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# Women's Empowerment and Micro-Finance ProgrammesApproaches, Evidence and Ways Forward

by

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# PREFACE

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Full details of participating organizations and workshop discussions from the DfID project can be found in East Africa Workshop Report: Mayoux and Johnson eds (1997), South Asia Report: Mayoux ed (1997) and West Africa Report: Owusu-Gyamfi et al eds (1997) available from:

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Finally, this is the first publication of the new Empowerment, Sustainability and Micro-finance (ESMiF) initiative with the Open University and NGO collaborators and I would welcome any comments on the paper as this will be invaluable for our future work. For details of further research and publications contact:

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## Introduction

In the 1990s micro-finance has become a key strategy for poverty alleviation and women's empowerment. Throughout the decade there has been an increase in funding for micro-finance channelled through NGOs and governments from large international donors. Targeting women in these 'malestream' programmes has been increasingly promoted as a means for both increasing cost-efficiency (because of higher female repayment rates) and more effective poverty alleviation (because of evidence of women's prioritisation of expenditure on family welfare) as well as equity (because of the increasing strength of gender lobbies).[1] Funding for micro-finance programmes targeting large numbers of women is set to further increase under initiatives by CGAP[2]. Literature prepared for the Micro-credit Summit in Washington in February 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 women borrowers and making a significant contribution to global poverty alleviation and women's empowerment (see Note 1 and other references below). Such programmes would become independent of donor funds within a given time-frame and also avoid politically sensitive issues of resource redistribution and focused feminist mobilisation.

This linking of micro-finance with women's empowerment is neither new nor is it a Northern imposition (Mayoux, 1995a). Building on the work of SEWA in India and other organizations in the South, the problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975. Access to credit was seen as vital to women's ability to earn an income, in turn seen as central to their wider status and autonomy. However parallel to, but to a large extent marginalised by, the current enthusiasm some researchers have questioned the degree to which micro-finance services in fact benefit women (Everett and Savara, 1991; Goetz and Sen Gupta, 1996; Mayoux, 1995a). Some have argued that for some women in some contexts programmes may even be disempowering, reducing women to unpaid debt collectors for development agencies and increasing tensions in the family (Goetz and Sen Gupta, 1996). Some argue strongly that micro-finance programmes divert resources and/or the attention of women themselves from other more effective strategies for empowerment (Ebdon, 1995) and/or poverty

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1 For example in the Declaration at the Micro-credit summit 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. Targeting women as clients of microcredit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly the children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income.'(RESULTS, 1997 p8)

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 9 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 the United Kingdom and Inter-American Development Bank. 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).

alleviation (Rogaly, 1996).

Views regarding the potential contribution of micro-finance programmes to women's empowerment currently fall into four main (not necessarily mutually exclusive) camps:

- those who stress the positive evidence and are essentially optimistic about the possibility of global development of sustainable micro-finance programmes which empower women
- those who recognise limitations to empowerment but see the question as one of programme design and seek to identify models and strategies which can minimise negative impacts and enhance contribution to empowerment
- those who recognise limitations to empowerment but see the provision of cost-effective micro-finance programmes as important in themselves as a strategy for poverty alleviation and see empowerment as an issue to be addressed by other means
- those who see the limitations as inherent and the current emphasis on micro-finance programmes as a misplaced diversion of resources

This paper does not claim to present any clear-cut 'answers' or 'solutions'. It is based on published and unpublished literature and workshop discussions from a recent pilot study funded by DfID-UK and co-ordinated by Action Aid (See Preface). As discussed below, debates are dogged firstly by profound disagreement about what is meant by empowerment and development (and hence the role of micro-finance) manifested in entrenched *a priori* positions and\or continually shifting definitions and positions. Secondly evidence is incomplete and frequently anecdotal, with detailed study confined to a few organizations where different researchers reach rather different conclusions. Importantly, apart from a few exceptions discussed below, there is little detailed comparative analysis of the impacts of different models or strategies. The inherently complex, tension- and conflict-ridden process of women's empowerment coupled with our inadequate current understanding of the ways in which women use, or wish to use, micro-finance and the effects of different policies make any firm conclusions impossible at this stage.

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The main aims of the paper are to clarify some of the issues raised, identify the gaps in our current understanding and provide frameworks for participatory learning in micro-finance programmes which aim to empower women. The first section of the paper examines the ways in which debates about women's empowerment have been inserted into debates about models of micro-finance provision and the range of ***anticipated (or implicitly assumed) programme outcomes***. The second section examines what we know about ***actual programme impacts*** on women and proposes a framework for policy-oriented research on empowerment. The final section looks at ***potential programme contributions*** and implications of the findings for gender policy.

It is argued that evidence points to the need for a 'minimal gender package' of strategies and programme elements in particular:

- ***institutionalised gender guidelines in 'malestream' policy*** including examination of all policies from a gender perspective, commitment to gender equity in staff recruitment and promotion and concrete incentives for implementation of gender policy.
- ***conditions of micro-finance delivery*** to be flexible to women's aspirations, needs and existing strategies and not only increase access to micro-finance services but do so in ways which enable women to significantly increase incomes and maximise their control over loan and savings decisions, usage and the income and assets generated
- ***complementary services*** to include mutual learning between women on empowerment strategies, provision of services to decrease the burden of reproductive work, and gender advocacy at local and national levels
- ***structures for participation*** by women clients in decision-making and strategies to increase the contribution of groups to empowerment rather than merely using groups as a mechanism for ensuring repayment
- ***consideration of the needs of particularly disadvantaged women*** and mechanisms for representing their interests or ensuring they are not further disadvantaged by the programme
- ***gender strategies for men*** which challenge existing structures of gender subordination
- ***interlinkages with other organizations*** to increase contribution to empowerment

There are a range of ways in which this package could be implemented. However a commitment to women's empowerment and member sustainability needs to be the starting point in programme design and implementation rather than these being assumed automatic outcomes requiring marginal adjustments in policies for financial sustainability or poverty alleviation. The final section of the paper outlines some innovative strategies currently being explored, in particular possible ways of resolving some of the tensions between financial sustainability and empowerment and issues in participatory programme management. Although the paper inevitably raises more questions than it answers and many of the frameworks will need further revision and elaboration in the light of experience, it is hoped that the paper will provide a useful starting point for more systematic policy-focused research.

