WOMEN'S EMPOWERMENT THROUGH SUSTAINABLE MICRO-FINANCE: RETHINKING 'BEST PRACTICE'

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All contributions will be fully acknowledged

PARTICIPATORY EMPOWERMENT SURVEY: KASHF PAKISTAN
Conducted by Kashf staff to examine women's own views and criteria for empowerment and how they saw their situation

- 90% of Kashf clients considered themselves to be in the less or least empowered category by local criteria:
- Subject to many kinds of domestic violence
- Dependant on husband
- Always having quarrels with each other.
- Suicide cases
- No basic rights with many restrictions from the husband
- No security

The requirements to increase their empowerment were seen to be:

- Having their own income (85%)
- Freedom of mobility (70%)
- Equal participation of men and women in decision making (92%)

Kashf 2004. See also Sardar, Mumtaz, Hossein and Mayoux 2005

INTRODUCTION

Micro-finance programmes targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. Increasing evidence of the centrality of gender equality to poverty reduction and women's higher credit repayment rates led to a general consensus on the desirability of targeting women. Not only 'reaching' but also 'empowering' women became the second official goal of the Micro-credit Summit Campaign.

Donor funding however has generally been conditional on compliance with some variant of CGAP's[2] Guidelines for Best Practice aiming at financial sustainability. Literature prepared for the international and regional Micro-credit Summits from 1997, many donor statements on credit and NGO funding proposals present an extremely attractive vision of increasing numbers of expanding, financially self-sustainable micro-finance programmes reaching large numbers of poor women borrowers. Through their contribution to women's ability to earn an income micro-finance is assumed to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Funding for programmes which place prime emphasis on women's empowerment decreased.

This paper argues that there is a need for a serious rethink of many currently accepted 'tenets of Best Practice' in the light of existing evidence of gender impact. There is evidence

of significant potential for micro-finance to enable women to challenge and change gender inequalities at all levels if there is a strategic gender focus. There have also been many important recent innovations in products and services to enable women to better benefit. Nevertheless benefits cannot be assumed and even financially sustainable micro-finance if it is gender blind may seriously disempower women and increase inequality. There is a need therefore to make gender 'Best Practice' integral to micro-finance design rather than a marginal and marginalised add-on to financial sustainability or poverty reduction.

The paper is based on secondary sources and the author's research and consultancy for programmes in Asia, Africa and Latin America.[3]

- Section 1 of the paper gives an overview of three contrasting paradigms of 'Best Practice', each of which have differing understandings of women's empowerment and the aims of microfinance: the feminist empowerment paradigm, the poverty alleviation paradigm and the financial self-sustainability paradigm. In the last two paradigms, despite the rhetoric of 'empowerment', gender policy risks 'evaporation' into merely using women's time and resources for programme efficiency or community development. There is little serious attention to change in gender relations.
- Section 2 gives an overview of evidence of gender impact. This indicates that although micro-finance programmes do potentially have a significant contribution to women's empowerment, this is not an automatic consequence of women's access to savings and credit or group formation per se. In many cases benefits may be marginal and women may even be disempowered.
- Section 3 discusses some of the now considerable experience of 'good gender practice' and identifies a number of critical elements of a gender strategy for equality and empowerment. These require a coherent vision integrated into product design, non-financial services and organisational structures. Many of these elements can to some extent be incorporated into a range of different types of programme and reinforce rather than conflict with long-term financial sustainability. Others will require specific funding and positive promotion. But there are ways in which this can be done both effectively and cost-efficiently. Importantly these gender strategies also require the participation of men in the process of change.
- Section 4 outlines the responsibilities for donors in promoting a diversity of micro-finance provision to all of which women have equal access and some of which builds on the organisational base of micro-finance as a significant foundation for grassroots-based change in gender relations. Unless these changes are made, microfinance will fail to realise its full potential as a useful part of a holistic agenda not only for women's empowerment but also for poverty eradication and economic growth. This will be in contravention of international agreements on women's human rights and the official mandates of the donor agencies themselves.

SECTION 1: WOMEN'S EMPOWERMENT AND MICRO-FINANCE: COMPETING PARADIGMS AND UNDERLYING ASSUMPTIONS

Concern with women's access to credit and assumptions about contributions to women's empowerment are not new. Nor are they a Northern imposition.

From the early 1970s women's movements in a number of countries became increasingly interested in the degree to which women were able to access poverty-focused credit programmes and credit cooperatives. In India organizations like Self-Employed Women's Association (SEWA) among others with origins and affiliations in the Indian labour and women's movements identified credit as a major constraint in their work with informal sector women workers[4].

The problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975 as part of the emerging awareness of the importance of women's productive role both for national economies, and for women's rights. This led to the setting up of the Women's World Banking network and production of manuals for women's credit provision[5]. Other women's organizations world-wide set up credit and savings components both as a way of increasing women's incomes and bringing women together to address wider gender issues. From the mid-1980s there was a mushrooming of donor, government and NGO-sponsored credit programmes in the wake of the 1985 Nairobi women's conference (Mayoux, 1995a).

The 1980s and 1990s also saw development and rapid expansion of large minimalist poverty-targeted micro-finance institutions and networks like Grameen Bank, ACCION and Finca among others. In these organizations and others evidence of significantly higher female repayment rates led to increasing emphasis on targeting women as an efficiency strategy to increase credit recovery. A number of donors also saw female-targeted financially-sustainable micro-finance as a means of marrying internal demands for increased efficiency because of declining budgets with demands of the increasingly vocal gender lobbies.

The trend was further reinforced by the MicroCredit Summit Campaign starting in 1997 which had 'reaching and empowering women' as it's second key goal after poverty reduction (RESULTS 1997). Micro-finance for women has recently been seen as a key strategy in meeting not only Millenium Goal 3 on gender equality, but also Poverty Reduction, Health, HIV/AIDS and other goals.

Competing Paradigms

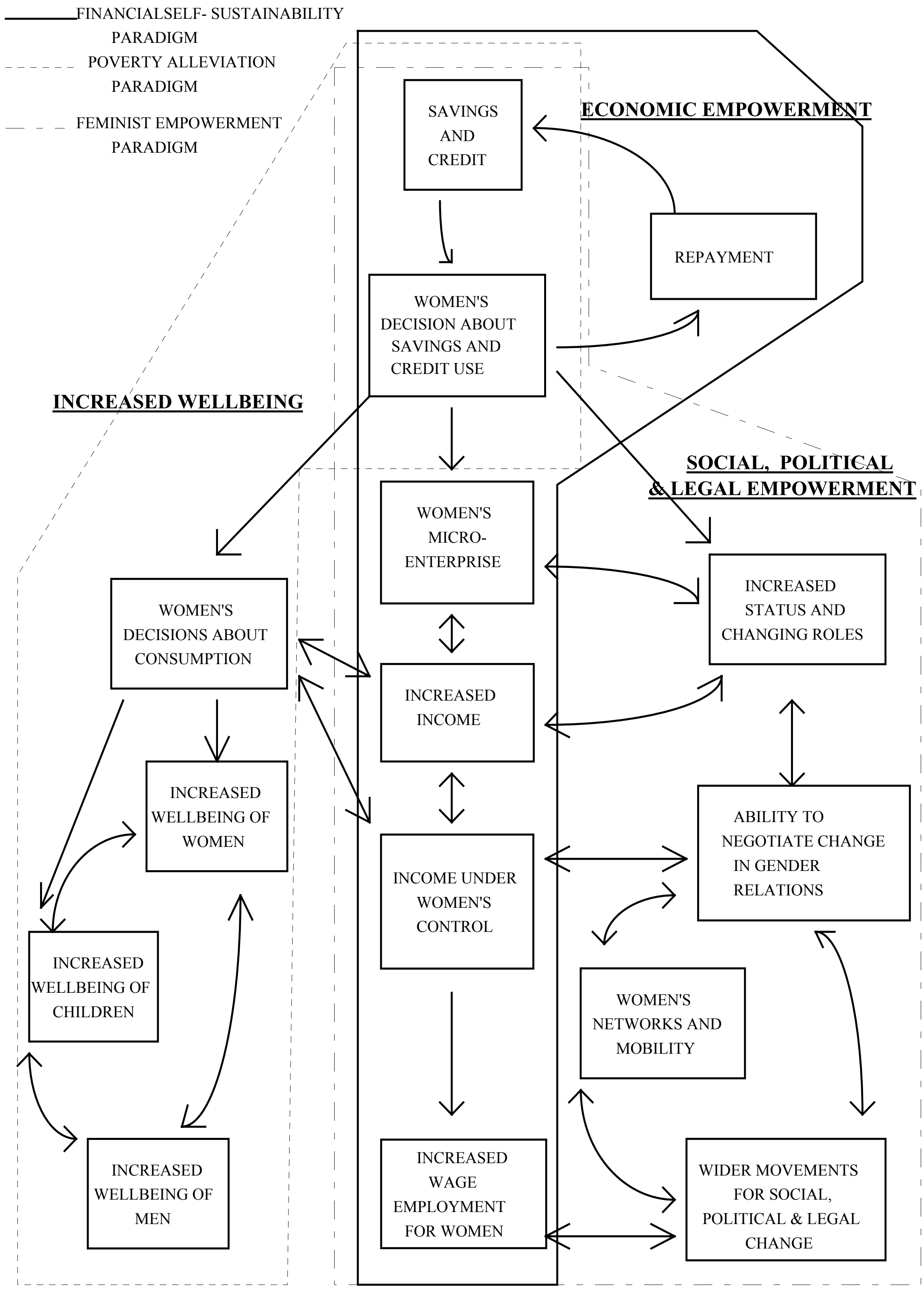
Support for targeting women in microfinance programmes comes from organisations of widely differing political perspectives. There has recently been an apparent convergence of policy and terminology and common concerns with sustainability, participation and empowerment as donor agencies and NGOs have attempted to address their critics, and activists have become engaged in constructive dialogue.

