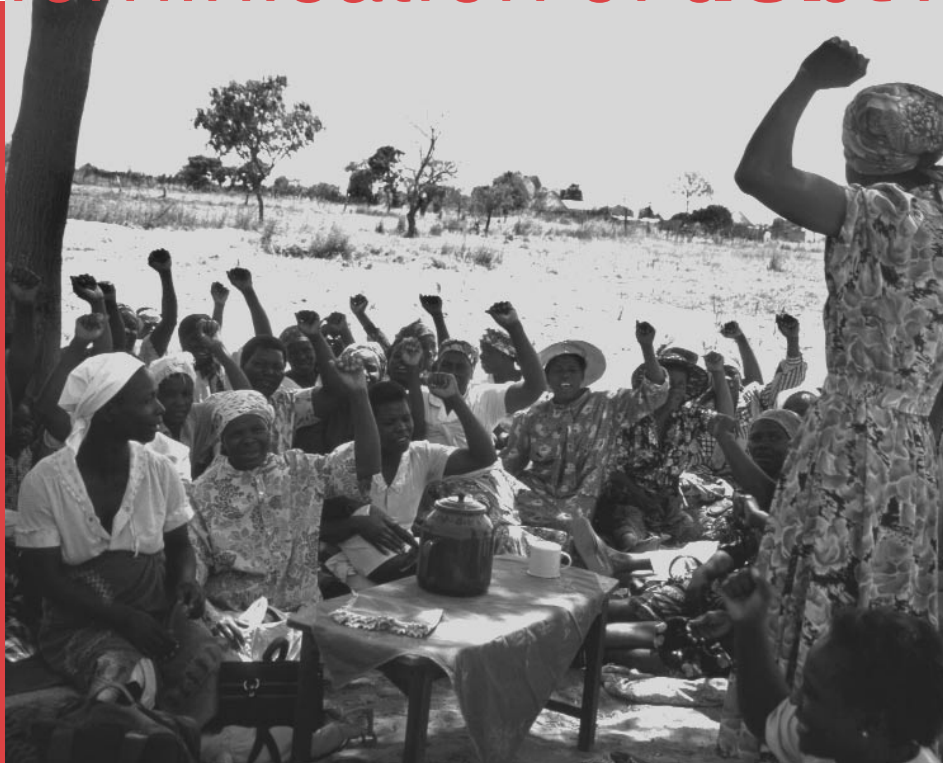


Women's **empowerment** or feminisation of **debt**?



Towards a new agenda in African microfinance

One World Action

One World Action is working for a world free from poverty and oppression in which strong democracies safeguard the rights of all people.

To this end, we provide practical help to organisations committed to strengthening the democratic process and improving people's lives in poor and developing countries. In all cases they initiate and work on the projects that we support, ensuring that local needs are genuinely understood and met.

As well as supporting our partners' work on the ground, One World Action represents their interests in Europe, putting forward their views in debates on policy towards poorer countries, and helping them to forge closer links with decision makers in Britain and the European Union.

These 'partners for change' include other voluntary organisations, community and co-operative movements, women's organisations and trade unions. Though diverse in kind, they have a common commitment to strengthening local institutions and giving people a say in the decisions that shape their lives.

Central to our work is the belief that defeating poverty goes hand in hand with promoting human rights and good democratic government. Only if we pursue these goals in a coherent way can we build a just and equal world.

Women's **empowerment** or feminisation of **debt**?

Towards a new agenda in African microfinance

LINDA MAYOUX

REPORT BASED ON A ONE WORLD ACTION CONFERENCE
LONDON MARCH 2002

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PREFACE

This report is based on discussions at the international conference **Women's empowerment or feminisation of debt? Towards a new agenda in African microfinance** organised by One World Action. There were nearly 80 participants sponsored by One World Action, DFID, Hivos, Novib, ICCO and their own individual organisations.

The report contributes to the November 2002 meeting of the Micro-Credit Summit Campaign. It is a collaborative document focusing on lesser-known programme-level experience and innovation in Africa presented at the conference (see right, and the One World Action website on microfinance and women's empowerment); it also draws on documents presented to the website before and following the conference. Details of donor initiatives on gender can be found on One World Action's website.

The author is particularly grateful for detailed comments on an earlier draft by Gunnar Aegisson of One World Action, as well as for valuable comments by Tony Polatajko of DFID, Hege Gulli of Norad, Lisa Kuhn of Opportunity Women's Network, Helen Pankhurst of Womankind-UK, Chantal Chevrier of Heron Consult, Julia Kim of RADAR and Maria Nandago of ActionAid-Uganda. Any errors of interpretation however lie entirely with the author. Further discussion, examples and papers on any of the issues raised are welcome in English, French, Spanish or Portuguese. Please send according to instructions on the One World Action website: www.oneworldaction.org

Women's empowerment or feminisation of debt? Towards a new agenda in African microfinance

ONE WORLD ACTION CONFERENCE

London, 21-22 March 2002

The aims of the conference were:

- to bring together recent research on gender and poverty impact of African microfinance programmes.
- to exchange experience of current innovations at programme level which can be brought together into a coherent agenda for female poverty reduction and women's economic, social and political empowerment.
- to identify ways in which this new agenda can be mainstreamed within microfinance 'best practice' and the types of support which this might require from donors, international non-governmental organisations (NGOs) and microfinance programmes.
- to provide the basis for a discussion document on ways forward for female poverty reduction and more equitable gender relations through microfinance in Africa which will feed into the November 2002 meeting of the Micro-Credit Summit Campaign.

Nearly 80 participants included:

- 25 microfinance practitioners from Angola, Cameroon, Djibouti, Kenya, Malawi, Niger, South Africa, Sudan, Uganda and Zimbabwe
- representatives of donor agencies including CIDA, FAO, Norad, ILO, World Bank, DFID
- NGOs, consultants and researchers from Ireland, Netherlands, Norway, Sweden, UK and USA.

WOMEN'S EMPOWERMENT OR FEMINISATION OF DEBT?

Name and OWA website reference*	Country	Type of programme
Sustainable Livelihoods Programme (SLP) Ref: Mayoux, Jiri and Cerquiera 2002	Angola	Mixed-sex microfinance programme adapting Trust Bank and Grameen models. Currently developing a viable model of developmental microfinance building on client initiatives and linking with other projects of Development Workshop Angola and other organisations.
Cameroon Gatsby Trust (CGT) Ref: Elango 2002	Cameroon	Women-focused programme based on Federations of tontine groups. Conducts enterprise training and international market networking.
Microfinance Network of Djiboutian Associations (REMIFAD) Ref: Youssouf and Chevrier 2002	Djibouti	Grameen replica targeting women.
Sinapi Aba Trust (SAT) Ref: Kuhn 2002	Ghana	Female-targeted Trust Bank model affiliated to Opportunity International. Has women-focused Trust Banks, solidarity groups, and individual loans. Includes business and personal development training.
Kenya Women's Finance Trust (KWFT) Ref: Riria 2002	Kenya	Affiliate of Women's World Banking. Women-targeted and empowerment-focused microfinance based on mutual liability groups. Also involved in economic advocacy.
Concern Universal Microfinance Operations (DFID)	Malawi	Designing and testing a range of flexible financial services in remote rural areas to reduce vulnerability and assist with managing diverse livelihood strategies. Target 80 per cent female clients. Links with sustainable livelihood programmes and investigating links with the private sector for service delivery.

*Refers to papers on microfinance and women's empowerment, on the One World Action website: www.oneworldaction.org

Name and OWA website reference	Country	Type of programme
Mata Masu Dubara (MMD or Maradi Women on the Move), CARE-Niger	Niger	Women's programme based on tontine groups developed into self-managed women's village banks. Now looking at enterprise development and political mobilisation.
Small Enterprise Foundation (SEF) Refs: Mayoux and Simanowitz 2002; Kim 2002	South Africa	Female-targeted Grameen-based model. Has developed innovative model for participatory programme learning. Also host for 'IMAGE' (Intervention with Microfinance for AIDS and Gender Equity) in partnership with RADAR.
Port Sudan Association for Small Enterprise Development (PASED) Ref: Mayoux and Osman 2002	Sudan	Mixed-sex programme based on community organisations. Has gender policy and links with training organisations.
ActionAid-Uganda (AA-Uganda) Ref: Nandago 2002	Uganda	Microfinance programme incorporating the ActionAid REFLECT methodology in women's groups.
Council for Economic Empowerment of Women of Africa – Uganda (CEEWU) Ref: Yawe 2002	Uganda	Women's economic advocacy organisation, which also runs a microfinance programme in collaboration with Uganda Microfinance Union.
Self-Help Development Foundation (SHDF) Ref: Mayoux and Lacoste 2002	Zimbabwe	Women-focused programme based on Savings Clubs. Links with training organisations.
Bethelwet Ref: Ticharewa 2002	Zimbabwe	Empowerment programme for single women based on a combination of microfinance, training and counselling.
Women Development Savings and Credit Union (WDSCU) Ref: Nyakunengwa 2002	Zimbabwe	Women-targeted programme based on self-managed savings and credit funds boosted by external funds. Links for training with other organisations and conducts trade fairs for women producers.
Zambuko Trust (ZT) Ref: Kuhn 2002	Zimbabwe	Female-targeted Trust Bank. Model affiliated to Opportunity International.

INTRODUCTION

Microfinance programmes¹ targeting women have been promoted since the mid-1990s as a key strategy for simultaneously addressing both poverty reduction and women's empowerment. The Micro-Credit Summit in Washington in February 1997 and subsequent meetings have had as one of their four key goals 'reaching and empowering women'. Funding for microfinance programmes targeting large numbers of women has significantly increased under initiatives by CGAP (Consultative Group to Assist the Poorest) and its member agencies.² In some donor agencies female-targeted microfinance became a key focus in gender policy. Many NGOs have introduced savings and credit as their main 'women's component'. Many women's programmes have increasingly focused on savings and credit in response to the changed funding environment where support for more explicitly empowerment-oriented interventions has decreased.

There are now many microfinance programmes in Africa targeting women. Most of these are expanding to reach ever-larger numbers of clients or members. Female targeting is promoted by these programmes and their funding agencies in terms of three main objectives:

- Financial sustainability and cost-effectiveness because of experience of higher repayment rates for women than men.
- Poverty targeting and household poverty reduction because of women's greater poverty levels and women's responsibility for family subsistence.

- Women's empowerment through increasing women's control over incomes and assets and group formation for support and collective action.

Why this report?

Poor women, and also the poorest, have a right to savings, credit, pensions and insurance services like anyone else. This is an essential part of their economic rights enshrined in international agreements on human rights and gender equality. There are undoubtedly many women in many microfinance programmes for whom household poverty has been at least somewhat reduced. For some women access to microfinance services has initiated a 'virtuous spiral' of economic, social and even political empowerment. Some programmes have used microfinance as part of a wider strategy for poverty elimination and empowerment.

However an increasing body of evidence on microfinance in Africa, as elsewhere, suggests that its contribution to poverty reduction and women's empowerment is generally less than assumed. Thus, serious questions need to be asked about:

- **the adequacy of the particular models of microfinance being promoted:** the increased funding for microfinance is generally conditional on fulfilment of specific financial sustainability criteria. A concern with financial sustainability does not necessarily conflict with poverty reduction or gender concerns in the longer term. However where short-term financial sustainability is the only

criterion used to decide on product, programme design and evaluation this often has negative consequences for both poverty reduction and contribution to empowerment.