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# PART I

## Micro-Finance Programmes and Women's Empowerment: Contrasting Paradigms

Current debates about women's empowerment and micro-finance programmes are an attempt to bring together:

- debates about appropriate models for sustainable poverty-targeted micro-finance
- debates about women's empowerment

Both areas of debate are highly contentious where some take entrenched positions on ideological grounds and where shifting definitions and divergent aims continue to cloud debate about ways forward. Women's empowerment has for a long time been a stated aim of many micro-finance programmes. However in most programmes debates about models of sustainable poverty- targeted micro-finance have developed separately from debates about women's empowerment. Where women have been targeted the main debates have been about access, with contributions to empowerment then assumed and it is only recently that questions are being asked about positive and negative interlinkages. In some organisations this is taking place with support of an institutionalised gender policy and experienced gender analysts. In many organisations, although women's empowerment is a stated aim in mission statements and project proposals, focused strategies are recent or yet to be introduced and debates have been largely initiated by gender lobbies within donor agencies.

This section attempts to clarify the different dimensions of the two debates and ways in which they are being brought together. It identifies three distinct underlying 'paradigms' here termed:

- the financial self-sustainability paradigm
- the poverty alleviation paradigm
- the feminist empowerment paradigm

Each paradigm has a relatively consistent internal logic in relating policy to underlying values and assumptions. All three paradigms see women's empowerment as a process of change in a complex system of interlinked and mutually reinforcing dimensions of gender subordination. However each paradigm focuses on one dimension of empowerment to which interventions are targeted, assuming linkages with others (see Figure 1), based on differing underlying understandings of development, gender subordination and hence the role of micro-finance. All three paradigms are also committed to sustainability and participation, however they differ in their interpretations of these terms leading to different priorities in micro-finance delivery, complementary services and organisational structure.

What follows is inevitably an oversimplification of complex arguments and assumptions put forward

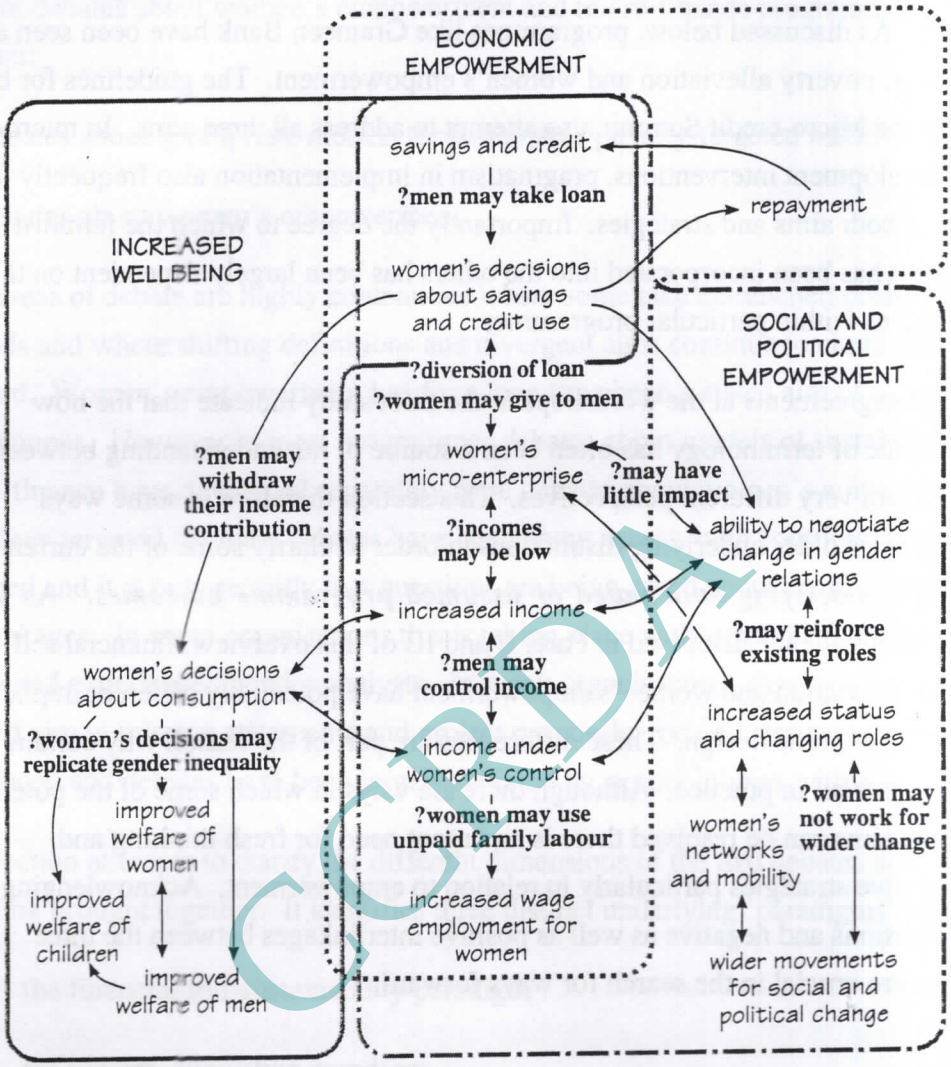
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by a diversity of organizations and commentators. It must be stressed that any particular programme will normally be attempting to combine one or more of these paradigms, often in uneasy co-existence, in attempts to marry the competing aims and interests of staff and\ or clients and\or donors. In many NGOs, as among clients and in donor agencies, there may be divergent views of the aims of micro-finance programmes which need to be accommodated depending on the relative strengths of the different stakeholders. As discussed below, programmes like Grameen Bank have been seen as models of sustainability, poverty alleviation and women's empowerment. The guidelines for best practice advocated by the Micro-credit Summit also attempt to address all three aims. In micro-finance, as in other development interventions, pragmatism in implementation also frequently leads to further modification of both aims and strategies. Importantly the degree to which the feminist empowerment approach has been incorporated into the others has been largely dependent on the strength of gender lobbies within particular programmes.