However, underlying the current apparent consensus, it is possible to identify three contrasting 'paradigms' with different underlying aims and understandings and different policy prescriptions and priorities in relation to both micro-finance itself and to gender policy as summarised in Box 1.

They also have rather different emphases in the ways they perceive the interlinkages between microfinance and women's empowerment as indicated in Figure 1.

	FEMINIST EMPOWERMENT PARADIGM	POVERTY ALLEVIATION PARADIGM	FINANCIAL SELF-SUSTAINABILITY PARADIGM
Main policy focus	Microfinance as an entry point for women's economic, social and political empowerment	Microfinance as part of an integrated programme for poverty reduction for the poorest households	Financially self-sustainable micro-finance programmes which increase access to micro-finance services for large numbers of poor people
Target group	Poor women, alternative role models	The poorest	The entrepreneurial poor
Reason for targeting women	Gender equality and human rights	• Higher levels of female poverty • Women's responsibility for household well-being	• Efficiency because of high female repayment rates • Contribution of women's economic activity to economic growth
Underlying paradigm	Structuralist and socialist feminist critique of capitalism	Interventionist poverty alleviation and community development	Neo-liberal market growth
Main policy instruments	Gender awareness and feminist organization	• The importance of small savings and loan provision, • Group formation for community development, • Methodologies for poverty targeting and/or operating in remote areas.	• Setting of interest rates to cover costs • Separation of micro-finance from other interventions for separate accounting • Programme expansion to increase outreach and economies of scale • Ways of using groups to decrease costs of delivery
Main focus of gender policy	Gender awareness and feminist organization	Increasing women's participation in self-help groups	Providing the framework for equal access for women
Definition of empowerment	Transformation of power relations throughout society	Increased wellbeing, community development and self-sufficiency	Economic empowerment, expansion of individual choice and capacities for self-reliance
Underlying assumption	Women's empowerment requires fundamental change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at the micro-level	Increased well-being and group formation will automatically enable women to empower themselves.	Increasing women's access to micro-finance will automatically lead to economic empowerment without other complementary interventions or change in the macro-economic growth agenda.

Fig. 1 VIRTUOUS SPIRALS:PARADIGMS COMPARED



Feminist Empowerment Paradigm

The feminist empowerment paradigm did not originate as a Northern imposition, but is firmly rooted in the development of some of the earliest micro-finance programmes in the South, including SEWA in India. It currently underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at gender impact of micro-finance programmes (eg Chen 1996, Johnson, 1997).

Here the underlying concerns are gender equality[6] and women's human rights. Women's empowerment is seen as an integral and inseparable part of a wider process of social transformation. The main target group is poor women and women capable of providing alternative female role models for change. Increasing attention has also been paid to men's role in challenging gender inequality.

Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment which focuses on gender awareness and feminist organization. As developed by Chen in her proposals for a subsector approach to micro credit, based partly on SEWA's strategy and promoted by UNIFEM, microfinance must be:

- part of a ***sectoral strategy*** for change which identifies opportunities, constraints and bottlenecks within industries which if addressed can raise returns and prospects for large numbers of women. Possible strategies include linking women to existing services and infrastructure, developing new technology 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 enable women to develop their strategies for change (Chen, 1996).

Economic empowerment is however defined in more than individualist terms to include issues such as property rights, changes intra-household relations and transformation of the macro-economic context. Many organisations go further than interventions at the industry level to include gender-specific strategies for social and political empowerment. Some programmes have developed very effective means for integrating gender awareness into programmes and for organizing women and men to challenge and change gender discrimination. Some also have legal rights support for women and engage in gender advocacy. These interventions to increase social and political empowerment are seen as essential prerequisites for economic empowerment.

Poverty Reduction Paradigm

The poverty alleviation paradigm underlies many NGO integrated poverty-targeted community development programmes. Poverty alleviation here is defined in broader terms than market incomes to encompass increasing capacities and choices and decreasing the vulnerability of poor people.

The main focus of programmes as a whole is on developing sustainable livelihoods, community development and social service provision like literacy, healthcare and infrastructure development. There is not only a concern with reaching the poor, but also the poorest.

Policy debates have focused particularly on the importance of small savings and loan provision for consumption as well as production, group formation and the possible justification for some level of subsidy for programmes working with particular client groups or in particular contexts[7]. Some programmes have developed effective methodologies for poverty targeting and/or operating in remote areas. Such strategies have recently become a focus of interest from some donors and also the Microcredit Summit Campaign.

Here gender lobbies have argued for targeting women because of higher levels of female poverty and women's responsibility for household well-being. However although gender inequality is recognised as an issue, the focus is on assistance to households and there is a tendency to see gender issues as cultural and hence not subject to outside intervention.

Although the term ' empowerment ' is frequently used in general terms, often synonymous with a multi-dimensional definition of poverty alleviation, the term ' women's empowerment ' is often considered best avoided as being too controversial and political[8]. The assumption is that increasing women's access to micro-finance will enable women to make a greater contribution to household income and this, together with other interventions to increase household well-being, will translate into improved well-being for women and enable women to bring about wider changes in gender inequality.

Financial Sustainability Paradigm

The financial self-sustainability paradigm (also referred to as the financial systems approach or sustainability approach) underlies the models of microfinance promoted since the mid-1990s by most donor agencies and the Best Practice guidelines promoted in publications by USAID, World Bank, UNDP and CGAP[9].

The ultimate aim is large programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies[10]. The main target group, despite claims to reach the poorest[11], is the 'bankable poor': small entrepreneurs and farmers. This emphasis on financial sustainability is seen as necessary to create institutions which reach significant numbers of poor people in the context of declining aid budgets and opposition to welfare and redistribution in macro-economic policy.

Policy discussions have focused particularly on setting of interest rates to cover costs, separation of micro-finance from other interventions to enable separate accounting and programme expansion to increase outreach and economies of scale, reduction of transaction costs and ways of using groups to decrease costs of delivery. Recent guidelines for CGAP funding and best practice focus on production of a 'financial sustainability index' which charts progress of programmes in covering costs from incomes.

Within this paradigm gender lobbies have been able to argue for targeting women on the grounds of high female repayment rates and the need to stimulate women's economic activity as a hitherto underutilized resource for economic growth. They have had some success in ensuring that considerations of female targeting are integrated into conditions of micro-finance delivery and programme evaluation.

Alongside this focus on female targeting, the term 'empowerment' is frequently used in promotional literature[12]. Definitions of empowerment are in individualist terms with the ultimate aim being the expansion of individual choice or capacity for self-reliance. It is assumed that increasing women's access to micro-finance services will in itself lead to individual economic empowerment through enabling women's decisions about savings and credit use, enabling women to set up micro-enterprise, increasing incomes under their control. It is then assumed that this increased economic empowerment will lead to increased well-being of women and also to social and political empowerment.

Conflated paradigms and gender evaporation

These paradigms do not correspond systematically to any one organisational model of micro-finance. Micro-finance providers with the same organisational form eg village bank, Grameen model or cooperative model may have very different gender policies and/or emphases and strategies for poverty alleviation.