- **the underlying assumptions about the nature of development on which they are based:** microfinance was promoted as a self-help ‘human face’ complement to Structural Adjustment in the context of declining aid budgets and ‘rolling back the state’. However the incomes earned from self-employment are rarely sufficient to pay the increased costs of basic consumption goods and services.

Assumptions that any ‘trickle-up’ from financially sustainable microfinance *per se* will be sufficient to bridge the gap left in ‘trickle-down’ from macro-economic policies are therefore misplaced. To the contrary, there are serious dangers that microfinance governed solely by financial sustainability concerns will further disadvantage the very poor who are excluded from such programmes without any alternative safety nets. The high levels of drop out in many programmes indicate a failure to benefit large numbers of clients, particularly in times of crisis.³ High levels of demand for credit services may indicate debt dependency rather than positive contribution to livelihoods. Poor people like the rest of us may be beguiled by efficient marketing and sales pressure into savings, insurance and pension products, which are not giving an optimum service and do not make the best use of their scarce resources.

Female targeting may be a very cost-effective strategy for microfinance institutions. It may also be an effective means of poverty targeting and increasing the well-being of children. There are however serious dangers that female targeting without adequate support networks and

empowerment strategies will merely shift all the burden of household debt and household subsistence onto women. This has serious implications not only for women themselves, but also for children and for men’s role in the household and society.⁴ Importantly, there has been little strategic consideration of the ways in which microfinance programmes can more effectively contribute as part of a coherent strategy for poverty elimination and empowerment. Without such a strategic vision, microfinance programmes risk shifting not only the burden of household debt, but of development itself, onto women.

Why now – time for a new agenda?

There is a need for a rethink of current ‘best practice’ based on a new agenda. This agenda would make the development goals of poverty elimination and women’s empowerment, rather than financial sustainability alone, central to programme vision, design, implementation and evaluation.

This new agenda would build on many current innovations and emerging alternative developmental approaches to microfinance:

- Some programmes in Africa have been addressing the broader poverty elimination and empowerment agenda for many years. Some innovative programmes now have a sufficient track record to have influence within the microfinance movement.
- Evidence of negative impact on poverty and gender equity and concerns of gender and social development lobbies are finally filtering through to the microfinance desks in funding agencies. There is increasing pressure both from the CGAP Secretariat and some members to pay

Feminisation of debt and costs of development – some critical questions

Increasing women's debt? Are the products on offer designed to meet women's needs for credit, productive savings or insurance and pensions safety net? Or are women being lured into debt dependency and forced to forego their own consumption or investment in economic activity in order to meet the costs of badly designed programmes: unnecessarily high interest and insurance payments, poor performing savings and pensions?

Feminisation of household debt? Are women being used by men within households in order to get access to credit used by men? Is the shifting of responsibility for household savings, credit and income earning onto women encouraged by men mainly to free up more of men's income for their own needs? Are men encouraging women to get involved in microfinance for the household mainly because they themselves do not want to put in time and effort to attend group meetings?

Feminisation of costs of microfinance delivery? Are programmes targeting women mainly they are a more

docile clientele whom it is easier to pressure into repayment? Are programmes mainly using women's groups as a means of cutting programme costs and hiding behind the rhetoric of empowerment? Are the main beneficiaries programme staff who can then be paid higher salaries out of the high interest rates made possible by women's efforts?

Feminisation of costs of structural adjustment programmes? Is microfinance being promoted for women to facilitate privatisation and structural adjustment through enabling them to pay the increased costs of education, health and other services?

Feminised debt substituting for reform? Is 'self-help' for poor women in the South mainly promoted by Northern governments to avoid addressing international inequalities in trade and aid relations which are a key cause of poverty? Is women's self-help promoted by Southern governments to avoid addressing questions of wealth redistribution and legal and political reform?

increasing attention to 'market relevance' and client needs.⁵ This includes proposals for poverty targeting criteria (though not so far livelihood impact or gender criteria) in programme evaluation.⁶

• There is also an increasing emphasis on impact assessment across the whole range of development interventions. This is forcing microfinance advocates to begin to justify their share of development budgets in terms

of poverty (though again not so far gender) impact.

• Many CGAP donor agencies have gender policies which contain stated commitments to gender equality and women's empowerment. USAID has had a commitment to promoting women's interests since the early 1970s. The World Bank has recently done a lot of work on both gender and empowerment frameworks, as have many other donors like FAO, ILO, DFID, CIDA and NORAD.⁷ In 1997 all the

members of ECOSOC, the umbrella body for UN organisations, signed a declaration on gender mainstreaming in all development interventions

- Many international NGOs like One World Action and Womankind have been at the forefront of supporting networks of women in Africa and organisations like Hivos, Opportunity International and ACORD have developed their own policies for gender mainstreaming.
- Not least of the opportunities for change is offered by the gender sessions planned for the forthcoming Microcredit Summit in New York in 2002.

There is however no room for complacency. Poverty and gender inequality in Africa present stark challenges for development agencies. The common response to recent critics of microfinance has been to dilute the aims of microfinance rather than address the challenges.

There is a consistent dilution of gender objectives, despite the rhetoric of women's empowerment and the colourful photos of female 'gender-aware success stories' in programme and donor promotional literature. Thus, resistance to the promotion of women's rights is justified in terms of 'cultural sensitivity' and opposition to 'Western feminist imperialism'. Moreover, funding for measures to support women in mixed sex programmes is often the first to be cut in pressures for financial sustainability and women-only programmes are increasingly under attack for 'gender bias'.

Current innovations, networking and advocacy still lack a broader developmental perspective. The wider impacts on very poor women excluded from current models of microfinance have so far largely been ignored in impact

Contribution to poverty reduction and women's empowerment: essential elements of the new agenda

Programme vision: to focus on contribution to poverty reduction and women's empowerment mainstreamed into all dimensions of programme design:

- gender awareness and empowerment mainstreamed in all complementary services
- integration of poverty and empowerment assessment into programme monitoring and evaluation
- equal opportunities policy for staff

Participatory processes for organisational learning and decision-making

- structures for mutual learning and information exchange
- as a basis for collective action by women
- organising male support for change in gender relations
- integration of group-level learning and decisions into programme level decision-making

Inter-organisational links: to increase contribution to empowerment and decrease costs of empowerment interventions

- linking with other service providers, such as women's legal aid, training, gender research
- networking with other organisations challenging gender inequality

assessments, as have impacts on markets and wider dimensions of gender discrimination. Also, the move towards minimalist financially sustainable microfinance programmes has prevented any serious debate about the many ways in which microfinance can be cost-effectively integrated with other development interventions. There is little attempt to link with African women's movements or comply with official commitments by African governments to international agreements on women's rights.

Aims of this report

The aims of this report are therefore to challenge current complacency and show some ways forward:

Part 1 argues that poverty elimination cannot be achieved without a commitment to women's empowerment, as stated in the official commitments and international agreements on gender signed by both African governments

and aid agencies. It discusses evidence of the considerable potential of microfinance in Africa. But it also questions assumptions of any automatic beneficial impact of microfinance *per se* on either poverty reduction or women's empowerment.

Part 2 questions the appropriateness of many aspects of currently accepted 'best practice' in the light of this evidence. It discusses alternative strategies which could have a greater contribution to poverty reduction and women's empowerment based on the experience of programmes at the One World Action London conference.

Part 3 summarises the conclusions and discusses ways of mainstreaming this new agenda within microfinance. It also points to issues for advocacy and lobbying to create an enabling environment for women to use microfinance for poverty reduction and empowerment.

Poverty **reduction**, women's **empowerment** and **microfinance**: the African evidence

African women have always been involved in microfinance in the sense of accessing and managing small sources of savings, credit and insurance. In parts of Africa women have been very successful traders and entrepreneurs. Women have always been responsible for saving resources for their households. Women borrow from friends and relatives, traders, suppliers and shopkeepers and also pawnbrokers and moneylenders where these exist. In many countries women are commonly involved in informal savings, credit and insurance arrangements like Rotating Savings and Credit Associations (ROSCAs).⁸ Some of these are extremely sophisticated in their financial dealings and the support networks they provide. Women not only borrow

money but are also moneylenders either on a regular basis or as part of mutual crisis support networks. Such informal arrangements are essential but are also limited in the amounts, terms or interest rates offered. They may also fail to offer women the sort of confidentiality and security they need to build up independent resources free from the demands of husbands and relatives. These are essential safety nets for many women and their children in case of neglect, divorce or widowhood, particularly in the many African contexts where rapid economic change, migration or political conflict make marital relations very insecure.

African women have a right to equal and independent access to all financial services whether in the private sector

or provided by government and other development agencies. Women have been excluded or marginalised in formal sector savings and credit programmes because of gender discrimination. Even successful female entrepreneurs have more difficulty than men in getting bank credit. They have to submit more detailed business plans and often suffer the indignity of needing their husband's signature. From the 1950s poverty-targeted credit, including credit cooperatives, became an established part of many agricultural and enterprise development programmes by governments and development agencies. Women were again discriminated against, particularly married women. Their exclusion from independent access to credit, and also other services provided like technology assistance and training, reinforced and increased gender inequalities within households. The failure to give sufficient assistance directly to women in situations where women form the majority of food producers and informal sector workers is now generally recognised as a major cause of household poverty and child malnutrition. It is also a major constraint on pro-poor development of local markets and economies necessary for wider poverty elimination.

The current emphasis on female targeting in the more recent burgeoning of microfinance programmes is therefore a necessary corrective to women's previous exclusion. It originates partly in the mushrooming of government and NGO-sponsored income-generation programmes for women, particularly in the wake of the Nairobi United Nations Women's Conference in 1985. Gender lobbies within some governments and aid agencies were attempting to increase women's access to credit and savings within the wider context of poverty-targeted credit and

cooperative development.⁹ Other NGO projects took the form of small revolving loan funds for group economic activities, often based on stimulating and supporting grassroots revolving savings and credit associations (ROSCAs).¹⁰ These early NGO programmes however were very small, costly and gender impact was unclear. Women rarely benefited from 'integration' into government-sponsored and cooperative credit programmes which became notorious for corruption. In both cases low levels of repayment and 'leakage' of benefits to the better-off made these programmes an expensive and ineffective use of increasingly scarce donor funds.

In the mid- to late 1990s, for the reasons outlined above, large international donor agencies like USAID, ODA-UK and World Bank had become increasingly interested in promoting replication or variations of models from Asia and Latin America. This was the result of sustained lobbying from Washington-based offices of a number of microfinance networks including the Grameen Bank and the US-based Grameen Trust, FINCA and ACCION. These networks and those of other international NGOs like Opportunity International, Freedom From Hunger and CARE-International set up affiliates in a number of African countries. These models of microfinance combined high levels of outreach with high levels of repayment and thus offered the possibility for significant, rapid and sustainable expansion in supply of credit and savings services for poor people. Evidence of women's higher repayment rates and higher levels of expenditure on family well-being were used by gender lobbies within these agencies to argue for targeting women in microfinance programmes on the grounds of efficiency. More recently there has been

increasing interest, particularly in agencies like ILO and IFAD and also CARE-International in building on earlier cooperative microfinance, Savings Clubs or on ROSCAs. Some of these are female-targeted or have incorporated gender policies.