Nevertheless, heated disagreements at the workshops in the pilot study indicate that the now considerable convergence of terminology has often been a source of misunderstanding between programmes coming from very different perspectives. This section therefore in some ways 'reinvents' and exaggerates older underlying distinctions in order to clarify some of the current differences and issues underlying ***anticipated or assumed programme outcomes.*** As will become evident from the evidence discussed in Parts II and III of this overview, financial self-sustainability, poverty alleviation and women's empowerment have potentially different implications for crucial aspects of programme design. These differences are part of the reason why certain policies and not others prevail in practice. Although there are ways in which some of the potential tensions between these aims can be resolved there is an urgent need for fresh thinking and development of innovative strategies particularly in relation to empowerment. Acknowledging and examining potential tensions and negative as well as positive interlinkages between the three underlying paradigms are crucial in the search for ways forward.

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**Figure 1 Virtuous Spirals: Paradigms Compared**




key:
——— poverty alleviation paradigm
····· financial self-sustainability paradigm
—·— feminist empowerment paradigm

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## BOX 1: ADVANTAGES AND DISADVANTAGES OF INFORMAL AND FORMAL SOURCES OF CREDIT AND SAVINGS

### INFORMAL SECTOR

**sources:**

- **moneylenders and pawnbrokers**: who often lend with jewellery as security.
- **rotating savings and credit societies** (ROSCAS): informal systems for pooling savings and relending to members in rotation as a lump-sum of credit. These vary in size of membership and amounts of money involved. Credit allocation may be by agreement, lottery or auction.
- **accumulated savings and credit associations** (ASCAs): where savings are accumulated for particular purposes and then withdrawn by savers rather than funds being rotated.
- **friends and relatives and suppliers and shopkeepers**.

**potential advantages:**

- low transaction costs because of proximity of borrower and lender
- immediacy of loan disbursement
- availability of small loans
- flexible repayment schedules and minimal and flexible collateral requirements because of familiarity of borrower and lender

**potential disadvantages:**

- moneylenders: poor women are less likely to have even jewellery. Rates of interest from moneylenders and pawnbrokers on unsecured or 'risky' loans are generally higher than secured loans raised on property such as land, generally owned by men.
- ROSCAS are most often formed by better-off women, partly as a means of socialising as well as small-scale economic accumulation. The amounts of money involved may be very small. Poor women may be excluded because they do not have funds for levels of savings required. Although they often provide an important focus for socialising and networking between women, they rarely aim to challenge gender subordination.
- friends and relatives: poor women are less likely to have advantageous contacts with wealthy friends and relatives and any borrowing may be a concealed informal form (or even overt form) of 'debt bondage' rather than an advantageous relationship for the women borrowers.

### FORMAL SECTOR

**General barriers to poverty-reach:**

- resistance from banks because of costs of large numbers of small loans to borrowers perceived as risky investments
- corruption and use of credit programmes as a form of political patronage is common
- inflexible credit 'packages' inappropriate to the needs of poor borrowers
- support services are often insufficient, bureaucratic and inflexible to local circumstances

**Barriers for women:**

- requirements for collateral and/or minimum savings and/or husband's signature as guarantor
- time and skills required for filling out forms
- time, mobility and resources required to make multiple visits to banks, particularly for rural women in situations where banks are only located in urban centres
- costs of loan applications e.g. application fees, service fees, lender services and bribes to officials
- problems dealing with male officials because of norms of female propriety and/or discrimination
- lack of information because this is generally channelled through male information networks
- poorer women often had neither the resources nor the skills for the particular types of loans on offer

**Drawbacks for funders:**

- low repayment because of corruption and perception of loans as hand-outs

**Sources:** Ardener and Burman eds, 1995 and references in Note 3; Berger and Buvinic, 1989; IWTC, 1981; Kabeer and Murthy, 1996; Noponen, 1990; Rose, 1993; Rutherford 1993

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### *Types of Micro-Finance Programme: models and dimensions of variation*

Micro-finance programmes currently targeting or reaching significant numbers of women clients have very diverse origins, follow widely differing models and strategies and operate in very different social, political and legal environments. Discrimination against women in access to credit was identified in the early 1970s as a critical constraint on their ability to increase incomes, seen in turn as crucial for wider social and political empowerment. Like men, many women have access to informal sources of credit which vary between cultures and women's own resources and networks. In most countries in Africa and Asia many women already belong to groups of various types, including ROSCAs with a clear savings and credit function.[3]

In many countries women also potentially have access to an expanding array of formal sector poverty-focused credit programmes, particularly from state-run banks but also increasingly in the private sector. However as indicated in Box 1 both informal and formal sector poverty-targeted credit programmes have potential disadvantages and present a range of obstacles to access, particularly for poor women.