The three paradigms represent different 'discourses' each with its own relatively consistent internal logic in relating aims to policies, based on different underlying understandings of development. They are not only different, but often seen as 'incompatible discourses' in uneasy tension and with continually contested degrees of dominance. In many programmes and donor agencies there is considerable disagreement, lack of communication and/or personal animosity and promoted by different stakeholders within organisations between:

- staff involved in micro-finance (generally firm followers of financial self-sustainability),
- staff concerned with human development (generally with more sympathy for the poverty alleviation paradigm and emphasising participation and integrated development)
- gender lobbies (generally incorporating at least some elements of the feminist empowerment paradigm)[13].

What is of concern in current debates is the way in which the use of apparently similar terminology of empowerment, participation and sustainability conceals radical differences in policy priorities. Although women's empowerment may be a stated aim in the rhetoric of official gender policy and program promotion, in practice it becomes subsumed in and marginalised by concerns of financial sustainability and/or poverty alleviation.

SECTION 2. WHAT IS THE PROBLEM? QUESTIONING VIRTUOUS SPIRALS

There has been no systematic cross-cultural or inter-organisational comparison of relative gender impacts of different models or strategies of micro-finance.

The most detailed studies have been done in Bangladesh and these are currently contested on conceptual, methodological and analytical grounds[14]. Most studies in Latin America, where there is any consideration of gender at all, confine themselves to questions of access or more rarely to the activities in which women are involved. [15]The CGAP-sponsored AIMS studies do not currently contain detailed information on women's empowerment, despite the commissioning of Chen's framework and some use of participatory techniques. Most other documented studies are short gender impact assessments commissioned by NGOs and donors which use a diversity of indicators. Most contain limited information on empowerment beyond questions about increased confidence, control over loans, loan use and more rarely control over income in the household.

What follows summarises findings of a very diverse secondary source and largely unpublished literature and the author's own findings from a series of consultancies worldwide[16]. Nevertheless, despite its shortcomings the evidence indicates that all the assumed linkages between access and empowerment need to be questioned as indicated by the questions in italics in Figure 2.

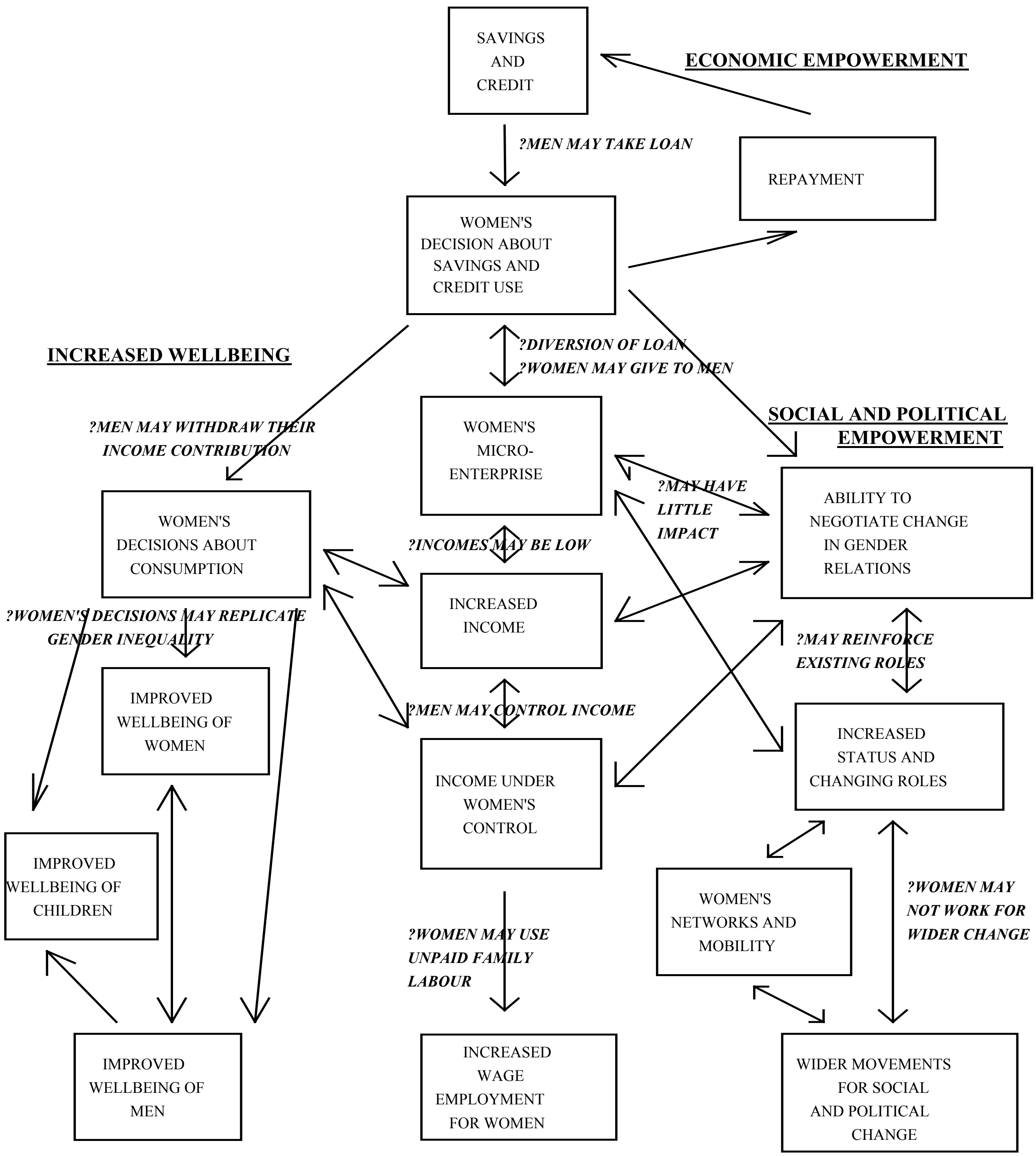
Questioning Access

Firstly it is clear that women's access to microfinance services have significantly increased over the past two decades, although in many regions access is still unequal in many programmes, credit unions and village banks. In particular loan amounts received by women are generally lower than those received by men and this cannot be completely accounted for by demand factors. Continuing gender inequalities in access are particularly evident in Pakistan (Hussein and Hussain 2003).

Moreover financial indicators of access: women's programme membership, numbers and size of loans and repayment data cannot be used as indicators of actual access or proxy indicators of empowerment. Registration of loans in women's names does not necessarily mean even participation in decisions about loan application as men may simply negotiate loans with male programme staff as an easier way of getting access to credit. High repayment levels by women do not of themselves indicate that women have used the loans themselves. Men may take the loans from women or women may choose to invest the loans in men's activities. Loans may be repaid from male earnings, through women forgoing own consumption, or from income or borrowing from other sources[17]. High demand for loans by women may be more a sign of social pressure to access outside resources for in-laws or husbands than empowerment (See Bahar's Case).

GRAMEEN BANK, Bangladesh: Bahar was brought up in a Conservative family and always observed purdah. The household owned more than two acres of arable land and Bahar does not qualify for Grameen loans. But, within three to four years of the Bank's operation of the village, a couple of women from neighbouring households owning arable land, who also officially did not qualify, joined the bank and received loans. After that Bahar's husband insisted that she join the Bank and get money for him. Bahar refused. Finally, when insults and other pressure had failed, her husband warned her that if she did not join the Grameen group he would send her back to her natal home and he would remarry. In 1989, Bahar joined the group and received her first loan. Until 1993, when her husband migrated to Libya as a manual labourer, the husband used her loans. Now Bahar gives her loans to her brother in a distant village who invests the money in his business and gives a share of the profit to Bahar at the end of each year. Bahar pays the regular weekly instalments from her husband's remittance. (Rahman 1999)

Fig.1 VIRTUOUS SPIRALS : QUESTIONING ASSUMPTIONS



Questioning Economic Empowerment

In some cases increases in incomes have been significant and there are numerous case studies of successful women entrepreneurs.

Most programmes include at least one or two cases in their promotional literature. Some of these women were poor, or even very poor, before receiving a series of loans[18].

However impact on incomes is widely variable. Those studies which consider income levels find that for the majority of borrowers income increases are small, and in some cases negative[19]. All the evidence suggests that most women invest in existing activities which are low profit and insecure and/or in their husband's activities. In many programmes and contexts it is only in a minority of cases that women can develop lucrative activities of their own through credit and savings alone. Although for many very poor women decreases in household vulnerability may not have been captured in the studies and may be as important as actual increases in income, many women interviewed by the author were aiming for significant increases in their own income.

