of microfinance, in particular how micro-finance can be made more empowering for women and contribute to pro-poor development and civil society strengthening.”

WOMEN ADVANCING MICROFINANCE www.wam-international.org

Women Advancing Microfinance (WAM) was established in 2003 as an organization for women professionals in microfinance. Its mission is “To advance the microfinance industry by supporting women in the industry in their professional development, promoting leadership opportunities, and increasing the visibility of their participation and talent while maintaining a work/life balance.”

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GENDER AND REMITTANCES: AN OVERVIEW OF STUDY RESULTS²⁰²

It is well-known that women and men often have different opportunities for migration and contrasting experiences in foreign labour markets, but to what extent do their experiences differ—and how—when it comes to sending remittances? In this issue, we review a selection of recent studies on the often over-looked topic of gender and remittances. While many studies present data disaggregated for gender on specific issues, relatively few conduct a systematic analysis of the role of gender in remittance behaviour.

The studies that do focus on gender show that there is substantial variation in remittance dynamics across cultures, but there are some common findings:

Patterns relating to gender, migration, and work have been changing

International migrants have traditionally been men, but in more recent years, with more women participating in the labour market globally and more women migrating for work, analysts have come to talk of the “feminization of migration.” Like male migrants, women abroad tend to participate in the lower-paid segments of the labour market; like other women, female migrants tend to earn less than their male counterparts.

Men and women tend to have different remittance patterns and relationships

Men tend to remit larger amounts—as already highlighted, they tend to earn more money—but women often remit a greater proportion of their income. Gender interacts with life-cycle and family situation to shape people’s remittance habits. Men tend to send money to their wives for the care of the children. In contrast, women tend to remit to a wider range of relatives, in some cases reflecting the fact that women who migrate are

more likely to be single and those who have children may leave them in the care of mothers or sisters. Some studies also suggest that male and female recipients tend to use remittances differently. Men seem more likely to invest remittances directly in local income-generation—perhaps responding to greater social expectation and opportunities to work outside the home. In contrast, female recipients tend to spend remittances more on so-called “family needs,” including education, and are more likely to depend entirely on remittances for their income.

202 Source: MigrantRemittances, Vol. 3, No. 2, August 2006

In some respects, men and women relate differently to migrant organizations and money transfer services

Men take leadership roles in hometown associations, reflecting traditional patterns of community leadership, and women in some contexts prefer to send money with couriers so they can also send photos, gifts, and medicine and obtain news of their relatives—reflecting women's traditional roles in keeping family connections alive and addressing health and other needs.

Gender and household relations may be altered as a result of particular migration and remittance configurations

Where men are suffering high levels of unemployment locally, migrating for work and sending money home can offer a way to reclaim their status as household head and breadwinner. Women who migrate and remit may become the main breadwinner and so acquire a great level of power within the household. In some contexts, female recipients are empowered to make resource allocation decisions that were previously the preserve of their male relatives, but the money they receive may still ultimately be controlled by the same people. Where there is large-scale female migration, men left behind may take on new roles and responsibilities in the home, or they may try to delegate these roles to other female relatives.

Recent studies on gender and remittances include:

De la Brière, B., and E. Sadoulet, et al. "The Roles of Destination, Gender, and Household Composition in Explaining Remittances: An Analysis for the Dominican Sierra." *Journal of Development Economics* 68(2): 309–28, 2002.

Orozco, M. Gender and Remittances: Preliminary Notes about Senders and Recipients in Latin America and the Caribbean. Notes presented to the panel on Gender Dimensions of International Migration at the United Nations, March 2, 2006.

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Semyonov, M., and A. Gorodzeisky. "Labour Migration, Remittances and Household Income: A Comparison between Filipino and Filipina Overseas Workers." *International Migration Review* 39(1): 45–68, 2005.

Dialogue

The Dialogue is a bi-annual bulletin, published ADA. It provides in-depth analysis and discussion on current key issues in microfinance. The journal is available in French and since 2006 also in English.

For more information on the bulletin Dialogue, contact adainfo@microfinance.lu

ADA asbl is an NGO based in Luxembourg and specialised in microfinance. Since 1994, ADA collaborates with microfinance institutions (MFIs) in developing countries combining financial and technical support.



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