It is partly in response to these shortcomings that the NGO programmes with which this paper is concerned have evolved. Distinctions are conventionally made between a number of formal organisational types as outlined in Box 2. Any clear categorisation of micro-finance programmes is however problematic. Firstly, the degree to which different organizational types are clearly distinguished in practical operation depends on ways in which NGOs attempt to comply with legal requirements and/or formal donor guidelines and/or adapt these to better achieve their aims. There are significant differences between countries in legal frameworks which affect the particular ways in which models are distinguished and the relative benefits. In many countries government legislation regarding savings deposits, interest rates and organisational forms limit the choices available to programmes. For example cooperative models are particularly common in India and Sri Lanka. Intermediary programmes are only possible where there is a responsive formal sector as for example in India. NGO conversion into banks is particularly attractive where there are legal constraints on NGO use of savings. Certain donors are more active in some countries than others affecting availability of funding for particular models favoured by particular donors. This means that even programmes influenced by the same basic model may vary significantly between contexts.

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[3] For general literature review and case studies see Ardener and Burman eds, 1995. In Uganda rural women belong to different types of group including: Rotational Contributions Groups for school fees, clothing, medical care, assets like bicycles, payment of bride price; groups for burial expenses; trade groups where produce is bought and stocked then sold when prices rise; digging groups on common, hired or owned piece of land which sell the produce and share the proceeds or convert them into group savings for on-lending to members on interest (Ahtimbisbwe, 1993). In Kenya women formed 'merry-go-rounds' (Nelson 1995), in Ethiopia/Eritrea 'equb' and 'iddir' (ACORD-DireDawa, 1996; Kebede, 1997; Negassi, 1997) in Sudan to 'sanduq' savings box systems (ACORD, 1996) and in Chad to 'tontine' and other types of mutual support organisations (Bangui and Miankeol, 1995) In Asia women form 'huis' in Vietnam, 'chit funds' in India some of which are directed to particular purposes eg funerals or marriages, and others a more generalised form of savings (Rutherford and Arora, 1996).

## BOX 2: ORGANIZATIONAL MODELS OF MICRO-FINANCE PROGRAMME

### TYPES OF GRASSROOTS ORGANIZATION

### ROSCAS AND ASCAS (SEE BOX 1)

**Revolving loan funds (RLFs):** channelling funding and support from outside non-bank donor agencies to individuals or groups of poor people.

**Self-help groups (SHGs)**: where informal groups accumulate funds for on-lending through savings with level of loan generally linked to level of savings. Assets are often topped up through contributions from outside.

**Mutual liability groups (MLGs)**: where loans are given to groups where all members are responsible for the repayment of all the other members.

**Leader-led groups (LLGs)**: where loans are given to groups where a group leader is responsible for the repayment of all the other members.

**Thrift and Credit Co-operatives (TCCs) and Credit Unions (CUs):** formal registered membership organizations governed by state legislation formed by groups of people who have a common bond (eg live in the same community, work in the same establishment etc.) and agree to save money together and lend it to one another at low rates of interest or use it for a shared purpose or project. Members own all the assets of the groups.

### TYPES OF NGO PROGRAMME

**Apex Organizations and Federations:** where TCCs or CUs come together into Apex organizations and Federations with elected officers and/or salaried staff to increase assets and influence.

**Intermediary programmes**: offer grassroots groups a link to the formal banking system. They are generally run by NGOs and government agencies that provide referrals, assistance with loan applications, training, technical assistance and guarantees to lenders which reduce the implicit costs of formal borrowing and reduce the bank's costs and risks of lending to the poor. The intermediary institution also helps applicants with the paperwork, analysis of investment projects etc. They can also 'retail' credit from banks to small borrowers, either charging the borrower a fee or receiving a subsidy for this service from a development agency.

**Parallel programmes:** where outside agencies set up own independent fund for on-lending to individuals or groups.

**Poverty-focused Development Banks:** institutions which often start as catalyst, intermediary or parallel programs and then officially register as banks. Their focus on development differs from commercial banks. They reach very large numbers of poor borrowers, offering a limited range of services centred on credit.

**Village Banks:** where funds for loan extension are provided by an external agency to a local community based organisation. The entire banking function and transactions are managed by the CBO which may set up committees for monitoring and approving loans. This is combined with a savings programme. Loans may be provided on a group or individual basis, but guaranteed by the CBO.

**Trust Banks:** where funds for loan extension are provided by an external agency to a local Board of Directors. Banking function and transactions are managed by the Board which sets up community committees for monitoring and approving loans. This is combined with a savings programme. Loans may be provided on a group or individual basis.

### DIMENSIONS OF VARIATION IN MICRO-FINANCE PROGRAMME

**Conditions of micro-finance delivery:** eg directed/undirected loans, loan amounts, repayment schedules, savings conditions, linkage between savings and credit, interest rates.

**Structure and function of groups:** group size, composition, internal regulations, ownership of assets and role in decision-making.

**Complementary services:** general training and awareness for individuals and group operation (including gender awareness), business and skills development-related services, financial and legal support (including advocacy), infrastructure and welfare support.

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Secondly, within any particular programme type there are wide variations in details of micro-finance delivery, types of complementary services and group formation. Individual programmes may combine one or more types of group and NGO role. This is particularly the case when different sources of donor funding are used for programmes in different areas and/or there is a degree of group autonomy and control over decision-making. For example, in India many programmes combine parallel services in some areas with intermediary services in others and\or aim to graduate members from parallel to intermediary arrangements. Other programmes are in transition from parallel programmes to development banks. This makes clear classification of many programmes impossible.