It is clear that women's choices about activity and their ability to increase incomes are seriously constrained by gender inequalities in access to other resources for investment, responsibility for household subsistence expenditure, lack of time because of unpaid domestic work and low levels of mobility, constraints on sexuality and sexual violence which limit access to markets in many cultures.

These gender constraints are in addition to market constraints on expansion of the informal sector and resource and skill constraints on the ability of poor men as well as women to move up from survival activities to expanding businesses. There are signs, particularly in some urban markets like Harare and Lusaka, that the rapid expansion of micro-finance programmes may be contributing to market saturation in 'female' activities and hence declining profits.

BRAC, Bangladesh: Shiuli is 22 years old but looks much older. She is married and had children at an early age. At first she had a good relationship with her husband who was a rickshaw mechanic.

In 1993 she took a loan from BRAC and gave the money to her husband to improve his business. However her husband lost much of the money to gambling. She became worried about the loan repayment and in 1995 was only able to repay the loan by selling the tin roof of her house.

Then her husband left the village and went to Dhaka where he married another woman (Khondkar 1998).

Questioning well-being and intra-household relations

There have undoubtedly been women whose status in the household has improved, particularly where they have become successful entrepreneurs. Even where income impacts have been small, or men have used the loan, the fact that micro-finance programmes have thought women worth targeting and women bring an asset into the household may give some women more negotiating power. Savings provide women with a means of building up an asset base. Women themselves also often value the opportunity to be seen to be making a greater contribution to household well-being giving them greater confidence and sense of self-worth.

However women's contribution to increased income going into households does not ensure that women necessarily benefit or that there is any challenge to gender inequalities within the household. Women's expenditure patterns may replicate rather than counter gender inequalities and continue to disadvantage girls. Without substitute care for small children, the elderly and disabled, and provision of services to reduce domestic work many programmes reported adverse effects of women's outside work on children and the elderly. Daughters in particular may be withdrawn from school to assist their mothers[20].

Although in some contexts women may be seeking to increase their influence within joint decision-making processes rather than independent control over income (Kabeer 1998), neither of these outcomes can be assumed. Women's perceptions of value and self-worth are not necessarily translated into actual well-being benefits or change in gender relations in the household (Sen 1990, Kandiyoti 1999). Worryingly, in response to women's increased (but still low) incomes evidence indicates that men may be withdrawing more of their own contribution for their own luxury expenditure. Men are often very enthusiastic about women's credit programmes, and other income generation out programmes, for this reason because their wives no longer 'nag' them for money (Mayoux 1999).

Small increases in access to income and influence may therefore be at the cost of heavier work loads, increased stress and women's health. Although in many cases women's increased contribution to household well-being has improved domestic relations, in other cases it intensifies tensions.

***Uganda Women's Finance and Credit Trust: Edith Kagino** married, with seven children. Before marriage, she developed an interest in dairy helping her mother. After marriage she worked in her husband's workshop.*

From 1991 she was a regular saver with UWFCT and acquired a loan in 1992, for two in-calf heifers and for the construction of a small cow shed. She planted napier grass to feed the cows. Edith started off very well, with the first cow calving normally.

Problems started when her husband instructed her to go back to his workshop. She could no longer take care of the cows, and eventually she lost one of them. Despite her protestations, her husband insisted that she remain in the workshop.

Eventually her husband chased her away from her home and she had to find shelter for herself and the children. The husband claimed the cows as his so she was not allowed to take them.

After some months, with the help of in-laws, the husband called her back. But he had already sold the roofing sheets and construction materials of the cowshed and all the grass was gone. She got pregnant again, then her husband decided to live with another wife.

Edith is recovering from the shock, trying to start again. Her project is marked as a

Questioning Social and Political Empowerment

There have been positive changes in household and community perceptions of women's productive role, as well as changes at the individual level. In societies like Sudan and Bangladesh where women's role has been very circumscribed and women previously had little opportunity to meet women outside their immediate family there have sometimes been significant changes. It is likely that changes at the individual, household and community levels are interlinked and that individual women who gain respect in their households then act as role models for others leading to a wider process of change in community perceptions and male willingness to accept change (Lakshman, 1996).

Micro-finance has also been strategically used by some NGOs as an entry point for wider social and political mobilisation of women around gender issues. For example SEWA in India, CODEC in Bangladesh and CIPCRE in Cameroon, indicate the potential of micro-finance to form a basis for organization against other issues like domestic violence, male alcohol abuse and dowry.

However there is no necessary link between women's individual economic empowerment and/or participation in micro-finance groups and social and political empowerment. These changes are not an automatic consequence of microfinance per se. As noted above, women's increased productive role has also often had it costs[21].

In most programmes there is little attempt to link micro-finance with wider social and political activity. In the absence of specific measures to encourage this there is little evidence of any significant contribution of micro-finance. Micro-finance groups may put severe strains on women's existing networks if repayment becomes a problem (Noponen 1990; Rahman 1999). There is evidence to the contrary that micro-finance and income-earning may take women away from other social and political activities.

Not only lack of impact but dangers of disempowerment

The evidence therefore indicates that contributions of micro-finance per se to women's empowerment cannot be assumed and current complacency in this regard is misplaced. In many cases contextual constraints at all levels have prevented women from accessing programmes, increasing or controlling incomes or challenging subordination. Where women are not able to significantly increase incomes under their control or negotiate changes in intra-household and community gender inequalities, women may become dependent on loans to continue in very low-paid occupations with heavier workloads and enjoying little benefit.
For some women micro-finance has been positively disempowering, as indicated by some of the cases shown above which are far from isolated examples:

- Credit (ie debt) may lead to severe impoverishment, abandonment and put serious strains on networks with other women.
- Pressure to save may mean women forgoing their own necessary consumption.
- The contribution of micro-finance alone appears to be most limited for the poorest and most disadvantaged women.

All the evidence suggests the poorest women are the most likely to be explicitly excluded by programmes and also peer groups where repayment is the prime consideration and/or where the main emphasis of programmes is on existing micro-entrepreneurs. It also suggests that even where they get access to credit they are particularly vulnerable to falling further into debt.

SECTION 3. ESSENTIAL ELEMENTS OF A GENDER POLICY: RETHINKING 'BEST PRACTICE'

It is clear therefore that, although the extent of many of the problems and negative impacts is unclear, the widespread complacency about automatic benefits of micro-finance for women needs to be questioned.

At the same time evidence also supports arguments for the potential of micro-finance to promotoe gender equality and women's empowerment. Not only through targeting women, but gender mainstreaming in micro-finance for men. The experience of current innovations in many programmes indicates are a range of ways in which contribution to gender equality and women's empowerment can be increased (See Box 2).

The shortcomings of existing practice should therefore stimulate the search for improvement and innovation rather than provide the basis for the cynical inaction evident in many donor agencies and programmes. Some of these measures would entail little cost, others would require inter-organizational collaboration and/or ongoing funding on the basis of proven developmental impact.

Underlying vision

Increasing the contribution of micro-finance to women's empowerment will require firstly much greater commitment and coherence in the underlying programme vision. International frameworks for gender mainstreaming, for example the UN ECOSOC definiition agreed in 1993, distinguishes between:

- Mainstreaming gender considerations in priorities, policies and programmes in order to ensure gender equality of opportunity

and

- Targeted interventions for women's empowerment to enable them to define priorities and actively promote change in their households, communities and national and international policy.

The aim is not to make women and men the same. But women have a human right to equality of opportunity and this cannot be achieved without empowerment. Only then can gender differences and outcomes be said to be 'gender equitable'.

BASIC CONCEPTS FOR A GENDER FRAMEWORK

ECOSOC DEFINITION

"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" (p2).

ECOSOC MAINSTREAMING FRAMEWORK

"Mainstreaming practice requires ***more than designing and implementing "add-on" projects for women.*** Currently, United Nations development entities that actively address gender issues in their work, in general take a two-pronged approach:

(a) mainstreaming gender considerations in priorities, policies and programmes and
(b) targeting women as participants and/or beneficiaries through women- and girl-specific programmes.