However in Africa the promotion of microfinance has been largely driven by donor priorities and interests.¹¹ There has been pressure to replicate models from Asia and Latin America and expand extremely rapidly without giving time to adapt to African contexts and assess and address the needs of clients.¹² Donor funding conditions have in many cases ignored and undermined programme-level commitments to poverty reduction. There has been a consistent dilution of gender policy.

■ African perspectives on poverty elimination, women's empowerment and gender mainstreaming

African women's defence of their rights cannot be dismissed as a Northern imposition. Such a claim is an insult to the many women in different parts of Africa who see gender discrimination against women as unjust and a violation of their human rights. Although terms like 'empowerment' are ones which originated in civil rights movements in North, the concerns which they express are universal. In their struggle against gender discrimination and inequality women are supported by large numbers of progressive African men who oppose all forms of injustice.

African women have always been aware of the gender disparities in their societies. There is a Ghanaian saying which goes 'even if a hen does not crow she sure knows when it's daybreak'.

Liz Ticharewa, Bethelwet, Zimbabwe

More than 50 per cent of the population does not benefit as much as their male counterparts from the fruits of their labour and independence. There is need to arrange the world differently to enable women to access equal benefits of the wealth they have participated in creating, control of the fruits of their labour and become part and parcel of the decision-making process in their world.

Jenifer Riria, Kenya Women's Finance Trust

Women and men are equal. Women are even in government these days. The church teaches us not to be violent so men should never be violent to women or children.

Male client in Sustainable Livelihoods Programme, Angola

The statistics for poverty levels in Africa are stark. In all countries represented at the conference the proportion of poor households in both rural and urban areas is often nearly half the total population. Levels of extreme poverty and inequality are increasing. Structural Adjustment policies have led to high levels of unemployment and high prices for local commodities and basic services. Incomes in the increasingly saturated informal sector are generally inadequate to meet household needs. Moreover, in many countries informal sector workers are constantly subjected to extortion and harassment. In a number of countries serious conflicts continue or people are struggling to cope

with post-conflict trauma and destruction of livelihoods. Much of Southern Africa is struggling to avert famine. The AIDS epidemic continues to gather pace, as does malaria and other diseases because of inadequate health services and declining health budgets. In many countries illiteracy is increasing again, particularly for women, because of cuts in education budgets. What education exists is generally highly inadequate and expensive.

Women have shown considerable ingenuity and determination in the face of all pervasive and mutually reinforcing constraints of poverty and gender discrimination. Economic and political crises have led to dramatic increases in women's workloads and productive role. This has not led to a corresponding increase in respect, control over their lives or power. Women continue to have very insecure rights to main productive resources. It is generally women who are expected to support their families by working long hours at very low incomes in addition to household work while men look for better-paid employment. In many cases, it is women who are expected to use most of their income for the household while men use theirs for business or personal expenditure. It is girls who are withdrawn from school to help with housework while their mothers work outside the home. It is women who are most at risk and have least control in avoiding contracting HIV/AIDS. It is women who have to bear the brunt of male anger, frustration and trauma caused by unemployment, disease and conflict. Underlying these economic, health and education statistics are women's continuing social subordination to men in the household and community and continuing political marginalisation at all levels.

In many parts of Africa colonialism undermined many indigenous women's organisations and women's rights. Male colonial administrators imposed household models and stereotypes of women derived from their own countries. These Western models and stereotypes persisted in the so-called 'development programmes' following independence (Rogers 1982). These have not only excluded women through gender discrimination but even further eroded women's traditional rights through their focus on channelling all productive interventions through male 'household heads' rather than recognising and supporting women's productive role. Lack of respect for women's role and women's rights is also reflected in macro-level economic policy which fails to recognise and support economic sectors where women predominate like basic food crop production and informal sector enterprises and trade. Women continue to be systematically excluded from access to technology to increase productivity and incomes and are frequently subject to systematic harassment. Macro-economic policies assume women's continued unpaid labour in home and community. And in fact expect women to replace cuts in social service provision.

African women's efforts to improve their status and protect their rights have a long history. These struggles have succeeded in bringing about significant changes both at the individual level, and the level of national policy. Most African governments have ratified the 1979 Convention on the Elimination of All Forms of Discrimination against Women. This clearly states women's rights in relation to freedom and dignity of treatment, property, decision-making and material well-being. Most governments have also signed up to gender policies in response to the Beijing

Women without rights

Removal of women's land rights in Zimbabwe

White colonial administration further undermined women's limited traditional rights to land and livestock. The 1959 Land Apportionment Act registered land under the husbands' authority and made women completely subordinate to men. All cattle and other assets were registered under the husband's authority.

Ticharewa 2002

Harassment and extortion of women entrepreneurs in Cameroon

A major problem for Cameroonian women entrepreneurs is the constant harassment by government law enforcement officers. The government gives no recognition or legal security to informal sector traders, despite their key role in the Cameroonian economy. Government agents collaborate to extract money illegally from small business entrepreneurs and petty traders. Women are constantly harassed by government

agents in the markets. In the towns, the women's business premises are destroyed. In one example, traders in Bamenda made complaints against some tax collectors who were extorting money from them under the protection of armed police. The *gendarmes* and tax collectors ordered the traders to pay whatever sums of money were asked from them or else their stalls would be sealed. The traders were so frightened they had to comply (Manyong 1997). There is no insurance system in the country covering such losses. Women spend long hours journeying from one town to another to trade. On the highways, officers demand bribes from women leaving one town for another, and if the bribe is not given, their goods are confiscated and consumed by the officers. The women are also subject to arbitrary inspection and estimates of the amount of taxes they should pay on the minimal profit they make.

Forje 2002

International Women's Conference in 1995. It is an international disgrace that more than 20 years after signing the CEDAW Convention, women in African microfinance programmes should still be suffering the violence, indignities and discrimination highlighted by many participants at the London conference. Although often justified in terms of 'culture', gender discrimination is no more an inherent part of African (or any other) culture than slavery or ethnic conflict. In all societies 'culture' is

continually subject to negotiation and redefinition as part of economic, social and political change. It is therefore the role of development agencies, including microfinance programmes, to support African women and men in challenging this injustice. The failure of microfinance programmes to support women has serious implications not only for the degree to which women are able to benefit from programmes, but also for the sustainability of the programmes themselves.

Women's Human Rights agreements

CEDAW

The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) adopted by the UN General Assembly in 1979 clarifies the fact that the 1948 Declaration of Human Rights also includes women.

These rights include:

- rights to life, liberty, security of person, freedom from degrading treatment and freedom of movement
- legal equality and protection by the law including equal rights in marriage including women's equal rights to make decisions in their family regarding property, marriage and children, property and resources.
- right to own property and from deprivation of property
- freedom of thought, opinion and association
- right to work and freedom from exploitation
- right to a standard of living adequate for health and right to education including special care for mothers.

Southern Africa Development Committee (SADC) Gender and Development Declaration 1997

- Achieving at least the target of 30 per cent women in political and decision-making structures by the year 2005
- Promoting women's full access to, and control over, productive resources to reduce the levels of poverty among women

- Repealing and reforming all laws, amending institutions and changing social practices which still subject women to discrimination
- Taking urgent measures to prevent and deal with the increasing levels of violence against women and children.

Mayoux, Jiri and Cerqueira 2002

Zimbabwe: National Gender Policy

This states 'There is need to promote and support equal and equitable access, control and ownership of resources, information, opportunities and decision-making positions for women and men. In this regard it is imperative to address the imbalances with respect to women's access, control and ownership of resources and decision-making positions. It is imperative for all policies to recognise women's multiple roles with respect to production and reproduction as they impact on their capacity to participate effectively in national development'.

Ticharewa 2002

Kenya: Government Poverty Reduction Strategy 2000-3

This concludes that *gender mainstreaming* is crucial to poverty reduction.

Riria 2002

Failure to address gender inequality and support women's empowerment also has serious implications for any agenda for poverty elimination. This is now explicitly recognised by

many African governments in the recent Poverty Reduction Strategy papers. Women as well as men have a right to equal benefits from any poverty reduction strategy.

Women's empowerment is an essential element of household poverty reduction, particularly reduction of child poverty. Evidence overwhelmingly indicates that where women have control over income a greater proportion of this is spent on the nutrition, health and education of children. Any microfinance programme which has poverty reduction as its goal must inevitably also address gender inequality and promote women's empowerment.

■ Virtuous spirals or vicious circles? African evidence of gender impact

Many of the microfinance programmes represented at the conference¹³ have undoubtedly made a contribution to both household poverty reduction and women's empowerment. There are many case studies of women for whom credit has

Evidence of positive impact

Port Sudan: Women have developed strong solidarity mechanisms through their involvement in women's centres and other group activities. Many women-only groups had decided to acquire resources which they could manage and control. In a number of mixed-sex groups, women occupied key positions on management committees and women had begun to demand a more equal role in the management of group enterprises, including the appointment of both female and male signatories for bank accounts where formerly men had handled all the cash receipts.

In Sudan exposure to new ideas and knowledge, including awareness of the international women's movement, has also inspired women to fight for their own rights, both individually and collectively. For example, in some slum areas in the Sudan programmes women had organised to demand their rights from the Town Council. Another example is successful organisation by the Association of Women Caterers

against harassment many women were experiencing at the hands of official authorities.

Mayoux and Osman 2002

Cameroon Gatsby Trust: A group funded by Cameroon Gatsby Trust which was also a member of a Peasant Association developed by a partner environmental NGO had succeeded in stopping domestic violence in the area. Cases of violence were reported to women's leaders who then reported them to male leaders of the peasant associations. Men shamed in this way did not dare to offend again and this also deterred other men.

Elango 2002

Kenya Women's Finance Trust: Women's groups have begun to influence national economic policy making. Women's groups also directly contribute to community development projects. This gives women enhanced confidence and gives them a sense of self-pride.

Riria 2002

enabled them to set up enterprises. Some of these enterprises have been very successful and demonstrate the resourcefulness and determination of many women clients. In some cases this has led to changes in the attitudes of husbands and other relatives, with increased assistance in household work, increased respect and increased role in decision-making. Some programmes have also had a strategic policy for supporting groups to become involved in wider social and political activity, including promotion of women's rights and advocacy at national-level planning.

Nevertheless, despite methodological complexities involved in any impact assessment, overwhelming evidence indicates that for many (and possibly most women in some contexts) the impact of microfinance *per se* on both economic and social empowerment is marginal or even negative:

- Mixed sex programmes without a gender strategy may exclude women altogether.¹⁴
- Savings, loan interest and insurance and pension payments are missed opportunities for investment or consumption. Very poor women often have little to spare particularly where they are unable to ensure contributions from husbands. There remain serious questions about appropriate product design. Microfinance interest rates are high, and higher than some other sources of credit from friends, relatives and business contacts who may now be less willing to lend. Badly run credit programmes are particularly damaging because of unpredictable delays in disbursement which means that loans cannot be invested at the optimum time, leading to business difficulties. Savings may give far lower returns than investment particularly where inflation rates are high. Insurance premiums are completely lost once instalments lapse.