Finally, we know very little about the particular factors which are most relevant in relation to gender. Within each model there is considerable variation in details of micro-finance delivery, complementary services and particular group structures. These are at least to some extent determined by the degree influence one or more of the three underlying paradigms identified, and particularly related understandings of sustainability, client/member participation and gender policy itself. As discussed below these programme details may be as significant, or more significant, in influencing gender impact as the particular formal type of programme.

### *The financial self-sustainability paradigm*

The financial self-sustainability paradigm (often referred to as financial systems approach or sustainability approach see Box 3) underlies the models of micro-finance promoted since the mid-1990s by a number of prominent donor agencies, particularly USAID, the World Bank, DfID-UK and the current UNDP Micro-Start Programme. It was also the dominant inspiration behind the Micro-credit Summit in Washington, February 1997. It is an attempt to insert poverty alleviation and empowerment concerns into the neo-liberal agenda. It is partly the result of sustained lobbying by a number of large poverty-targeted group-based lending programmes, particularly Grameen Bank in Bangladesh, FINCA, ACCION, Opportunity Trust and village banking models who, along with SEWA, were prominent in the organisation of the Micro-credit Summit and are on the Policy Advisory Committee of CGAP. It has also been the result of sustained lobbying by gender advocates within major aid agencies for incorporating gender into micro-enterprise strategies (Mayoux, 1995a).

In this paradigm the main concern is to increase access of large numbers of poor people to financially self-sustainable micro-finance services to enable them to increase their incomes. The main focus of programme design is on financial self-sustainability with access then assumed to contribute to poverty-alleviation and empowerment. The promotion of financially self-sustainable programmes has obvious attractions for donors in allowing scarce resources to be spread more widely. Many, if not most, NGOs participating in the pilot study also wished to be financially independent and have adopted elements of the financial self-sustainability model.

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**BOX 3: FINANCIAL SELF-SUSTAINABILITY PARADIGM**

**APPROACH TO MICRO-FINANCE**

**Main policy focus:** setting up financially self-sustainable micro-finance programmes which increase access to micro-finance services for large numbers of poor people.

**Prime target group:** existing poor micro-entrepreneurs or those with 'entrepreneurial ability'.

**Programme types:** minimalist micro-finance programmes through a range of banking models or less commonly, intermediary programmes linking grassroots groups to formal banking systems

**Sustainability:** seen in terms of financial self-sufficiency: a financially self-sufficient credit operation must cover operating costs (including loan loss reserves), the cost of funds and inflation through fees and interest charges. To achieve genuine commercial viability, it must also yield a profit to owners and share-holders.

**Institutional requirements:** large programmes managed by high-paid professional banking staff with sophisticated computerised management information systems and dependence on voluntary input from clients.

**Participation:** seen in terms of mobilization of client time, skills and resources as a means to greater cost-efficiency, consultation to increase market-relevance and group formation for repayment.

**Micro-finance delivery:** loans and savings arrangements which ensure high interest returns for programmes and high repayment rates. Concern with 'market relevance'. In practice emphasising micro-enterprise loans with some directed consumption loans for eg housing, school fees or emergency medical expenses and savings.

**Complementary services:** minimalist. Limited to business support and possibly advocacy for change in the micro-finance regulatory environment.

**Groups:** small groups, particularly mutual liability groups, as a means to ensure peer pressure for repayment.

**APPROACH TO WOMEN'S EMPOWERMENT**

**Primary rationale for targeting women:** better repayment rates contributing to programme financial sustainability.

**Understanding of empowerment:** expansion of individual choice and capacities for self-reliance

- focus on individual capacities rather than underlying constraints
- sees targeted assistance to individuals or groups of individuals as priority to enable them to change their position within existing social structures and thus only indirectly challenging the structures themselves
- focus on women rather than gender or class relations
- particular emphasis on changing attitudes to achievement and self-confidence

**Sample definition of empowerment:**

"[Empowerment is] a term generally used to describe a process by which powerless people become conscious of their own situation and organise collectively to gain greater access to public services or to the benefits of economic growth" (ODA 1994 p32 quoted Beck and Stelcner 1995)

**Contribution of micro-finance**: to economic empowerment

**Underlying assumptions**:

- that increasing access to micro-finance programmes through poverty targeting and increasing numbers of female clients is sufficient for poverty alleviation and women's empowerment

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The most detailed articulation of this paradigm is given in Rhyne and Otero 1994, and echoed in publications by USAID and CGAP[4] although policies advocated in this 'ideal type' are not necessarily followed in every detail by organisations following the general approach. In Rhyne and Otero's formulation achieving self-sufficiency is seen in terms of four stages. The first level is where grants for soft loans cover operating expenses and establish a revolving loan fund. However when

4 copies of these varied and numerous publications can be obtained from CGAP Internet web-site: http://www.worldbank.org/htmal/cgap/cgap.html

programmes are heavily subsidised and performing poorly, the value of the loan fund erodes quickly through delinquency and inflation. 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. The ultimate aim is programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies.

The requirements for increasing access of poor people are seen in terms of 'market relevance' in service delivery: provision of small short-term loans, simple application procedures, provision of savings facilities, appropriate advertising and location of outlets near to clients[5]. The increased costs of administering many small loans lead to an emphasis on organizational growth into large organisations in order to benefit from economies to scale. The implicit model in much of the USAID and CGAP literature is that of specialised financial institutions like development banks but other possible models include intermediary organizations linking NGO programmes to outside sources of finance and specialised operations within commercial financial institutions.