GENDER EQUALITY OF OPPORTUNITY : *elimination of those differences which perpetuate unequal power and resources and ascribe lower value to women's choices.* It may also be used to refer to those more limited areas where men's choices and access to power and resources are limited. G*ender is no longer a basis for discrimination and inequality between people.*
WOMEN'S EMPOWERMENT: is the participatory process through which women, who are currently most discriminated against, achieve gender equality and equity. Where the extent of women's disadvantage means that they are unable to fully promote their own interests, this will require support by development agencies at household, community and macro levels. This will include support for men to change those aspects of their behaviour, roles and privileges which currently discriminate against women.
GENDER EQUITY OF OUTCOMES: whereby, based on equality of opportunity and empowerment women and men may make different, free and realisable life choices. In a gender equitable society both women and men enjoy equal status, rights, levels of responsibility, and access to power and resources. This enables them to make their

The implications for micro-finance of this definition and framework, to which most donors and governments are signatory, are significant. It implies that differences in women and men's use of micro-finance services, and differences in outcomes cannot be assumed to be 'gender equitable' unless there is complete equality of access and active empowerment policies to support women in challenging inequality.

Although women's equal access to all micro-finance services is essential, providing an adequate and non-discriminatory regulatory framework needs to be seen as a fundamental human rights issue, and an integral part of fulfilling the demands of the Micro-Credit Summit Campaign, rather than the end aim of gender policy itself. Even this narrower aim of increasing access itself requires more critical examination of underlying assumptions about gender differences in rights, responsibilities and roles underlying definitions and policies aimed at the 'household', ' community', 'entrepreneur', 'farmer' to explicitly include women's concerns in 'malestream policy'. These assumptions affect women's access to programmes, the types of services they are offered and the degree to which they are able to benefit.

There is also a need to separate women's empowerment issues from poverty concerns.

- On the one hand, intra-household inequalities mean that women do not necessarily benefit from increases in household income, even where they are major contributors. It is not therefore sufficient to target policies solely at the household level, programmes also need to address inequalities within the household.
- On the other hand, differences between women mean that empowerment strategies do not necessarily reach the poorest women and/or may be differently defined by them. 'Women' cannot therefore be treated as an undifferentiated category and specific strategies may be needed for the poorest and most disadvantaged women.

In view of the interlinked and mutually reinforcing nature of different dimensions of gender subordination, gender maintreaming requires integration of productive and reproductive work, welfare and vulmnerability concerns not as separate (underresourced) 'women's projects' but integral parts of economic interventions for women and men.

The underlying vision for gender policy needs to go much further than either access or household-level poverty alleviation and focus on strategies which positively empower women and transform gender relations for equitable development processes and outcomes.

Importantly both gender equality and women's empowerment imply not only strategies targeting women, but also strategies targeting men. Female targeting may simply make women responsible for repayment of men's loans and household savings, which may come from their own basic consumption expenditure and also make them very vulnerable in cases of marital breakdown. Programmes need to acknowledge the potentially negative effects on gender relations of targeting women. This does not however imply 'malesteam business as usual' but active consideration of ways in which strategies for men can challenge and change those gender inequalities which currently disadvantage women.

UNDERLYING PROGRAMME VISION

GENDER EQUALITY

- ☺ women's equal access to micro-finance and employment to be seen as a human rights issue and an integral part of any mainstream regulatory and policy framework
- ☺ separation of gender from poverty concerns with explicit strategies for addressing gendered resource and power inequalities within households and communities and explicit strategies for the most disadvantaged women
- ☺ mainstreaming women's concerns including attention to reproductive work, vulnerability and wellbeing not as 'women's projects' but as integral parts of any 'economic' intervention for women and men

EMPOWERMENT

- ☺ explicit and adequately resourced strategies for women's empowerment
- ☺ from 'women' to' gender': women's empowerment requires not only strategies targeting women but also strategies to support men in challenging gender inequality

Micro finance products

The design of micro-finance products e.g. interest rates, repayment schedules, application procedures, loan size and purpose and savings conditions are often seen as a technical banking issue decided from above by programme staff. The main consideration is financial self-sustainability or more rarely poverty targeting. Very little attention has been given to empowerment questions. However, evidence indicates that women's ability to use micro-finance to increase incomes and control these incomes are also affected by details of the conditions of micro-finance delivery.

Current debates have been pre-occupied with the issue of setting interest rates high enough to cover costs of service provision. It is often asserted that the actual level of interest is not of great concern to borrowers provided they are lower than those charged by moneylenders. Interest rates charged by women's groups like ROSCAs on their own funds are frequently higher than those charged by MFIs. Low or subsidised interest rates may distort market prices for borrowers' products and/or inputs as traders demand their 'cut' and may also lead to substantial ' leakage' to the better-off and corruption. However while both the above are true, the importance of interest rates depends partly on who is perceived as benefiting from high interest rates (in ROSCAs it is members, in MFIs it is programme staff or donors). It also depends on the degree of profitability of local enterprises as interest payments have to come out of profits and/or consumption. Contrary to current assertions in some of the literature, research by the author in Bangladesh indicates that levels of interest rate are significant in detering many poor women from taking loans. The current complacency about the levels of interest which may be charged is therefore misplaced, particularly in programmes accessing development funds claiming to maximise contribution to poverty alleviation and empowerment.

Equally as important as interest rates are repayment schedules and methods of interest calculation. These have a critical impact both on women's ability to profitably use loans and their ability to control both loans and incomes. In many programmes these are fixed in an arbitrary manner with little consultation, often because of replication of particular models from other contexts. The repayment schedules and methods of interest calculation prefered by women however varies between context and type of programme. For example in CODEC in Bangladesh fishworker women preferred declining balance repayments because it enabled them to immediately pay back any money they earned and prevent this being diverted into other purposes by their husbands. Interest rates were calculated quickly on a calculator in front of borrowers by programme staff whom they trusted. Other mechanisms also ensured against corruption. In CGT in Cameroon on the other hand women prefered fixed rate interest which they could calculate themselves as

MICROFINANCE PRODUCTS

GENDER EQUALITY

Integrating women's needs and concerns into product design so that they have equality of access to all products

- ☺ removing all gender discrimination in loans eg collateral and guarantor requirements which disadvantage women
- ☺ application and promotion procedures to equally target women's information networks and locations and times accessible by women
- ☺ repayment schedules and interest rates to reflect the reality of women's economic activities and life cycle
- ☺ ensuring women have equal access to large individual loans and incorporating clear strategies for women's graduation to larger loans
- ☺ improving savings facilities and promotion for men range of savings facilities including higher interest deposits with more restricted access to increase women's assets

EMPOWERMENT

- ☺ repayment schedules and interest rates to maximise impact on incomes
- ☺ registration of assets used as collateral or purchased with loans in women's names or in joint names and applicable in both loans for women and men
- ☺ active and preferential promotion of loans to women for new activities on condition of asset registration in their names and proof of their active involvement
- ☺ active and preferential promoition of loans to women for house and land purchase and market regsitration costs on condition of asset and market site registration in their names
- ☺ loans to reinforce and strengthen male responsibilities for household well-being, including that of their wives and daughters e.g. loans for daughter's education or to purchase a productive asset for unmarried girls

they were more familiar with fixed rate interest in their own ROSCAs and groups were expected to take on the burden of loan repayment without individual staff supervision. In CGT case studies of patterns of loan use and profits indicated that inflexible disbursement procedures and repayment schedules had an adverse effect on profits from women's activities. Again this also has potentially adverse implications for repayment rates. Flexibility to women's needs does not mean being 'soft on default'. It is possible, as in the case of CODEC, to fix repayment schedules with borrowers and reward or penalise performance the relation to be agreed schedule. This also encourages borrowers to take a more strategic approach towards loan use, itself an important contribution to increasing women's skills and loan ownership.

One of the central emphases in proposals for best practice in the financial sustainability approach to facilitate poverty-targeting and increasing women's access has been changes in collateral requirements. This has included acceptance of female-owned assets and 'social collateral' in the form of women's group guarantees as discussed below. Changes in collateral requirements to facilitate women's access to micro-finance are explicitly mentioned in CGAP recommendations. However the issue of female ownership of assets has so far received little attention in practice. In some programmes women continue to need their husband's signature to apply for loans. In some cases (including some of the very same programmes) by contrast men are able to cite their wife's property as collateral for male loans without their wife's consent.

The question of loan size has received considerable attention in the literature. It is generally asserted that women need smaller loans, and this is certainly true for initial access and for poor women. However there is a danger of ghettoizing women in small loans and there is also evidence of prejudice by male staff against granting larger loans to women. Larger loans which enable women to enter more lucrative activities are cheaper to administer. An effective loan graduation programme for women would therefore have financial sustainability benefits. Larger loans could be made conditional on registration of assets in women's or joint names and evidence of women's involvement in the loan activity, including marketing and accounting and production of business plans. Again these in themselves could give women more confidence and skills in taking a strategic approach to savings and loans rather than simply drifting into debt.