- The amounts of credit which women are given are often insufficient in themselves to set up or significantly expand economic activities. Most women continue to earn low incomes from a narrow range of 'female' activities in increasingly saturated markets. Credit alone does not enable women to challenge and change the complex reinforcing constraints of gender inequalities and discrimination within markets, or inability to compete with cheap mass produced or imported products, or lack of skills and networks.
- A large proportion of women's loans is typically taken up by consumption expenditure, particularly food, school fees and in some cases healthcare. Credit for consumption may decrease vulnerability. Nevertheless, unless overall incomes are sufficient, use of credit for consumption may not constitute a sustainable way out of poverty.
- Many women have limited control over income in the household. Even where they are formally managers of household budgets, management of routine and limited household consumption budgets gives little scope for choice. It is often little more than a simple accounting chore with which men may not wish to burden themselves. Women's own incomes and loans often substitute for former male contributions to household expenditure. It is often men who are able to retain more of their own earnings for their own use – for investment, or for setting up new households or for luxury expenditure.
- Women's expenditure decisions may continue to prioritise men and sons. Daughters, daughters in law or junior wives in polygamous households bear the brunt of unpaid domestic work. Girls are frequently withdrawn from school.
- Microfinance group meetings are often devoted to routine and boring tasks relating to savings and credit alone. Over

Increasing the burden for women in Uganda: a study of five microfinance institutions

Problem of short-term loans: the microfinance institutions (MFIs) studied were CMFLTD, FINCA, FAULU, MED-NET and UGAFODE; all gave short-term working capital loans for 16 weeks with no grace period, weekly repayment and a 16 per cent interest rate for the loan. The short-term nature of the loans skewed the women towards IGAs with a high turnover within the competitive low paid informal sector (second hand clothes, cooked food, petty trade, food markets). Women could not use the loans to buy fixed assets or invest in longer-term investments or take up investment opportunities that came unexpectedly. The women were dependent on the constant injection of continually increasing loan sizes for the expansion of business, not increases in productivity. The women said it was difficult to repay weekly as businesses fluctuate and they were forced to sell at a loss for loan repayments. This only allows those working in high turnover businesses to be able to repay weekly loan and join the MFIs.

Problems with savings: Women were unwilling to save large amounts with the programmes. The compulsory savings were used as collateral for the loan and could not be accessed unless the woman left the group. Voluntary savings could not be accessed immediately because it required permission from the loan officer who they meet weekly, who then gives a bank credit note to the client.

The group liability system was a disincentive to saving more than the minimum requirement because their savings would be used if another group member defaults.

Multiple group membership: Many women incur high and unsustainable levels of debt, in their search for frequent injections of cash for business and household requirements. MFI loans from different organisations are combined with other forms of informal finance, mainly loans from friends and family.

Reduction in male contributions to the household: Individual incomes were kept separate within the household. Neither men nor women knew what the other earned. For women, this was to prevent men from decreasing their household obligations. For men, it was to prevent women demanding more money for household needs. Male MFI clients were more likely to reinvest in their business than women.

Strain on women's networks: Although accessing a range of financial services helped women to overcome low-level shocks, high-level shocks like ill health, death, and theft often led to default. Women who defaulted were ostracised from the group thus losing a source of support and networks making them even more vulnerable than before.

Gifford 2002

time, the frequency of meetings decreases as does the quality of interaction and debate.

- Impacts on women's existing access to informal sources of credit and savings are unclear. Microfinance programmes

may decrease funds going into community ROSCAs to the detriment of poorer women who are not considered creditworthy by microfinance programmes.

Evidence exists of all these interlinked and reinforcing 'vicious circles' of poverty and disempowerment.

Importantly, impact studies to date have been particularly silent about the wider impacts beyond the direct current clients: impact on drop-outs, on very poor women in the same ROSCAs, markets and communities. There have undoubtedly been broader positive impacts on economic activity and also changes in gender roles in some contexts and some programmes. Nevertheless, anecdotal evidence also suggests that benefits cannot be assumed. Particularly, where many microfinance programmes exist or credit is

available to large amounts of women in particular markets, this may have an adverse effect on prices. Markets may become saturated disadvantaging not only clients, but particularly poorer women who do not have access to credit and are increasingly unable to compete.

There may also be wider negative gender impacts. The increasing pressure on women to get credit and earn an income may lead to a weakening of men's feeling of responsibility for the household.¹⁵ Availability of credit for services like water and health may lead providers to increase fees, trapping women in low-income, time consuming, insecure activities. These broader impacts need to be investigated in much more detail.

Rethinking ‘**best practice**’— alternative **strategies** for poverty reduction and **empowerment**

There is a considerable gap between the *potential* and *actual* contribution of microfinance to poverty reduction and women’s empowerment. What is needed is a much more strategic vision for microfinance and how it can be cost-effectively integrated with other interventions.

This wider vision of microfinance for poverty elimination and empowerment pre-dates the current wave of donor-driven models. In 1975, SEWA¹⁶ in India and other organisations at the first World Conference on Women in Mexico saw microcredit and savings promotion for women as:

- part of a sectoral strategy for the informal sector which included unionisation and collective organisation of

women to promote their interests within markets and industries

- an entry point for wider organisation of women to challenge gender inequalities in their household and communities
- a means of building a grassroots base from which to influence national and international policies on gender, the economy and development in general.

This vision underlies the mission statements of some African microfinance programmes, which have developed innovative ways of increasing their contribution to poverty elimination and empowerment.

More than just savings and credit

We are now going beyond savings and credit and trying to address a number of key challenges:

- to better reach the poorest 5 per cent of women
- to enable women to really increase their incomes through linking women with sources of technical training, facilitating them to identify their own problems and negotiate financing of their own activities
- to campaign on women's issues including genital mutilation, civic education, political rights
- to identify women leaders who can present themselves at elections
- to help women make action plans and present them to local authorities.

In a few years we hope to have an Mata Masu Dubara woman in parliament.

Reki Moussa, Mata Masu Dubara
(MMD or Maradi Women on the Move), CARE-Niger

Rethinking sustainability: from donor imposition to sustainable development

The increased funding for microfinance is generally conditional on fulfilment, or at least prioritisation of financial sustainability criteria specified by CGAP and bilateral donors.¹⁷ The almost exclusive preoccupation with the 'bottom line' of financial sustainability continues to

stifle innovation in relation to poverty targeting, livelihood development and empowerment.¹⁸

This focus on financial sustainability has been justified in terms of increasing efficiency and outreach. Most earlier microfinance programmes were inefficient with high levels of corruption and very low repayment rates. Most 'poverty-targeted' programmes were limited in both their extent of outreach and depth of poverty reach with high levels of leakage to the better-off. Programmes promoting themselves as 'integrated' hid inefficiencies in their microfinance component by linking it with equally ineffective training and other interventions. The focus on financial sustainability has stimulated greater discipline and shown that microfinance can be financially sustainable for the better-off poor. If financial services for this segment of the market can be made financially sustainable, this frees up resources to be targeted to interventions for the segments of the poor which cannot be made financially sustainable through these methods.

The particular policies introduced include one or more of the following:

- **Rapid expansion** and increasing the numbers of clients per member of staff.
- **Group-based delivery**, and particularly mutual liability groups, to cut the costs of identifying and reaching clients and to increase the pressure for repayment.
- **Microfinance product design** to maximise revenues and minimise risk for the programme: increasing loan interest rates, introduction of savings, shares and loan insurance.
- **Minimalist services**: separation of microfinance from other development activities and cutting non-financial services to a minimum.

More recently the attempt to develop products for the very poor has led to a move away from the focus on credit for the poorest groups to a focus on savings. There are also attempts to introduce insurance products to decrease client vulnerability and hence default.¹⁹

The disciplines imposed by these financial sustainability criteria have undoubtedly improved the cost-effectiveness of microfinance over previous systems. It is nevertheless clear that, despite the rhetoric of poverty reduction and empowerment, development concerns are often undermined by the often unthinking replication of particular policies introduced to increase financial sustainability. A key underlying motivation in the focus on financial sustainability has been decreasing Northern aid budgets which accompanied Northern neo-liberal policy in the late 1980s and 1990s. In this climate there was an obvious attraction in programmes which apparently required only an initial injection of funds, some of which could even be recouped through soft loans rather than grants. Moreover such programmes could be quantitatively assessed in terms of reaching many thousands of poor people, particularly women, thus satisfying poverty and gender lobbies and the tax-paying public.²⁰ Despite the potential benefits of microfinance, these underlying pressures and interests mean that the development aims of microfinance frequently become marginalised.

The definition of 'poor' and even 'poorest' becomes imperceptibly synonymous with the 'profitably bankable poor'. Despite recent attention to poverty targeting and methodologies for reaching the poorest the definition of 'poorest' remains very elusive and often expands to include the bottom 25 per cent of the population. Although these

people also need financial services, this is still likely to exclude the bottom 5 per cent of the very, very poorest. This is not because they do not need access to loans for various purposes and would not repay, but because of continuing discrimination and inappropriate products. Mutual liability groups discriminate against the poorest, particularly women in difficult household circumstances because no one wants to cover this risk. The measure commonly used to assess poverty targeting is generally loan size rather than active poverty assessment. This has been shown to be a very unreliable measure.

The main response to evidence of shortcomings in poverty targeting and poverty reduction has been a move away from the focus on credit for the poorest groups to a focus on savings. While women undoubtedly need good savings services, the move from credit to savings can also be seen as an even more ideal solution for donors and programmes. Now the assumption is that not even loan finance is needed to 'help people to help themselves', and that very poor people can be persuaded to forego consumption and investment in economic activity. This capital can then be used by programmes to onlend to the less poor and make a profit. Add also the current interest in insurance and not only are poor people really 'pulling themselves up by the bootstraps' and buying the bootstraps, but also bearing the risk of the bootstraps snapping!²¹

The separation of microfinance from other interventions often dilutes impact because of lack of coordination and lack of ongoing support. Particularly in rural areas it also increases costs of transport and time for both staff and clients. Gender and empowerment components are often the first to be cut and are not found in the core 'best

practice' of microfinance training. Where groups do not have support to develop and act on their own agendas many women see group meetings as a waste of time and just want individual loans.

Microfinance training and 'institutional strengthening' has almost invariably focused on financial rather than developmental issues. As for the recent interest in impact assessment, it has mainly been in the form of a policing

Donor policies undermine empowerment: the case of Djibouti

Irregularities in the provision of funds for solidarity micro-lending in Djibouti affected MFIs' operations and sustainability as well as reducing contribution to the empowerment of female borrowers.

Results from surveys of women receiving solidarity micro-loans show that this lack of funding security undermined their ability to plan savings and loans. Between the time of the inception of the programme and now, respondents have become more risk averse. They have developed fears about the quality of their marital relationship and their family labour force. They have lost their motivation in improving family well-being and there has been a drop in participation in decision-making. All the improvements they were planning to make to the education, nutrition and health of their families were postponed. Women have experienced a loss of self-confidence.

Youssef and Chevrier 2002

activity focusing on quantitative economic indicators with little link to policy decisions. Moreover, the insecurity of relations with donors makes any long term development strategy extremely difficult, even where it is found to have positive impact on poverty or gender inequality.

Financial sustainability must be seen not as the prime goal in itself for microfinance but as one element in sustainable development. As discussed in more detail in the following sections, in many cases there are generally a number of ways in which financial sustainability can be increased. Some of financial sustainability measures may conflict with goals of poverty reach and empowerment. Some strategies for short-term financial sustainability may also conflict with longer-term strategies for organisational sustainability. These may require investment in staff training, development of organisational gender policy to ensure recruitment of necessary female staff and so on. Other strategies for financial sustainability may actually contribute to other development goals. It is therefore crucial that a range of developmental as well as sustainability criteria be used in programme design and evaluation to ensure that financial sustainability is achieved alongside, rather than at the expense of, development.