At the same time, the complexities of administering large-scale, specialised micro-finance programmes and particularly development banks is seen as requiring employment of professional banking staff and introduction of sophisticated management information systems for monitoring financial sustainability economic indicators.

The initially high costs of introducing information systems has in many cases been covered by donor funds. The potentially higher ongoing costs of dealing with small loans and savings and competing with the private sector for specialised professional staff are then seen as being covered by:

- a focus on existing or would-be poor micro-entrepreneurs assumed to be reliable repayers rather than the poorest (despite the official rhetoric and name of CGAP).
- concern with techniques to ensure loan repayment and decrease administrative costs[6] . In many

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5 Otero and Rhyne make a number of specific recommendations in this regard: *Credit*: provision of credit for liquidity and working capital; loan terms of one year or less; lowering of transaction costs by locating lending outlets near the client; providing simple application processes and disbursing quickly; high interest rates relative to prevailing rates in the formal financial system, but low compared with typical informal-system rates. *Savings:* provision of savings facilities offering safety, convenience, ready access to money and a positive real return; savings facilities should not be limited to potential borrowers: more people want a good savings facility than want loans, particularly poor people; savings services can be used to fund credit services, provided savings services are designed with customer needs in mind (Rhyne and Otero, 1994 p16).

6 *special techniques to slash administrative costs:* the simplest procedures are used for the smallest loans, loan applications are short, often no more than one page, approvals are decentralised and based on readily verifiable eligibility criteria rather than business appraisal, borrower groups often handle much of the loan-processing burden. *special techniques to motivate repayments:* lenders substitute other techniques for security and loan appraisals, such

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programmes this has in practice meant directed loans favouring production[7] and introduction of progressively larger repeat loans alongside small loans advocated for poverty targeting

- high interest rates to borrowers
- minimalist focus on micro-finance services
- group-based lending where groups take much of the responsibility for recruitment, savings and loan repayment in order to reduce transaction costs of large numbers of small loans.[8] This leads to a particular emphasis on small, mutual liability groups as in Grameen Bank.

It is assumed that levels of demand and programme contribution to increasing incomes of poor people will be sufficient to support and justify the high interest rates and shifting of costs onto borrowers.

As part of the attempt to marry financial sustainability, poverty targeting and empowerment aims there is an increasing emphasis on client participation (eg RESULTS, 1997 p18) . In practice this mainly takes the form of mobilization of client skills, time and resources to increase cost-effectiveness and some consultation with clients to ensure market relevance of services. The boundaries of participation and consultation are set by the programmes and many issues like interest rates are not negotiable. This participation is then assumed in turn to be empowering in itself, particularly group formation. Both donors and NGO networks are also concerned to open up the formal financial sector to poverty-targeted lending and increasing women's access.

Some who have been influential in organizations promoting the financial self-sustainability approach advocate changes in the civil code and property laws that limit women's inheritance and prohibit married women from holding property in their own names and changes in banking laws requiring that married women obtain their husband's consent or signature before undertaking a financial commitment (Berger, 1995; for USAID see also Downing, 1990). Change in collateral requirements is also explicitly mentioned in CGAP recommendations, though it has so far received little attention in practice. These changes are however advocated alongside other proposals which potentially

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as group guarantees, pressure from social networks and savings requirements. Although programmes dealing with larger micro-enterprises may require tangible collateral, most do not; repayment is encouraged through promise of repeat loans in increasing amounts (Rhyne and Otero, 1994 p16).

7 For example ODA comments on one project proposal require the programme to focus on loans which generate an income and to 'keep consumption loans under control'. Although 'genuine consumption loans for which the community is dependent on traditional money-lenders would be attended to... we would be cautious about consumption loans which would promote consumerism'. This was generally the approach of most sustainability-oriented programmes in the pilot study, in contrast to Otero and Rhyne who advocate little attempt to direct credit (Rhyne and Otero, 1994).

8 This efficiency function of groups is stated explicitly in Otero and Rhyne: "Group formation is often employed by micro-enterprise programmes particularly for the poorest clientele. The group plays a role in reducing the cost of gathering information about the borrower, but its more important role is in repayments through shared liability for default. Lenders can shift some of the loan-processing and loan-approval tasks onto group because the groups have better access to information on the character and creditworthiness of potential borrowers. When very poor clients care more about access to credit than the terms on which it is offered, groups can be used without significantly impairing demand." (Rhyne and Otero, 1994 p16).

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disadvantage women: removal of all subsidised poverty-targeted micro-finance provision in both NGO and state sectors to decrease 'unfair' competition for financially self-sustainable programmes charging high interest rates.

Policies adopted have varied widely, even by those claiming to follow particular models within the financial self-sustainability approach. Programmes participating in the pilot study following the minimalist financial self-sustainability approach were Grameen Bank, Kashf, KREP, FINCA and UGAFODE Ltd. These were aiming at financial sustainability through mutual-liability group-based lending with minimal support services. ACORD-Sudan programmes and ACORD-Seraye and DireDawa are to varying degrees changing from broad-based integrated community development programmes to a financial systems approach because of high costs, overstretched staff and (in the case of Sudan) pressure from ODA-UK.The programmes have however retained an emphasis on development of community-based participatory organisations in preparation for an anticipated ACORD phase-out. UWFCT, originally lending to individuals with extensive support services, is now moving more to a Grameen-type group-based model and cutting support services. Many programmes participating in the pilot study were under donor pressure to cut administrative costs, expand rapidly, introduce small mutual liability groups and cut support services.