There is some disagreement about the degree to which loans can or should be directed towards particular purposes. For poor households production and consumption are inextricably interlinked and experience has shown that many attempts by programmes to direct loans are ineffective and costly. However research by the author in CODEC in Bangladesh where women were carefully guided in their activities in initial stages of programme membership said that without such support they would be unable to use loans for their own activities and the loans and incomes would be taken by men. They were therefore opposed to moves to reduce this monitoring advocated in guidelines for Best Practice produced by the donor. Such close monitoring may not be necessary in programmes targeting existing female entrepreneurs and where gender norms give women control over much of their own income because of responsibility for household subsistence, as is the case in much of Africa and South East Asia. Nevertheless women often want assistance in improving and diversifying income sources and support in protecting their incomes from predation by husbands. Another way round the problem of loan diversion is also to offer loans to both men and women for specific types of consumption. Some programmes offer loans to both men and women for children's education, house improvement etc. Ensuring the availability of loans to men for particular types of consumption eg daughter's education, school fees in general, health care, and house improvement could serve to reinforce men's responsibility for their households. This is particularly the case when combined with joint registration of assets, or assets registered in the wife's name.

For some advocates savings programmes are seen as more important than credit, and savings programmes risk becoming the next 'magic bullet' for those sceptical about credit. For many women, including very poor women, savings facilities are as important in increasing amounts of income under their control as are loans. In some contexts women appear to prefer compulsory to voluntary savings as a means of ensuring their ability to protect incomes against the demands of husbands. Nevertheless it is important to realize firstly that women may already have a range of effective ways of saving and NGO savings programmes may be imposing a less efficient way of saving on women, particularly where savings are a condition of loans. Savings programmes may also detract resources from indigenous savings groups which often provide a safety net for very poor women from the funds of other group members e.g. 'trouble funds' in West Africa. Secondly, savings are foregone investment and/or consumption and may therefore harm both women's ability to increase profits or their nutrition and health. Women's own needs and existing strategies therefore must be carefully examined before designing any savings programme. It is particularly important that women do not become solely responsible for saving within the household leaving men's responsibilities and contributions unquestioned. There is a danger that some Savings and Credit Cooperatives, particularly where women are the main savers but underrepresented as borrowers and on decision-making bodies, perform the rather dubious function of recycling poor women's savings as low-interest loans to (often better-off) men.

Share purchase has been seen by some as a means of increasing member ownership of programmes. Grameen Bank prides itself on being largely member-owned. However share purchase may be little more than another way of charging members to borrow money which has the added advantage of not being included in the interest rate. The relationship between share ownership and programme ownership depends very much on the rights which share holders have in the decision-making process. There is no necessary relationship between share ownership and empowerment.

Non-financial services

Financial sustainability requirements of cutting costs to a minimum has led many programmes to separate, and in the process drastically cut, non-financial services. In the past some support services in some programmes, including business training and gender awareness, have been both expensive and had minimal impact. However this does not mean that non-financial services are not needed or would not make a substantial contribution to all aspects of empowerment (and also to repayment rates) if they were better designed. For many women, and men, they are essential to helping them make most benefit from financial services.

The issue is therefore how to make such services more effective, cost-efficient and sustainable. There are a range of ways in which these aims can be better achieved :

- fully integrating gender concerns into client\member and staff training would entail costs in the short term to redesign courses but these costs would be minimal in the longer term
- mutual learning and information exchange by women's groups could meet many basic training needs if systems are properly set up and funded initially
- cross-subsidy from charging better-off clients (including men) for some services, particularly business services, business registration etc.
- inter-organisational collaboration between micro-finance programmes and specialist providers of other types of service. This could take the form of advertising availability of other services eg advice and information about legal rights from local women's movements, referring clients or programme/group/ individual payment for particular services. It could also take the form of sharing costs of developing innovations or research.

Firstly women's perspectives and needs must be fully integrated into all training and social and infrastructure provision. Gender awareness is obviously central to any empowerment strategy but is often one of the first things to be cut under pressure for financial self-sustainability. Gender awareness may in fact be more effective when fully integrated with other programme services for both women and men e.g. all organisational training, skills training etc.

This includes a broadening of many business training programmes to include gender issues in household divisions of unpaid labour and budgeting. Many training programmes assume 'self-employed' men's ability to both command unpaid family labour and have

NON-FINANCIAL SERVICES

GENDER EQUALITY

- ☺ integration of gender awareness and women's interests and concerns into all training programmes and design of all non-financial services for women and men
- ☺ services for both women and men: services to reduce burden of unpaid domestic work, including childcare.

EMPOWERMENT

- ☺ gender specific services for women eg training/mutual learning for women to increase organizational as well as business skills, legal aid support.
- ☺ linking with other services providers eg for legal aid, training, gender research
- ☺ actively promoting and networking with other organisations challenging gender inequality, including women's movements and men's movements for change

absolute control over income, rather than encouraging co-operation within the household and equal distribution of rights and responsibilities. This would also cut costs once additional changes to training programmes have been made. In women-only programmes it is obviously more difficult to include men. But some programmes, e.g. BERDSCO in Cameroon, invite men along to some of the women's training programmes where gender awareness is incorporated with skills and other training. Similarly, ensuring women's equal access to and role in design of all services provided by the organisation e.g. health, literacy may be more important and cost-effective than treating these as separate women's programmes, although some forms of separate provision within the mainstream programme may be needed.

At the same time, there is a need for certain gender-specific services in particular women's rights training[22] for women (and also men), legal and other support for women with particularly difficult household situations. Women may need special training and/marketing support to enable them to increase incomes and control over incomes including access to new or 'male' economic activities.[23] There is also a need for support to decrease the burden of unpaid domestic work, including childcare, that should also encourage men to take some responsibility for these tasks.

There is also a need to rethink current orthodoxy on the separation of micro-finance from other interventions. This separation has been based on perceptions of a role conflict for staff between 'hard-nosed' debt collection and 'soft' social development functions, and the need to separate these functions in order to calculate the financial sustainability index required by CGAP. In practice this has often meant the cutting, or at best underfunding, of training and other services. The separation of training also generally reduces it to a one-off event with no follow-up and hence impact is often reduced. Moreover where repayment incentives are inbuilt into credit delivery, there is a useful complementarity of micro-finance and other human development and empowerment interventions. This was the experience of CODEC and CIPCRE where separating credit and savings delivery from human development activities would have been more costly and had less impact, at least in initial stages of group development. It is therefore debatable whether cost-effectiveness should be sacrificed for ease of accounting, and in any case separate accounting is possible without separation of functions. Ways of building on such complementarity need to be developed rather than undermined as is happening in many programmes at present.

Any or all of these means could be combined to increase cost-effectiveness over time eg initial assessment of needs and self-help possibilities, applying for donor funds to develop these then introducing service charges for the better-off or non-members at a later date. Other complementary services may need to be treated as ongoing commitments by donors outside the financial sustainability equation funded from micro-finance services themselves. It may also be necessary if services are to meet the needs of very poor women.

It is crucial that micro-finance programmes think through the range of support needed by women for empowerment, identify the potential contribution of their particular expertise and organisational context and link strategically with other forces for change including women's own networks, women's movements and advocacy organisations and gender lobbies within donor agencies. Development of training courses could be done by pooling the resources of several programmes. Programmes could also link with other specialist providers of other types of service. This could take the form of advertising availability of other services eg advice and information about legal rights from local women's movements, refering clients or programme/group/ individual payment for particular services. It could at a minimum entail drawing up a list of such organizations and agreeing to keep their publicity material at loan disbursal points, or making a list of possible speakers available to groups. This would both increase the contribution of micro-finance at minimum cost and give service providers ready access to a sizeable and organized constituency of poor women, which would in turn also contribute to their sustainability.

Group structures and functions

Most microfinance programmes targeting women are group-based. In many programmes group-based services offering small loans are targeted to women alongside another programme giving larger, individual loans where the majority of borrowers are men. Groups are viewed as a means of reducing costs through passing on some of the responsibility for borrower selection, loan disbursement, monitoring and repayment onto groups. Group formation is further assumed to be inherently empowering for women through bringing them together. However female-targeted group-based microfinance where the main aim is to reduce the costs of service delivery risks further

GROUP FUNCTIONS AND STRUCTURES

GENDER EQUALITY

- ☺ ensuring that group structures actively promote women to take an equal part in leadership
- ☺ ensuring that group processes actively promote women's participation in discussion and allow at least equal space for discussion of women's interests and concerns
- ☺ ensuring that decision-making processes give at least equal weight and importance to women's interests and concerns

EMPOWERMENT

building on groups as an organisational basis for

- ☺ a structure for mutual learning and information exchange between women and between women and men
- ☺ collective action by women
- ☺ mobilising male support for change in gender relations.

reinforcing women's role as cheap conduits for loans to men who have neither the time nor the inclination to attend group meetings. There needs to be a change of emphasis from viewing groups simply as a repayment mechanism to looking at ways of 'building on social capital' (Mayoux 1999b) through facilitating groups to develop their own empowerment strategies and linking them with women's movements and other organisations.