Questions also need to be asked about whether all programmes need to be financially sustainable. Thus, some programmes operating in particularly difficult contexts or which have very effective empowerment strategies may justify ongoing developmental subsidy in the same way as other types of development intervention like health and education. Also, programmes may be extremely successful in terms of developmental sustainability but not be financially sustainable themselves. This is particularly the

Rethinking sustainability: a wider debate

Definitions of sustainability

- **Financial sustainability:** calculated in economic terms, balancing monetary costs against income
- **Organisational sustainability:** assessed in terms of durability of the NGO or MFI
- **Developmental sustainability:** contribution to linking of clients to mainstream sources of finance, capacity-building of clients, client enterprises, independent grassroots organisations and other institutions which continue after the NGO phases out

Critical questions

- What **costs** are to be included in the financial sustainability equation? Which can be treated as one-off investments, or separately funded ongoing costs?
- What is an appropriate **time-scale** for financial sustainability? How should this scale be modified to take into account the needs of particular client groups or particular constraints?
- If there is a demonstrable **trade-off** between financial sustainability and poverty elimination and empowerment in a particular context or for a particular client group, should it not be wider development aims which should be prioritised?

case with programmes aiming to link and train groups of poor clients to access mainstream finance and lobby the mainstream financial sector to make the necessary changes for this to be possible. Although they could possibly be financially sustainable through retaining 'graduated'

clients, expansion in terms of depth of poverty reach would be slowed down. Microfinance may considerably increase the cost-effective delivery of other development interventions like health, environment, livelihoods development and gender equality. Although this may increase the costs of microfinance delivery because of higher levels of staff time involved, there are strong arguments for judging such programmes by developmental rather than financial sustainability criteria.

As discussed below, this does not mean a retreat into inefficient microfinance and fuzzy development goals. It means building on the micro-banking expertise developed since the mid-1990s to reintegrate the focus on development. It means developing new and more sophisticated systems for accounting and evaluation which can encompass the complexities and real challenges of the development process.

Rethinking participation: from women's groups to women's movement

Most microfinance programmes see themselves as participatory organisations. Most female-targeted programmes are group-based. In some contexts, microfinance programmes may provide one of the few regular excuses for women to meet with other women to discuss problems. In urban areas where there is rapid population expansion caused by conflict or natural disasters, microfinance groups may provide a very necessary structure for building networks and 'social

capital'. In those few African contexts where women's contacts outside the home are constrained by norms of respectability, microfinance groups may provide a socially acceptable space in which to learn about the outside world. Providing an efficient service requires programmes to be 'market relevant' through having detailed knowledge of clients' needs and some consultative process to see how products and services can be improved (Woller 2002).

However, serious questions must be asked about the types of participation being promoted, the underlying motivation and whose interests it serves. In many programmes participation means little more than women's contribution of times and resources to reduce the costs and risks to programme administration and donors. Group formation to assist identification of clients and following up loan repayments, often reinforced by mutual liability for each

Building on groups: experience in Angola and Cameroon

Sustainable Livelihoods Project (SLP), Angola

The SLP clients have identified a range of ways in which the programme could help them to address their problems in relation to basic needs:

- Actions which they themselves could take as a group to address some of the problems. For example one group identified women's illiteracy as a problem for their full and equal participation. Following some discussion a number of men suggested that they could help the women learn to read or support them to attend church literacy groups. This support would include discussing the problem with their husbands.
- Provision of individual or group loans which could help set up businesses like pharmacies or midwife services.
- Information and links with other organisations or projects that might provide services they required.

The types of support demanded were therefore not ones which would require significant increases in funding, but more facilitation of discussions, collection and

dissemination of information through group meetings. This group level process would also provide the basis for more organised lobbying and advocacy for changes in national expenditure and budgets and also to support funding for NGO provision from international donors.

Mayoux, Jiri and Cerqueira, 2002

Cameroon Gatsby Trust

The Cameroon Gatsby Trust has built on federations of women's savings and credit groups to create structures for marketing at both national and international levels. A key feature of Gatsby's activities are annual Trust Fairs which bring many women together to discuss marketing problems both within Cameroon and other African countries where Gatsby is working. Other meetings are also convened to celebrate International Women's Day, the World Day of the Rural Woman, state-organised Agro-Pastoral Shows, Guinness Michael Power Festivals. Women exhibit and sell their products, earn prizes and certificates.

Elango, 2002

other's loans, is assumed to be in itself empowering and require no further support beyond training in credit and savings methodology. As discussed above, these assumptions are misplaced. Even where members own part of the microfinance institutions through purchase of shares, such ownership is often nominal with little influence over decision-making.

'Participation' in itself is not necessarily the best way forward. There is a need for a much more critical approach to participation, which takes into account the wider developmental interests of clients. Participation has inherent costs for both programmes and clients. Significantly, microfinance programmes rarely make such big demands on men's time and where they do so are generally unsuccessful. Many women have little time, few resources and lack the skills to participate effectively in group activities. This is particularly the case with very poor women. Women may want an efficient service with individual loans. Women may be extremely active in other areas of life and not wish to spend all their time in group meetings for microfinance. In many parts of Africa women have extensive networks through ROSCAs, market associations, church meetings and so on.

Women's needs are not met by participation in mutual liability groups *per se* but by focused strategies to build on these group structures and supporting women (and men) to organise to address the many problems which they face.²² Self-Employed Women's Association (SEWA) and many NGOs in India and Bangladesh are supporting women's groups to take collective action on many issues important to them. A particularly important initiative is that by a network of NGOs in Gujarat which holds annual gatherings

Framework for a participatory process

● Underlying principles:

- focus on women's own aspirations and strategies for change and prioritisation of their interests
- recognition of potential costs of participation as well as benefits for women and commitment to minimising these
- recognition of centrality of power inequalities in constraining these aspirations and strategies and commitment to challenging these power inequalities in all programme activities
- explicit strategies to ensure that women are able to participate, are equipped with the skills and resources to do so and have the space and information to form their own views
- explicit attempts to include the poorest women, or justification for their exclusion.

● **Participatory learning:** an ongoing system of participatory consultation with different stakeholders.

● **Participatory management:** decision-making processes to maximise contribution to empowerment without undermining longer-term organisational sustainability.

● **Participatory action:** networking and links between women's groups and the range of organisations to maximise contribution to empowerment.

to bring women together to discuss women's role in the democratisation process and exchange experiences of collective action between local women leaders.²³

There is therefore not necessarily any ideal model of participation, which would be applicable for all women in all contexts in all programmes. What is needed is a participatory process to identify:

- what sorts of participation are most central to providing the types of services which women want in any given context and any differences between women
- which decisions it is most important for women (and men) to control because they are most crucial for poverty elimination and empowerment
- how the broad organisational base of microfinance groups can form the basis of advocacy and lobbying to address the many macro level constraints affecting women's ability to benefit from microfinance.

■ Rethinking microfinance products: from technical replication to participatory evolution

The design of microfinance products has conventionally been seen as a technical issue. In Africa, microfinance project design is often based on replication from programmes in Asia and Latin America. Debates have mainly focused on setting interest rates sufficiently high to cover costs and the financial sustainability implications of different methods of loan repayment schedule, savings and insurance.

However, the almost universal assumption that women need small loans with rapid turnover serves to limit women to particular types of activity. In many programmes the design of loan products is inappropriate to women's needs

and do not allow women to make maximum use of loans. The results also have negative implications for programme sustainability. Common examples include:

- Loans being issued at the wrong time of year either because of delay on the part of programmes or because of rigidity in group systems of rotation of loans. This is a prime cause of repayment problems.

CEEWA Kikalu loans

Kikalu is a bigger loan than a Working Capital Loan (WCL). It is given to clients (especially women) who have been successful with the WCL, seeking to expand their businesses through acquisition of a capital asset. The product has the following characteristics:

Loan size Uganda shillings 300,000 and above (usual range is Uganda shillings 600,000-1,000,000)

Loan purpose to purchase an asset

Loan term 6-12 months with at least a one month grace period

Interest rate basis MFI's costs of 4 per cent per month on declining balance for Uganda Microfinance Union (UMU)

Fees basis MFI's costs (3 per cent loan processing fee for UMU)

Commission basis MFI's costs (nil for UMU)

Disbursement schedule as required and convenient to the client in case of UMU.

Collateral group guarantee; asset purchased; hypothecated savings.

Agnes Yawe, CEEWA

- Savings products which require women to declare savings levels in front of neighbours, thus exposing them to predation of husbands and other family members. This is a prime cause of women's failure to save with microfinance programmes.
- In many mixed sex programmes, whether based on group or individual loans, discrimination against women accessing larger loans persists.

Most mature organisations are now looking at providing a range of different microfinance products tailored to the needs of particular groups (Woller 2002). Market research needs however to go beyond identifying potentially profitable products. If it is to contribute to sustainable livelihoods and empowerment goals it must identify those products which most adequately meet the needs of women clients and which help them challenge gender inequalities in the household, market and community. Some organisations like CEEWA have conducted participatory assessments to design loans specifically adapted to women's expressed needs. Opportunity International has also just applied for funds to do action research on how to help women access and productively invest larger loans.

■ Rethinking non-financial services: from minimalism to 'joined up' development

A key element of the financial sustainability 'best practice' orthodoxy has been the separation of microfinance from other types of development intervention. It has however become increasingly clear that minimalist microfinance is

no magic solution for either poverty reduction or women's empowerment. Even in relation to narrow economic goals of enterprise development it is only one of a number of types of intervention needed by poor women and men. The limitations of minimalist microfinance in relation to the broad underlying goals of poverty elimination and women's empowerment are even greater.

There are definite advantages in combining microfinance with other interventions in terms of:

- Cost-effectiveness through reducing time and transport costs for both programme staff and participants when one meeting is used for both savings and credit and other development work.
- Higher impact of ongoing training compared with one-off separate training. All the evidence indicates that ongoing mentoring is much more useful for very poor women than one of enterprise training. Gender awareness needs to be linked with strategic actions over a long period of time in order to be effective.

This does not mean a retreat into those previous models of integrated development, which lacked a clear focus or hid inefficiency in microfinance delivery behind vague and unsubstantiated claims of poverty alleviation or empowerment. However, this was by no means true of all integrated programmes and there are many ways in which all the perceived shortcomings of earlier approaches to integrated development can be addressed without completely separating microfinance from other interventions.²⁴ What is needed is a clearer and more strategic approach to how microfinance can be best combined with other interventions as a 'joined up' strategy for development through:

Integrating gender and HIV training into microfinance in South Africa

With an HIV antenatal prevalence rate of 24.5 per cent, South Africa is now host to one of the fastest growing HIV epidemics in the world. Intervention with Microfinance for AIDS and Gender Equity (IMAGE) is a collaborative initiative between RADAR (Rural AIDS and Development Action Research Program, University of the Witwatersrand), SEF (Small Enterprise Foundation), the London School of Hygiene and Tropical Medicine, and the South African National Department of Health. By integrating and mainstreaming a programme of gender awareness and HIV education into an existing micro-enterprise initiative, this project will operationalise a model for addressing the HIV epidemic which is appropriate and relevant to settings where poverty and gender inequalities continue to pose a critical challenge to prevention efforts.