The increasing strength of gender lobbies, coupled with accumulating evidence of women's higher repayment rates (see below) has led many of these programmes to increasingly target women. This has led to a concern with appropriate programme design to increase women's access and many of the recommendations in Rhyne and Otero and CGAP publications are explicitly geared to women. In the context of the predominant neo-liberal perspective, the main justifications for targeting women are in efficiency terms. Women are not only better repayers but also an underutilised resource for development. Stimulating women's micro-enterprise development in particular is seen as an important strategy for increasing economic growth and also increasing female employment (eg Downing, 1990). It has been admitted to the author by a key actor in CGAP that it is probably unlikely that gender would receive the emphasis it does if repayment and hence efficiency arguments could not be used - supporting this conclusion is the fact that gender does not feature so prominently in other poverty-targeted or micro-enterprise interventions.

Alongside this focus on women, the term 'empowerment' is frequently used in promotional literature. Definitions of empowerment are essentially in individualist terms where the ultimate aim is the expansion of individual choice and capacities for self-reliance. Although recently there has been a recognition of the importance of collective action and participatory development, this is often justified mainly in terms of efficiency. The aim may (as in ODA quote in Box 3) be to enable people to gain access to existing public provision and economic growth but not to question underlying inequalities within public allocation of resources or the process of growth itself. In this approach the main role of micro-finance is in contributing to individual economic empowerment. It is assumed that increasing women's access to micro-finance, particularly credit, will enable women to make decisions about its use. It is generally implicitly assumed that micro-finance will be used by women to increase their

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incomes through micro-enterprise and that this will increase their control over income and resources. This economic empowerment is then assumed to contribute to women and children's well-being and enable women to initiate the broader social and political changes they desire. [9] The underlying assumption is that this can happen without explicit support for women within the household or for wider social and political changes in gender or class relations.

***The poverty alleviation paradigm***

In the poverty alleviation paradigm micro-finance is part of an integrated poverty-targeted community development programme (see Box 4). Poverty alleviation here is defined in broader terms than increasing 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 and increasing well-being through integrated livelihood interventions and social service provision like literacy, health care and infrastructure development. There is not only a concern with reaching the poor, but also the poorest. Participatory development (defined in varying ways) is seen as essential to this process and an end in itself (Burkey, 1993) and many of these programmes are developing innovative participatory approaches to programme management. Many of the supporting NGOs have gone well beyond former charitable approaches to development and engage in local, national and international advocacy and lobbying.

Increasing the access of poor people to micro-finance services is seen as an important way of responding to grassroots needs and also a way of mobilising people into groups for other aims. It is however seen as only one type of assistance which is on its own insufficient for poverty-alleviation. Historically many of these programmes started women's savings and\or credit programmes as part of an income-generation package for women. In some cases this has been part of a focused gender strategy. In others micro-finance programmes for women have been added to existing programmes in response to donor pressure for a 'women's programme' or increased funding for micro-finance. Many of these earlier programmes took a charitable approach to lending, had low repayment levels and hence were both financially and institutionally unsustainable. Their impact on poverty alleviation and empowerment was also generally assumed rather than demonstrated.

Although the need for financial rigour in micro-finance delivery is now recognized, questions are raised about the underlying rationale of the financial self-sustainability paradigm and the implicit (and often explicit) prioritisation of donor interests. Many of these concerns arise from the findings of recent research which indicate that prioritising financial self-sustainability may detract from both poverty-targeting and poverty alleviation:

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[9] For example Prof Yunus of Grameen Bank writes: 'Credit has the capacity to create self-employment for both men and women instantaneous[ly]. It brings a woman into the income stream without the usual sacrifices required under a wage-employment situation. She does not have to leave her habitat and her children. She does not have to learn a new skill to adapt herself to a new job. She can do whatever she does best and earn money for it. Credit frees both poor men and women, but it does so more dramatically for women than it is for men. Not only should credit for self-employment be formally recognised as a fundamental human right, it should also be recognised that it is a human right which plays a critical role in attaining all other human rights' (Yunus, 1992 p48).

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- 'credit is also debt' and although the poor may be willing to pay high interest rates this diverts their scarce resources from production and/or consumption leading to debt burden (Johnson and Rogaly, 1997)
- the overriding concern with repayment rates frequently leads to the exclusion of the poorest even in group-lending through both self-exclusion and discrimination (Hulme and Moseley eds, 1996; Montgomery, 1996; Noponen, 1990)
- long-term sustainability requires both attention to developing the skills, earning capacity and empowerment of clients and institutional learning which is costly in the short term. There are therefore dangers that the concern with short-term cost-efficiency may jeopardise long term organizational and client sustainability (Johnson and Rogaly, 1997)

Many of these programmes are not prepared to compromise their targeting of 'the poorest of the poor' and emphasise the need to adapt micro-finance to their needs.

**BOX 4: POVERTY ALLEVIATION PARADIGM**

**APPROACH TO MICRO-FINANCE:**

**Main policy focus:** micro-finance as a means of alleviation of household poverty and vulnerability and increasing wellbeing.

**Prime target group:** the poor and particularly the poorest men, women and children.

**Programme types:** micro-finance as an entry point for community collective action as part of poverty-targeted integrated development programme.

**Sustainability:** seen in terms of long-term community self-reliance and self-determination for the poor.

**Participation:** sees participation by the poor in collective action as an end in itself.

**Institutional requirements:** small-scale local collective action supported by committed staff with understanding of broad development issues and\or expertise in delivery of welfare services.

**Micro-finance delivery:** emphasis on importance of savings, non-directed loans, low interest or selectively subsidised credit for the poorest.