There is an important role for groups as a forum for information exchange and mutual learning between women. This includes for example successful women entrepreneurs within programmes sharing their experiences with others, skills exchange. Both Small Enterprise Foundation in South Africa and CARE-PROSPECT in Zambia are developing ways of using PLA methods to facilitate information exchange. In CGT for example interviews with groups found that many women would be prepared to help train other women and groups would be prepared to pay for such training. This would require programmes to play a facilitating role eg collecting information on training needs and training skills as part of programme registration and compiling this into a register in the Management Information System. A programme trying to set up a comprehensive system for this is LEAP in Sudan.[24]

Savings and credit groups also provide an acceptable forum for women to come together to discuss gender issues and organised for change. For example women's groups in Zambuko had spontaneously invited a woman to give talks on 'how to manage your husband and mother-in-law'. However this was in the context of programme where many women were also members of other women's organizations and the staff were empowerment-focused. Questioning of gender roles does not happen automatically, and women may need considerable support particularly in the form of information, organisational and leadership skills, and also in the actual strategies they decide to employ. Women interviewed by the author in CODEC where women's groups have received women's rights training and leadership training were extremely positive about its contribution to their ability to bring about change within the households and communities in relation to issues like domestic violence and divorce.

It is also important to include men in this process to avoid unnecessary conflict and enable women to be more open about their needs and aspirations. Male support needs to be encouraged through development of new role models and developing male networks for change. There are significant opportunities for change in mixed-sex programmes where male staff are also working on gender issues with men and women are able to take their concerns before a male organization. Some mixed sex programmes like CODEC in Bangladesh and CIPCRE one of the partner organisations of CGT had been very effective in organising men alongside women to address issues of domestic violence and abandonment of women. Again in women-only programmes it is obviously more difficult to include men. Kashf in Pakistan promised to introduce a men's loan program later if the men's supported the women's programme first. Men could also be invited to some of the women's meetings, provided they do not dominate.

Microfinance programmes also provide a potentially large and organised grassroots base for developing advocacy and lobbying strategies around gender issues. SEWA and other NGOs in India have effectively linked women in micro-finance groups to wider organizations for lobbying and advocacy.

Organizational gender mainstreaming

It is extremely difficult for an organization which aims to promote gender equality and empowerment if it practices gender discrimination within the organization. It must 'walk the talk'.

ORGANIZATIONAL GENDER MAINSTREAMING

To:

- ☺ provide the organizational skills and capacity for promotion of gender equality and empowerment
- ☺ promote an empowerment perspective throughout the programme interactions with programme participants including all conditions of micro-finance delivery, all routine training and advice for both women and men and complementary services and all group activities
- ☺ as a human rights issue for female and male staff

GENDER EQUALITY

- ☺ gender awareness requirements as an integral part of all job descriptions and recruitment requirements in the same way as attitudes to other dimensions of social discrimination like race and religion
- ☺ equal opportunities policies for staff, including equal rights to promotion, pay and benefits and family-firendly working practices for both women and men
- ☺ gender and empowerment awareness and gender skills training for all male and female staff to provide an equitable working environment for both women and men as an integral part of staff skills development

WOMEN'S EMPOWERMENT

- ☺ active promotion of women to leadership positions until gender equity is reached
- ☺ ensuring specialist gender skills to work with both women and men from a gender perspective are available and coordinated from within the organisation or through close collaboration with other organisations
- ☺ concrete incentives for women's empowerment in programme implementation including incentives for women themselves, for male participants and male and female staff
- ☺ integration of empowerment indicators into existing programme MIS

Evidence indicates a clear linkage between contribution to women's empowerment, and even women's access to micro-finance, and levels of female staff. In many other contexts, even those where men are able to talk freely to women, there are many issues related to gender inequality and discrimination which women would not be able or wish to discuss with men.

This is not to say that male staff cannot have good relations with female clients. Male staff are also key in contacting and changing the attitudes of men within the community. At the same time although it is obviously the case that male staff may be very gender-aware and supportive, it is generally only where there is a 'critical mass' of women in positions of sufficient authority within organisations that gender issues become fully integrated into 'malestream' programmes and implemented.

Equal opportunities is likely to require quite profound changes in recruitment criteria, organizational culture and procedures in many programmes. Enabling women to join the organization and take up promotion possibilities will require changes in institutional culture and also introduction of more family friendly working practices. These would also enable male staff to fulfil their own duties and responsibilities towards their families.

A distinction needs to be drawn between:

- 'gender awareness' or commitment to promotion of gender equality and empowerment and
- specialist gender expertise which requires specialist training like anyo other expertise like finance or technology

The former should be a prerequisite for recruitment to the organisation on the same way as other attitudes on race and religious discrimination are taken into account in promotion. Gender awareness needs to be fully integrated into all staff training for women and men as an integral part of their skills development. This gender training needs to identify priorities for gender policy at client level and how women's participation can be increased at all levels. It also needs to identify necessary changes in organizational culture, recruitment criteria and procedures to ensure equal opportunities becomes a reality at work, and also to enable female and male staff to overcome the many gender challenges they face in their lives outside work.

Structures for implementation of gender policy need to go beyond appointment of a junior member of staff as a gender officer and/or allocating a small percentage of time from different staff. There need to be clear lines of responsibility, adequate resources and forums for exchange of information and ideas. These in turn require clear guidelines and concrete incentives for implementation of empowerment policies if both women and men staff are to feel confident about spending scarce time and resources on these issues. Possible staff incentives would have to be piloted and tested with client groups and staff but targets could be things like eg numbers of women entering non-traditional and well-paid economic activities, numbers of SHGs taking collective action, success in particular areas of gender lobbying. Incentives could include staff prizes, taking these considerations into account in promotion or offering bonuses.

Finally creating these incentives in turn requires integration of empowerment indicators into programme monitoring and evaluation to assess the impacts of programmes on the lives of programme participants, and also to assess the potential contribution of programmes to empowerment. Achieving financial sustainability and fulfilling donor accounting procedures require sophisticated management information systems (MIS). However these are costly to introduce, require skilled staff to maintain and are only used to collect and manipulate financial data. The introduction of MIS however offers an opportunity to also introduce systematic impact monitoring which can be used in both programme planning and staff management. SEF in South Africa has been looking at cost-effective ways of doing this for poverty (Mayoux and Simanowitz 2000) and these methodologies could also be further developed to include empowerment indicators (Mayoux 1998b).

SECTION 4: BEYOND BLUEPRINTS: MEETING THE CHALLENGE

The conflation of paradigms, coupled with continuing resistance to anything more than lip-service to gender mainstreaming in most programmes and donor agencies means that even with recent moves within CGAP and the Microcredit Summit Campaign to pay more attention to poverty targeting continue to marginalise gender issues. Accompanying the rapid increase in women's access to micro-finance has been a progressive narrowing of the definitions of empowerment and decrease in funding for explicit strategies to achieve it.

There is a need to promote a much more diversified micro-finance sector than that implied by current 'Best Practice'. The evidence seriously calls into question the universal desirability of separate MFIs along the standard Grameen, ACCION or village-banking model as described in the replication literature. Women need a diversity of provision, both in view of their own individual needs for different types of savings, loans, insurance, pensions etc and in view of differences in needs between women.

Given donor commitment to gender mainstreaming gender equality should be an integral criterion for funding decisions alongside any other requirements for sustainability or proven development contribution.

Women are not a minority but a marginalised majority

amongst micro-finance clients and potential clients. The gender equality measures outlined in this paper can be implemented in any model of micro-finance from gender mainstreaming in private and public sector banks and other financial service providers to smaller micro-finance programmes providing specialist targeted savings and credit through to women's movements and labour organizations organizing self help groups.

The empowerment strategies suggested can also be implemented in many different organisational models. Promoting empowerment requires a significant change in attitude, changes in working practices and challenging vested interests. Flexibility to women's needs and deciding the best ways of combining empowerment and sustainability objectives can only be done on the basis of extensive consultation with women, research on women's needs, strategies and constraints and a process of negotiation between women and development agencies. There is therefore a need to develop effective structures for participatory management which combine requirements of efficient service delivery and contribution to empowerment.