As a prospective, community-randomised and matched intervention trial, IMAGE has the following goals:

- To develop a participatory approach to gender awareness and HIV education for loan recipients, and to mainstream this into existing microcredit programme activities.
- To demonstrate that, in combination with social and economic benefits, the attitudes and skills gained through participation will support patterns of decision-making that reduce vulnerability to both gender-based violence and HIV.
- To generate new evaluative tools, based on participatory methodologies, for documenting social and health impacts of the programme – particularly pertaining to empowerment of participants, changes in social capital and social networks, and vulnerability to gender-based violence and HIV.

Kim 2002

- identification of the range of needs of programme clients in relation to poverty reduction and empowerment
- identification of the specific contribution of different components of the microfinance programme and how these might be themselves better integrated: microfinance products, core organisational training, staff extension and group formation
- identification of ways in which programmes can link with other interventions of the same organisation or potential partner organisations.

This will make it clearer which services are best delivered through an integrated microfinance packet and which services are best treated as a separate project, or provided by collaboration with other specialist organisations.

There is also a need for innovation in relation to the non-financial services themselves and the ways in which the contribution to poverty elimination and empowerment can be cost-effectively increased. There have been a number of important innovations in relation to integrating gender and enterprise training within microfinance programmes. These

Joined-up development in the Sustainable Livelihoods Project, Development Workshop Angola

Savings and credit products

- diversified products adapted to the requirements of different industries
- products which enable women to significantly increase and control incomes
- loans for providers of community services

Training

- elementary business analysis
- focused discussion of gender issues
- information about networks and sources of support
- leadership and organisational skills which can be transferred to other fora

Contact with other Development Workshop sections

- collaboration with Development Workshop's internet service to develop a database on other organisations
- collaboration with water and sanitation section

Links with other organisations

- market associations
- women's organisations
- local government
- local NGOs

Microfinance groups as a basis for:

- information exchange and mutual learning
- developing marketing networks and linkages
- collective action by both women and men on gender issues
- local lobbying for improvement of community services
- organisation for voluntary community activities

SLP staff

- to be facilitators of group discussions and networking
- to be gender aware and promote women's empowerment and gender equality throughout interactions with clients

Impact assessment and organisational learning

- use of poverty indicators and integration into participatory planning
- inclusion of gender indicators throughout impact assessment and learning
- inclusion of local needs assessment in the impact assessment process
- inclusion of assessment of local opportunities and challenges for democratic participation

Mayoux, Jiri and Cerquiera 2002

are built on proposals for a subsector approach to development of the informal sector. Here microfinance is seen as:

- part of a sectoral strategy for change which identifies opportunities, constraints and bottlenecks within

industries, which if addressed can raise returns and prospects for a large number of women. Possible strategies include linking women to existing services and infrastructure; developing new technologies such as labour-saving food processing; building information networks;

shifting to new markets; policy level changes to overcome legislative barriers and unionisation.

- based on participatory principles to build up incremental knowledge of industries and enables women to develop their strategies for change (Chen, 1996)

Womankind's Money Literacy Programme

Womankind Worldwide is a women's rights and development organisation with a conceptual framework with focus on the four literacies: Word, Body, Civil and Money. Each literacy tackles one component of women's rights. The linkages between the literacies provide an integrated approach to women's empowerment, to development, and to social and political change. The money literacy component is tackled at different levels and addresses the following types of issues:

At a policy level

Advocacy and awareness-raising on economic issues such as:

- international and national macro policies
- terms of trade
- national and local budget allocations
- property rights and inheritance laws
- women's rights in the home, for example divisions of labour and entitlements

At a non-governmental organisation level

- Money literacy training – going beyond the training of NGO staff and community in effective credit and savings delivery to training as relevant in basic maths, economics,

Womankind's money literacy programme for example integrates both gender and analysis of the macrolevel economic context to increase women's awareness of the potential opportunities and constraints facing their businesses. They are also given basic numeracy training.

finance, business and marketing, entrepreneurship. The idea is to focus on the local economic experiences. To expand people's understanding of the transactions they are involved in, their choices and their constraints so as to maximise the chances of women being able to succeed.

As well as the training and support to microfinance schemes Womankind also encourages partner NGOs not to stop at the microfinance blueprint but to look at areas of economic and livelihoods support such as:

- organic agriculture
- support to improved transport, processing and marketing of agricultural products, for example, donkey carts and ploughs, food-presses and mills
- other ventures relevant to the local economy, for example, potters or traditional birth attendants.

Finally, the programme approach focuses on linkages and joint training between local NGOs and communities. It links macro-level policy work, NGO capacity building, direct service delivery and awareness-raising level work in a holistic approach which connects between the local and global and thereby increases critical mass and the power to influence.

In the Sinapi Aba Trust in Ghana at the beginning of each loan cycle a series of topics are chosen by the women in cooperation with their loan officer. Time is then allotted for these at each weekly Trust Bank meeting, in addition to loan management activities. Women receive training in business skills such as customer care, pricing, marketing, and selling on credit, as well as exchanging business tips among themselves. They also discuss social topics and community issues. Particular attention is given to topics that will help women manage the expectations, responsibilities, and challenges they face as income-earners, mothers and wives. Outside persons are occasionally brought in to address specialised topics, particularly those related to health. Although sessions are often led by loan officers, the women are encouraged to lead sessions whenever possible and share their knowledge. Many of the Sinapi Aba Trust clients interviewed in recent impact studies linked changes in their business, empowerment, and relationships with their husbands directly to the training and discussions they participated in at Sinapi Aba. Client satisfaction focus groups revealed that many of women were willing to pay increased fees to improve the quantity and quality of training that Sinapi Aba offers.

Another innovation is the REFLECT methodology. This was developed by ActionAid as a radical new approach to adult literacy between 1993 and 1995 through three action research pilot programmes in Uganda, Bangladesh and El Salvador. The best practice from the programmes was consolidated into a *REFLECT Mother Manual*, published by ActionAid in 1996. Since then it has spread rapidly. In 2000, there were over 250 organisations working with

REFLECT, involving a diversity of programmes in over 50 countries. More recently, local and national governments have started to experiment with REFLECT. New resource materials are presently being worked on by a core group of REFLECT practitioners from 20 countries who are participants in the 'International REFLECT Circle'. In Uganda, it is being implemented in ActionAid's microfinance programme (see page 34) and also used as a catalyst to challenge gender relations.²⁵ There were many examples of men taking away the money these women got from either the group or the microfinance institutions. REFLECT has helped women to overcome some of these problems, increase incomes, buy land and strengthen their role in decision-making. REFLECT also provides a focus for women to express their views on the programme itself and how it could better address their needs.

■ Rethinking impact assessment: building participatory learning organisations

Since the late 1990s impact assessment of microfinance has received increasing attention. In order to prove the necessity for subsidy or extra funding concessions, programmes must be able to demonstrate that this will increase contribution to poverty elimination and empowerment. However, large-scale quantitative and so-called 'rigorous' impact assessment is extremely costly. Even these large-scale assessments still have numerous methodological shortcomings and have so far contributed little towards programme improvement. Impact assessment

ActionAid's REFLECT methodology: facilitating women's empowerment through microfinance

REFLECT (Regenerated Freirean Literacy Through Empowering Community Techniques) has as its central concern 'to enhance people's capacity to have their voices heard – by whatever communication means necessary'.

Distinctive features

- Facilitators are trained from the local community and produce their own guidelines.
- There is no textbook, no literacy 'primer' or pre-printed materials other than the facilitator guidelines in the REFLECT Manual.
- Each literacy 'circle' develops its own learning materials through the construction of maps, matrices, calendars and diagrams that represent local reality, systematise the existing knowledge of learners and promote the analysis of local issues. These build on established participatory methods.
- The participants produce a real document. By the end of the REFLECT process, each circle will have produced between twenty to thirty graphics representing a detailed analysis of their environment. Each participant will have personally adapted versions of these in their own books together with the phrases and later paragraphs they have written.
- The graphics also become a permanent record for communities, giving them a basis on which to plan their own development.

What added value does REFLECT present for microfinance groups?

- REFLECT enables women break the silence and begin making their own decisions on issues affecting them.
- REFLECT groups examine an 'income and expenditure tree' to look at how to identify viable projects. This is then developed into an Income Generating Activity matrix. REFLECT provides an opportunity for further discussion and generation of ideas around utilisation, investment opportunities available and marketing options.
- REFLECT equips women with reading, writing and numeracy skills, enabling follow-up and record-keeping.
- REFLECT facilitates a mobilisation of communities especially women. It provides a channel for information dissemination and sharing and creates a critical mass that can lobby and advocate for their rights.

Recommendations based on women's voices

- Introduce family loans, where the husband and wife are responsible and accountable for the loan issued to them.
- Incorporate technical and other related training for effective credit utilisation.
- Flexibility in repayment schedules depending on economic activity patterns.
- Ensure timely issue of credit depending on what the beneficiary wants to use the credit for.
- Loans should have a reasonable grace period, to be able to pay back as well as save some money.

Nandago Maria, ActionAid-Uganda

has been mainly limited to large programmes favoured by donors. It is extremely difficult for smaller innovative programmes to meet the costs required. They have become further disadvantaged in funding applications, even where anecdotal information might suggest that they are functioning better in terms of impact than many of the larger programmes.

New approaches to impact assessment has been developed which focus much more on setting up sustainable and participatory learning processes which contribute directly

not only to design of new products, but to overall programme design and development. Key examples include Anton Simanowitz's work with the Small Enterprise Foundation in South Africa, Helzi Noponen's work with an Internal Learning Methodology in India, work by the Opportunity International network and by ActionAid partners.²⁶ The participatory assessment process itself is empowering, building the knowledge, networks and investigation capabilities of different stakeholders. It is therefore in itself a contribution to poverty elimination

Participatory Impact Monitoring System: Small Enterprise Foundation, South Africa

Goals

- To supplement the occasional nature of impact assessment with continuous data, thus strengthening the impact assessment.
- To provide immediate operational benefit through indicating problems which may lead to reduced impact.

Methodology

- **The data is used at the point of collection (as well as by other people):** this ensures that staff are not just collecting information because it is their job, but see the value in the information, and collect it because they want to see the results.
- **No additional tasks are created for the field staff:** all monitoring data are collected as part of existing procedures and built onto the existing Management Information System. This increases the likelihood that it is collected with care and is reliable.

- **Information collected by the system is stored in a place which is accessible to staff and members:** member information is kept by Group Chairs; summary of member information and Centre information is kept in the Branch Offices and on Head Office database. The data are therefore processed and useful at the level at which information is gathered. Summary information is passed on to the next level.
- **Participatory methods in data collection and analysis.** The information is collected in a visual form, largely using voting and ranking forms. The scales use pictures so that illiterate people easily manage to participate. Since the results are visual, and scores from previous monitoring are on the same form, there is a good basis for discussion about the reasons for changes in a member's situation or opinion.

Edited from Simanowitz 1998, 1999

and empowerment. In relation to empowerment there are similar problems of measurement, attribution and assessment of broader impacts beyond individual clients, all of which require development of different and innovative methodologies. Furthermore, as argued below, there is a need to move from mechanical impact assessments to systems for sustainable learning that can be integrated into programme decision-making for programme improvement.

■ Rethinking institutional strengthening: organisational gender mainstreaming

Many donor agencies are currently concerned with 'institutional strengthening'. The definition of such strengthening is however primarily in financial management terms. This is despite the official commitments to gender mainstreaming for gender equality and women's empowerment on the part of all donor agencies, particularly in the 1997 Economic and Social Council (ECOSOC) Declaration of UN Agencies (right).

There is overwhelming evidence that microfinance programmes without an organisational gender policy are much less likely to even reach women, never mind enable them to address household level poverty and empowerment. It is difficult to see how organisations which do not themselves internally promote gender equality can be effective in contributing to gender equality amongst their clients. In Port Sudan, for example, pressure to comply with donor financial sustainability requirements

lead to a cutting of staff and this coincided directly with a decrease in female clients. The programme has instituted an organisational gender policy and is now successfully countering this trend as well as increasing women's participation in leadership. The Opportunity International Women's Opportunity Fund has also developed guidelines and policies for gender mainstreaming within the network and partner organisations.

Organisational gender policy, however, means more than simply introducing equal opportunities targets for employment of female staff. Achieving these targets in itself requires changes in institutional cultures and recruitment procedures. Moreover, in order to translate equal opportunities policies into empowerment on the ground, there is a need to reform the content of many work roles, training and promotion procedures and decision-making and incentive structures.

Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.

1997 Declaration of the UN Economic and Social Council

Elements of organisational equal opportunities policy

● recruitment and promotions procedures

- equal opportunity policy stating equal rights at work
- gender awareness included in job descriptions and as key criterion for job recruitment and promotion criteria
- balanced representation of women and men in senior management positions at headquarters and in the field
- proactive hiring strategies to recruit women into senior management positions, advertising through channels likely to reach more women
- proactive provision of training for women to move from mid- to senior-level positions

● training and incentives

- training for all male and female staff in gender awareness, sensitisation, planning and analysis
- follow-up training with specific tools and methodologies for institutionalising the integration of gender concerns throughout the organisation

- incentives for implementation of gender and empowerment policy

● family-friendly work policies

- flexible working arrangements including flexitime and flexiplace, part-time and job sharing working arrangements, encouraging men and women employees to take advantage of flexible work arrangements, including senior managers
- maternal and paternal leave policies
- childcare and dependent care leave and support

● structures for participation by all staff in decision-making

● incentive structures for achievement of poverty and empowerment targets

Based on Opportunity International's gender policy in Kennedy 1997; also Kuhn 2002

3

Mainstreaming the **new agenda**: what do we do **now**?

■ What can and should we expect from microfinance programmes in Africa?

The very real potential contributions of microfinance should not be lost in the current complacency. Limiting the goal of microfinance to a marginal contribution to a narrow goal of reducing household vulnerability is not necessary. It ignores the priorities and views of many African organisations whose mandates prioritise poverty reduction and (more rarely though) women's empowerment. Moreover such narrow goals do not justify the amounts of funding currently devoted to microfinance, particularly in the context of donor organisational commitments to poverty reduction and gender mainstreaming. Serious

questions need to be asked about a poverty reduction strategy where most donor funding is chasing the same programmes serving the same section of the 'better-off poor'. Questions also need to be asked about microfinance as a gender intervention when there is continuing pressure to dilute gender strategies. The microfinance community should challenge rather than accept the current limitations of national and international funding for poverty reduction and women's empowerment.

The development contribution of microfinance is dependent on the degree to which programmes strategically address development goals. The ways in which contribution to poverty reduction and women's empowerment can be increased will depend on the particular context, target group and model of microfinance concerned. There is still a need for widespread provision of

microfinance for the ‘profitably bankable poor’. In order to meet demand, those programmes which are operating in favourable contexts will need to be financially sustainable. But they must also be expected to remove all forms of

gender discrimination, ensure that products clearly contribute to livelihood development rather than indebtedness and develop strategic partnerships with other organisations which will benefit their clients. These

One World Action: the broader vision

One World Action’s goal

Building a democratic world in which all women, men and children can enjoy and exercise their full human rights.

Defining poverty

Poverty is about lack of power and denial of one’s full human rights. Being poor means not having good-quality health care, education, water, sanitation, transport and housing. Beyond these needs, being poor also means lacking job opportunities, lacking equitable access to the banking system and the marketplace, and lacking legal rights to own land or property. People who are poor often face violence and insecurity. And they lack knowledge, access to information, access to justice, and influence over decisions that affect their lives.

Human rights approach

Human rights are internationally agreed norms and principles, and include civil, political, economic, social, and cultural rights. These rights are all equally important and inter-connected. All people have equal human rights. Human rights are tools that help people to gain power and control over the decisions that affect their lives. The keystone of a human rights approach is that poor women

and men are agents, rather than passive objects. Human rights are a power source to end the powerlessness experienced by poor people, especially women. Gender inequality and discrimination prevent women from enjoying their full human rights. To tackle poverty, end inequality, and make human rights a reality, the relations between women and men, girls and boys need to change, and the way that development is defined and practised must be transformed.

Goals of gender policy

- **Equality of opportunity** whereby women and men have equal rights, an equal voice in civil, political, economic, social and cultural life, and do not face discrimination on the grounds of their gender.
- **Equity of outcome** where the exercise of women and men’s human rights leads to outcomes which are just.
- **Gender mainstreaming** where women’s as well as men’s concerns and experiences are integral to the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres so that women and men benefit equally. It is however not an end in itself but a means to the goals of gender equality and equity.

concerns must be an integral part of design and evaluation in fulfilment of the international agreements which African national governments and many African organisations have signed rather than 'optional frills' to financial sustainability.

At the same time there must also be a move away from concentration of donor funds solely on potentially profitable MFIs. The aim must be to create a diversified microfinance sector which addresses the needs also of the very poorest women in ways which really contribute to livelihood improvement and empowerment. This would include funding for innovative ways of integrating microfinance services with other development interventions and particularly funding for specific gender initiatives.

Finally microfinance is a complementary component of, not a substitute for, a coherent agenda for poverty elimination, wealth redistribution and political reform at the national and international levels.

There is a need to strategically:

- promote the supply of microfinance and also larger scale financial services for enterprises and services which address basic needs and promote human rights
- build on the organisational structures developed for microfinance to strengthen markets, civil society, promote downward accountability in government and local services and promote and protect women's human rights
- develop organisational and staff capacity to effectively address these challenges.

■ Mainstreaming the new agenda in the microfinance movement: priority areas for innovation and networking

Despite the commitment to mainstreaming gender throughout all areas of development intervention, progress has often been slow. This is particularly the case in areas like microfinance. Gender concerns have often in practice taken the form of marginal additions to 'mainstream' microfinance policy focusing on financial sustainability. The innovations outlined above have not so far been incorporated into established 'best practice' in mainstream microfinance debates.

Further innovation is also threatened by the continuing donor prioritisation of particular policies for financial sustainability. This has been due to a number of factors common to many development interventions:

- organisational resistance to gender mainstreaming in general because of entrenched hierarchies and interests
- 'paradigm gap' whereby economic, financial and quantitative analysis do not easily adapt to integrating non-economic, qualitative and participatory analysis essential to gender analysis and planning
- skills gap because microfinance is seen as a specialist technical area in which gender experts do not have the skills to make a contribution; microfinance staff (men and women) on the other hand rarely have gender expertise
- information gap: lack of information and dissemination of innovation in relation to empowerment
- learning gap: lack of agreed indicators for assessment.

The microfinance community needs to support continuing innovation and diversification of services, which would begin to seriously address poverty, inequality and discrimination.

There is a need for sustained lobbying by innovative programmes and donors within microfinance networks in order to ensure that gender and empowerment issues become integrated into mainstream debates. This would require:

- **integration of poverty and empowerment impact** as parallel criteria for assessment alongside financial sustainability. This would encourage diversification of microfinance to reach different groups of poor people, including the poorest, and innovation to increase contribution to empowerment. Unless these goals are equally valued by funding agencies it is unlikely that programmes will be able to develop the innovations necessary in product design and non financial services.
- **inclusion of development of participatory structures, organisational learning capacity and equal opportunities policies** as an integral part of institutional strengthening measures.

Some of the key questions which need to be asked by both programmes and donors are given in the **Action checklists** (see pages 43-45).

■ Addressing the limitations of microfinance: priority issues for advocacy and lobbying

All donor agencies and most African governments have signed international agreements on gender mainstreaming throughout all areas of policy. It is clear that macro-economic and social policies on the informal sector, agriculture and international trade limit the degree to which poor women and men are able to benefit from microfinance. For women the constraints of poverty are compounded by gender discrimination and inequality at all levels, including property rights, family law and benefits, rights in relation to sexual violence, banking regulations and practice, licensing legislation.

Promoting an enabling environment for women's economic, social and political activities must therefore be mainstreamed as part of the advocacy and lobbying activities of microfinance programmes.

As well as advocacy and lobbying within the microfinance community, there is a need for the microfinance movement to join with other organisations in lobbying to challenge and change:

- macro-level economic policies which discriminate against the types of economic activity in which women are involved
- inefficient, corrupt and costly provision of basic needs and services
- formal legal gender discrimination and women's inability to enforce their legal rights to property and autonomy.
- undemocratic political processes within which women cannot make their voices heard.

In the early formulations of the financial sustainability approach women's need for changing property legislation was recognised. However in the rush for rapid expansion of microfinance and the focus on financial sustainability, this has been largely ignored. Some exceptions are ILO support for changes in property rights and attempts by some International NGOs to bring their microfinance policies more in line with their policies on human rights and gender. Advances have been much slower in bilateral and multilateral donor agencies.

The large numbers of women involved mean that microfinance programmes have enormous potential as an organisational base for bringing about changes in gender relations. Advocacy and lobbying need an organisational base to provide information and justification for changes being sought. Macro-level policy change also has little meaning unless women are aware of their rights and have support networks with other women and men to make

these rights a reality. Microfinance organisations have potential to form part of this much needed bridge between macro-level policy change and grassroots level action.

Unless poverty reduction and empowerment goals are explicitly integrated throughout programme design and implementation, microfinance may have little positive impact. It may actually increase household poverty and be seriously disempowering for women. In this case microfinance programmes risk becoming merely a means of shifting the burden of both household debt and development itself onto women. This raises important questions as to whether or not microfinance should be a major focus of donor funding and particularly of gender policy. Even one of the main architects and promoters of the CGAP sustainability approach itself has been reported as saying: 'if you really want a policy for poverty reduction or women's empowerment, don't choose microfinance, choose female education!'

Action checklists

1 Organisational vision: poverty and gender impact checklist

Organisational vision

- Is there a gender policy? What is its nature and scope? In other programme documents, apart from the official gender policy, what are the underlying assumptions being made about gender difference and inequality, such as in use of language?
- Are there any programme strategies explicitly targeting women? What are the underlying assumptions being made about gender difference and inequality? Are these strategies likely to consign women to a 'female ghetto' or are there strategies for empowerment?
- How far and in what ways are the needs of the poorest and most disadvantaged women taken into account?
- Are there any programme strategies explicitly targeting men? What are the underlying assumptions being made about gender difference and inequality? Are these likely to increase or decrease gender inequality? Are there any strategies targeting men which explicitly attempt to redress gender imbalance?
- Are there concrete incentives for implementation of empowerment strategies?
- Are gender impact and empowerment integrated into monitoring and evaluation?

Poverty impact checklist

- a) How far has microfinance contributed to increases in household income and decrease in household economic vulnerability?
- b) How far has microfinance contributed to increase access to basic services: health, education, nutrition, water and sanitation, etc.
- c) How far has microfinance contributed to strengthening local organisations for community development, advocacy and lobbying?
- d) How far are the poorest able to access the programme? Which groups are excluded?