What is worrying in the current situation is that enthusiastic assumptions of automatic beneficial impacts of micro-finance are being used as a pretext for withdrawing support for other empowerment and poverty alleviation measures, including support for subsidies for programmes targeting the poorest and for empowerment strategies within micro-finance programmes themselves. Then in response to mounting evidence of potentially limited contribution to poverty alleviation and empowerment donors are responding by saying that issues of empowerment and welfare need to be treated separately from micro-finance, despite the diversion of funds from these 'separate' strategies. There is therefore a need to develop effective strategies for networking between micro-finance programmes and other organisations working for change in order to challenge donor pressure and address the macro-level constraints on the empowerment contribution of micro-finance programmes themselves.

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ENDNOTES

[1] This paper is based on work originally funded by DFID, the Open University, Milton Keynes, UNIFEM and ILO (Mayoux 1998a, 2000, 2002). Since that date many of the case studies on which it is based have been published on the website of One World Action, UK as a resource for the Micro Credit Summit +5 meeting in New York November 2002 www.oneworldaction.org. More detailed examples of innovation in Africa and India are available in Mayoux 1999. 2000 and Mayoux ed 2002a,b. Details of ways forward specifically relating to impact assessment can be found in the author's paper on Microfinance on the DFID Enterprise Impact Assessment Information Service website www.enterprise-impact.org.uk.

[2] Consultative Group to Assist the Poorest is a major international collaborative initiative arising from the 1993 International Conference on Actions to Reduce Global Hunger and was formally constituted in 1995. The nine founding members are Canada, France, the Netherlands, the United States, the African Development Bank, the Asian Development Bank, the International Fund for Agricultural Development, the United Nations Development Programme\United Nations Capital Development Fund and the World Bank later followed by Australia, Finland, Norway, Sweden, the United Kingdom and Inter-American Development Bank. By early1996 approximately US $200 million (including existing budget commitments) was pledged to Micro-Finance programmes for the poorest groups in low income countries, particularly women (World Bank, 1996). Actual amounts disbursed since then, including bilateral funding by individual CGAP members is considerably higher. Funding requirements were established in CGAP 1995 and have been progressively developed since then based on requirements for financial sustainability.

[3] References and overviews of the African and Asian literature are given in Mayoux 1998a, 1999, 2001 and 2002b. These supplement the intense debate on Bangladesh see Goetz and Sengupta 1996; Kabeer 1998, 2001. Case studies by the author, originally developed for UNIFEM and ILO, of Community Development Centre (CODEC) in Bangladesh, Small Enterprise Foundation (SEF) in South Africa, Mbonweh Women's Development Association and Cameroon Gatsby Trust in Cameroon, Port Sudan Small Enterprise Development Programme and Save the Children Vietnam can be found on www.oneworldaction.org and in a form focusing on impact assessment on www.enterprise-impact.org.uk. These are available in the Trainer Resources in this Training Pack. The paper also draws on discussions with staff from other programmes involved in a series of regional workshops facilitated by the author in South Asia and Africa in 1997 and 1998, Central America in 2000 and Bolivia in 2002.

[4] A detailed history and account of SEWA can be found in Rose 1992 and up to date documents on SEWA's website www.sewa.org. This includes details of their recent product innovations.

[5] cf eg IWTC 1981 for an early example.

[6] The term equality is used here, not in the sense of sameness but of equality of choice and opportunity. It is often used in preference to the term 'equity' which became hijacked by the conservative right to justify existing gender differences and divisions. See discussion of these terms in the resources for Session 1 in the Training Pack.

[7] See for example Johnson and Rogaly 1996, although they would also agree with elements of the feminist empowerment paradigm proposed here.

[8] For example in a much-quoted guide to participatory development for NGOs Burkey writes: 'Is it the role of international development agencies to fight for women's liberation in the Third World? Wouldn't that be cultural imperialism at its worst? It isn't necessary to campaign for women's liberation; it is necessary that agencies make sure that their programmes and projects do not make the situation of women worse... The second crucial step is to ensure that women genuinely do have at least equal opportunity to participate in development projects with men. If rural women have genuine opportunities for participating in their own development, then they will take care of the when and how of women's liberation' (1993, p 67). Similar views were expressed by some programmes attending all the workshops facilitated by the author.

[9] The most detailed articulation of this paradigm is given in Rhyne and Otero 1994, and echoed in publications and funding guidelines by USAID, ODA-UK (now DFID), World Bank, UNDP and increasingly by other members of CGAP. Copies of CGAP publications can be obtained from CGAP Internet web-site: http://www.worldbank.org/htmal/cgap/cgap.html.

[10] In Rhyne and Otero's 1994 formulation achieving self-sufficiency is seen in terms of four stages or levels. The first level is where grants for soft loans cover operating expenses and establish a revolving loan fund. At the second level programmes raise funds by borrowing on terms near, but still below, market rates. Interest income covers the cost of funds and a portion of operating expenses, but grants are still required to finance some aspects of operations. At the third level most subsidy is eliminated. At the fourth level programmes are fully financed from the savings of their clients and funds are raised at commercial rates from formal financial institutions. Fees and interest income cover the real cost of funds, loan loss reserves, operations and inflation and profits.

[11] Eg in Micro Credit Summit documents and the title of CGAP itself: Consultative Group for the ***Poorest***.

[12] For example in the Micro-credit Summit Declaration and Plan of Action in a section entitled 'Micro-credit: Empowering Poor People to End their Own Poverty' one finds the following: 'empirical evidence has shown that women, as a group, are consistently better in promptness and reliability of repayment. Targetting women as clients of microcredit programs has also been a very effective method of ensuring that the benefits of increaesd income accrue to the general welfare of the family, and particularly the children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income.' (RESULTS, 1997 p8)

[13] These tensions and contradictions are not unique to micro-finance, but have led to 'evaporation of gender policy' in other areas also (Mayoux 1998).

[14] See Goetz and Sengupta 1996, Todd 1996, Ebdon 1995, Rahman 1999 and particularly overviews in Kabeer 1998, 2001 for different accounts on gender impacts in Bangladesh.
[15] eg Berger and Buvinic 1989; Almeyda 1996; UNIFEM 2000.
[16] See Note 3 above.
[17] In Bangladesh one study approximately 50% of loans taken by women were used for men's productive activities, while another significant proportion were used for activities where control was ambiguous such as consumption or stocking and resale of goods or on-loaning for interest (White, 1995). In Goetz and Sengupta's study of 275 women they found that women had full control of loans in only 17.8% of cases and in as many as 21.7% they had no control. A survey of 26 women in SCF Bangladesh found that 68% of loans had been used by the husbands or the sons and all except 1 first time loan (Basnet, 1995). In Harper's study of AKRSP out of 31 micro-enterprise loan- takers interviewed only 7 loans were controlled by women and 16 were used by men and women had not been involved in the loan-taking process. In a further 8 cases women did not even know the loan had been taken (Harper, 1995). In BRAC 10% female respondents reported no personal income and the women relied on family and friends for weekly cash repayments.(Montgomery et al 1996) Male appropriation of loans was also noted for Port Sudan (Amin, 1993) and three ACORD-Uganda programmes (ACORD, 1996). Similar problems were reported by all the number of programmes attending all workshops facilitated by the author, although the precise extent of the problem is unclear – particularly male appropriation of loans from which women benefit little compared with women's rational on-lending of money to men in return for greater influence or control over the proceeds of male activities.
[18] Noponen 1990, Hadjipateras 1996, Marx et al 1997.
[19] See also Everett and Savara 1987; Hulme and Montgomery, 1994; Montgomery et al, 1996.
[20] Mayoux 1999; Mayoux and Johnson, 1997; USAID 1999.
[21] For example in Zimbabwe and Zambia women interviewed by the author said that nowadays if women did not earn sufficient income their husbands would divorce them. Although women valued their limited financial independence men expected women to provide for the household and men continued to play little role in domestic work. A report on ZAMBUKO in Zimbabwe found that women had to hide money from their husbands who would otherwise use it to pay bride-price to acquire more wives or to drink (World Bank, 1997).
[22] This is more specific and detailed on women's legal rights and how they can be enforced, than the broader gender awareness discussed above.
[23]For example in SCF Bangladesh women take on more financial management in the non-traditional activity of fish pond management because sales are made at the fish pond and not the market. Women are also encouraged to gain market knowledge in weekly meetings (Ackerley, 1995).
[24] Details of LEAP can be found on their website www.leap-pased.org.