- e) What is the impact on poor non-participants? On markets? Availability of financial services? Social inclusion in local organisations?

Gender impact checklist

- a) How far has microfinance increased women's access to financial services? What levels of loans and savings under women's control are achieved?
- b) How far has microfinance contributed to increasing income from women's own economic activities or household activities in which women participate?
- c) How far do women control their own or household income from these activities?
- d) What is the impact on women's control over main household decisions like expenditures, children's education, marriage?
- e) What is the impact on the share of household income which is spent on women? On girls?
- f) What is the impact on women's support and information networks? On their mobility outside the home?

2 Participation checklist

1 How is participation defined?

- a) Solely in terms of access and contribution? What sort of contribution are programme participants expected to make?
- b) In terms of participation in decision-making? If so, is this only in terms of consultation or are they also areas where clients control decisions? Which decisions? Are these the most important in terms of empowerment?
- c) In terms of organisation? If so, is this group formation at local level only or does this also include wider mobilisation?

2 Who is participating? Women, men, the poorest, only entrepreneurs?

3 How far and in what ways do the structure and function of groups contribute to poverty reduction and empowerment?

Group composition: do eligibility criteria allow equal access for women and men? Do they discriminate against particularly

disadvantaged women, such as very poor women, younger women, women from particular ethnic groups? Does group composition extend or merely replicate women's existing networks?

Group size: does group size increase women's collective strength?

Group structure: does group structure increase women's decision-making and negotiation skills? For which women?

Are women equally represented in group structures at all levels of programme, particularly beyond primary groups?

Group function: does time spent in microfinance groups detract from time spent in other social or political activities which might contribute more to empowerment? Do structures exist for linking microfinance groups with other services for women and with movements challenging gender inequalities?

3 Product design checklist

Interest rates and repayment schedules

- *poverty targeting question:* are interest rates and repayment schedules appropriate to levels of profit which can be earned and women's ability to understand calculations?
- *empowerment question:* do interest rates and repayment schedules enable women to significantly increase their incomes and control over income?

Eligibility and collateral requirements

- *poverty targeting question:* do collateral requirements accept female-owned assets, such as jewellery, utensils?
- *empowerment question:* do collateral requirements treat women as autonomous agents rather than dependants? Do they reduce the risk for women? Do they encourage registration of assets in women's or at least in joint names?

Application procedures

- *poverty targeting question:* do application forms, location and advertising of services appropriate to women's levels of literacy and normal spheres of activity, such as credit and savings disbursement by women in women's centres?
- *empowerment question:* do application procedures encourage

women to improve literacy and extend spheres of activity, such as negotiating with male officials in male public spaces?

Large versus small loans

- *poverty targeting question:* are loan amounts small enough to give women the confidence to apply?
- *empowerment question:* are loan amounts large enough to enable women to significantly increase incomes and control over assets?

Directed versus non-directed loans

- *poverty targeting question:* are loans available for the types of activities in which women are involved, such as small loans for working capital for trading and non-directed loans for consumption?
- *empowerment question:* do loan packages encourage women to enter non-traditional and more lucrative activities? Do they increase women's ownership of assets? Do they encourage higher expenditure by men on women and household well-being? Are they likely to favour directed credit, including packages for women in non-traditional activities, and directed consumption loans for areas such as housing registered in women's names, girl's education or healthcare?

Voluntary versus compulsory savings

- *poverty targeting question:* are savings facilities flexible to women's patterns of access to income?
- *empowerment question:* do savings facilities give women reasons and authority to increase control over own income or access male income? Are they likely to favour compulsory savings?

Insurance and pensions

- *poverty targeting question:* are insurance and pensions conditions sufficiently inclusive to be relevant to the needs of the very poor? Are the costs within their capacity?
- *empowerment question:* do insurance and pensions conditions challenge or reinforce existing roles within the household? Do they decrease women's vulnerability? Do they increase the powers of negotiation within the household?

4 Non-financial services checklist

What non-financial services currently exist?

- *technical/business*: microfinance, entrepreneurship training, skills training, other business support
- *organisational*: organisational training in group formation, networking and broader organisational skills, support in registration and formulation of regulations/constitutions
- *gender awareness*: integrated into other training, for women, for men
- *welfare and infrastructure services*: childcare support, literacy, health, measures to save time in domestic work, such as improved stoves, water supply, or fuel
- other

What is their expected contribution to poverty elimination? To women's empowerment? Have any evaluations been done? How far are they achieving their stated aims?

Are there any ways in which non-financial services could be made more cost-effective and increase contribution to poverty elimination and women's empowerment through:

- better integration into ongoing learning at group level?
- better integration with other services of the NGO concerned?
- collaboration with other local service providers and movements for change?

5 Organisational mainstreaming checklist

Does your programme have an organisational gender policy? What form does this take?

- recruitment and promotions procedures
 - equal opportunity policy
 - gender awareness as job criteria
 - equal representation in senior management positions
 - proactive hiring strategies
- gender training and incentives
 - on-going gender training
 - incentives for implementation of gender and empowerment policy

- family friendly work policies
 - flexible working arrangements
 - maternal and paternal leave policies
 - childcare and dependent care leave and support
- structures for participation by all staff in decision-making

What are the possibilities for change?

What are the potential problems and resistance?

6 Advocacy and lobbying checklist

Networking

- Do you think your organisation has any particularly innovative strategies or techniques which it would be useful to share with others?
- Has your organisation identified any empowerment-related challenges that you feel it would be useful to collaborate with other organisations to solve?
- Is your programme involved in networks? Are there any networks that your organisation could join?
- If your programme is involved in networks, are gender and empowerment issues ever discussed? Who controls the agenda at network events? Could your organisation influence this agenda so that empowerment concerns are more fully addressed? How?

Lobbying donors

- Is your organisation involved in lobbying?
- What is the gender policy of the donors your organisation has a relationship with?
- How well is this policy implemented? How could empowerment concerns be more fully addressed?

Advocacy for wider change

- Is your programme involved in advocacy?
- How could empowerment concerns be more fully addressed?
- What are the priority issues your organisation could or should be involved in?

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Notes

1 The term microfinance is used as an umbrella term to refer to a range of services: credit, savings and other financial services like pensions and insurance which are attracting increasing attention. Unless explicitly clarified, the term microfinance programmes is used to refer to both specialist Microfinance Institutions (MFIs) and development NGOs with a savings and credit component.

2 Consultative Group to Assist the Poorest (CGAP) is an international initiative arising from the 1993 International Conference on Actions to Reduce Global Hunger and was formally constituted in 1995. For an account of the evolution of CGAP policy see Athmer 2002 and the website: www.cgap.org. Although no precise calculation can be made of trends in funding for microfinance because of definitional problems of what actually constitutes 'microfinance' and lack of appropriate budgetary data from all donor members, it is clear from the increase in numbers of programmes supported and general levels of support that funding has increased.

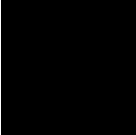
3 A survey by MicroSave Africa of 13 MFIs in East Africa found dropout rates of 13-60 per cent a year. They attribute this to rigid adherence to imported models of microfinance and lack of flexibility in times of client crisis (Matin and Helms 2000).

4 For research on the types of social and health problems caused by these changes in gender roles in East Africa see Silberschmidt 2001.

5 See for example Woller 2002 and discussions of market research on the MicroSave website: www.microsave-africa.com

6 See for example the interview with Elizabeth Littlefield, CGAP Chief Executive Officer, *Countdown 2005 Newsletter* on website: www.microcreditsummit.org/newsletter/resources10.htm

- 7 Gender and microfinance policies of these donor agencies can be accessed through the website: www.oneworldaction.org
- 8 For detailed reviews of informal microfinance in Africa see papers on the MicroSave website: www.microsave-africa.com
- 9 As early as 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 childcare facilities, and increasing women's representation on decision-making bodies. See also papers in Mayoux ed. 1988.
- 10 For general literature review and case studies of women and ROSCAs see Ardener and Burman eds. 1995.
- 11 Although doubts were expressed about this by some donor representatives at the conference, this was overwhelmingly the view of African practitioners present and the documented case of Port Sudan (Mayoux and Osman 2002) is by no means untypical.
- 12 This has been highlighted in many papers on the MicroSave-Africa website: www.microsave-africa.com. (Also see Note 3).
- 13 Detailed case studies to support the points in this section can be found on the website: www.oneworldaction.org
- 14 See Mike Fitz *Short Changed: Gendered Consequences of Implementing Financial Services in Moshi Rural District, Northern Tanzania* on website: www.oneworldaction.org
- 15 Silberschmidt 2001 discusses the serious gender and also health implications of this trend towards reliance on female incomes in East Africa.
- 16 Details of Self Employed Women's Association can be found on the SEWA website: www.sewa.org
- 17 Details of the criteria used and the ways in which they are to be assessed are given on the CGAP website: www.cgap.org. These criteria, or similar ones, are used in many donor agencies when negotiating project log frames or deciding project or programme funding.
- 18 Although some funds like CGAP's Pro-Poor Innovation Challenge are available, levels of funding remain negligible.
- Although some of the programmes funded are female-targeted, gender dimensions are not fully discussed.
- 19 See discussions on MicroSave-Africa website: www.microsave-africa.com
- 20 These various motivations and arguments were expressed openly to the author in the course of interviews with staff in CGAP Secretariat, World Bank, USAID, DFID and SIDA in the late 1990s.
- 21 For a discussion of micro-insurance see Mayoux 2002 and references therein.
- 22 For a detailed discussion of these issues in microfinance programmes in Cameroon see Mayoux 2001.
- 23 Details of SEWA are on the website: www.sewa.org. A video on the networking initiative 'It's Our Turn Now!' is available from Mahila Swaraj Abhiyan 65, Brahmin Mitramandal Society, near Jalaram Mandir, Paldi Railway Crossing, Ahmedabad 380006. Tel 91-79-6465968. Also details in Dand, 2002 forthcoming.
- 24 For an example of an effective integrated programme from Asia see the website: www.oneworldaction.org for the Case Study of CODEC in Bangladesh, Mayoux 2000. An example from Latin America is ADEMCOL discussed in Salib et al 2001. Since the paper was completed, ADEMCOL has reached over 100 per cent financial sustainability while keeping its integrated business and personal development training.
- 25 Further details of REFLECT are available on the website: www.reflect-action.org and two videos can be ordered from the site, 'The Eye Opener' from ActionAid-Uganda and 'Lines in the Dust' which gives examples from Uganda and India.
- 26 For details of Small Enterprise Foundation and Opportunity International see papers Mayoux and Simanowitz 2000, and Kuhn 2002 on the website: www.oneworldaction.org.
- For a wider overview of this approach see Mayoux 2001 and papers in Mayoux ed. 2002 forthcoming. Other papers available on the DFID Enterprise Impact Assessment website: www.enterprise-impact.org.uk give more details of participatory and qualitative research methods. A listserv connected to the website has also been set up for further discussion of these issues.



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COVER PHOTO: A women's Self Help
Development Foundation meeting in
Zimbabwe (photo © Linda Mayoux)

The conference brought together microfinance practitioners from Angola, Cameroon, Djibouti, Kenya, Malawi, Niger, South Africa, Sudan, Uganda and Zimbabwe – to exchange experience of current innovations at programme level and formulate a coherent agenda for female poverty reduction and women’s economic, social and political empowerment.

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