**Complementary services:** welfare services: literacy, health, nutrition programmes.

**Group formation:** for solidarity and self-reliance.

**APPROACH TO WOMEN'S EMPOWERMENT**

**Rationale for targeting women:** because they are seen as poorer than men and also more likely to spend income on the welfare of their families.

**Understanding of empowerment:** empowerment seen in terms of community development and self-sufficiency.

- places more emphasis on collective community capacities rather than individual interests or underlying constraints.
- sees targeted assistance to groups as priority to enable them to collectively change their position but only indirectly challenge the structures themselves.
- focus on households and communities rather than women alone or gender or class relations.
- sees aspirations and attitudes as culturally relative not to be changed by outsiders.

**UNDERLYING ASSUMPTIONS:**

- that addressing women's 'practical needs' will enable them to challenge gender inequity in ways they see fit.
- that household poverty alleviation and wellbeing and women's empowerment are inherently synergistic and achievable as a win-win process.

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Recently there has been an emerging consensus about how micro-finance can be developed as a more or less financially independent part of a wider integrated development programme to increase contribution to poverty alleviation. This includes the concern with access requirements of the poor including locating lending outlets near the client, providing simple application processes, disbursing quickly and provision of voluntary savings facilities for borrowers and non-borrowers. There are however a number of points of divergence from the financial self-sustainability approach:

- that credit should not be directed by development agencies to specific uses and should be freely allowed for consumption in order to reach the poorest (Johnson and Rogaly, 1997)
- emphasis on repayment incentives which do not rely on negative sanctions like peer pressure but positive borrower incentives, progressive lending and staff incentives (Johnson and Rogaly, 1997)
- the possible inevitability of continued selective subsidy to decrease interest rates (Bundell, 1996).
- emphasis on linking small self-help groups with existing formal and informal sector services where this is possible rather than setting up large independent parallel programmes (Johnson and Rogaly, 1997)
- the need for a wider range of complementary services and a strategy for extensive community participation

Programmes involved in the pilot study originating within this approach varied widely in the degree to which they were addressing issues of women's empowerment rather than just increasing women's access. The main concern in relation to micro-finance and other complementary interventions is to contribute to well-being and poverty-alleviation at the household level. The concern with gender is part of a broader concern with poverty and disadvantage where gender is one 'axis of difference' alongside class, age and ethnicity and in some cases there is considerable resistance to prioritisation of gender issues. Although gender subordination 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 outsider intervention.[10] Arguments in favour of targeting women generally stress the poverty alleviation benefits, particularly the higher levels of female poverty and particularly female-headed households and women's higher levels of responsibility for family well-being.

Although the term 'empowerment' is frequently used in general terms, in many programmes the term 'women's empowerment' is considered best avoided as being too controversial and political. The

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10 For example in a recent 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)

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underlying assumptions are firstly that addressing women's 'practical needs' [11] enable women themselves to address underlying inequalities. It is assumed that increasing women's access to micro-finance, savings and credit, will increase women's decision-making in the household and access to income for both production and consumption and improve their status in the community. Secondly it is assumed that women's interests coincide with those of the household, particularly children. There is considerable ambivalence about addressing gender issues if this might lead to conflict within households or communities.

***The feminist empowerment paradigm***

The feminist empowerment paradigm takes inspiration from the international women's movement and 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 Johnson, 1997). This paradigm is not a Northern imposition, but firmly rooted in the development of some of the earliest micro-finance programmes in the South, particularly SEWA and WWF in India. Here although micro-finance was seen as an important way to respond to the immediate practical needs of poor informal sector women workers, it was seen as only part of a strategy for wider social and political empowerment of women which was in turn seen as essential to sustained increases in incomes. Although the details of micro-finance delivery vary between the two organisations as does the degree to which they explicitly see themselves as feminist, in both cases micro-finance is only part of a programme which includes unionisation, co-operative formation, advocacy and mobilization around issues like dowry, sexual exploitation and caste discrimination.[12] The founders and other members of both organizations have been prominent in the development of a Southern women's empowerment agenda of which the earliest and clearest exposition was by Sen and Grown (1988).

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Here gender subordination is seen as a complex, multi-dimensional and all-pervasive process, affecting all aspects of women's lives and embedded at many different mutually reinforcing levels: individual consciousness, the household, work, legislation, state structures and international economic and political systems. Women's empowerment is therefore seen as more than economic empowerment, and more than well-being benefits but addressing 'strategic gender interests.' It is seen as a process of individual internal change and collective mobilization of women (and where possible of men) to challenge and change gender subordination. For development agencies, support

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11 The original formulation of analytical distinctions between 'women's interests', 'practical gender interests' and 'strategic gender interests' was by Molyneux (1985) in her discussion of Sandinista policies for women. The distinction aimed to explain women's responses to particular political ideologies and highlighting the shortcomings of looking at 'women' rather than 'gender'.

12 SEWA's aims are described as: "to establish itself as an institution with which women can identify themselves and on whose support they can rely to secure justice in matters relating to their occupation, their relationship with authority or even their family problems. The organisation, in turn, aims at introducing the members to values of honesty, dignity and simplicity of life-goals reflecting the Gandhian ideals." Jain 1980 p27. For WWF "the objectives of the NUWW are to empower women workers both in their productive and reproductive roles .... begun earlier as a political women-intensive organisation [NUWW/WWF] now addresses itself to struggle against class and caste oppressions of poor working women...and to mobilize all working women to fight for their right by acting as a pressure group"

for individual women and groups of women must also be combined with challenging inequalities at the macro-level. Recent formulations[13], drawing on Marxist and post-Marxist analysis, have distinguished variously between four different dimensions of empowerment:

- *power within:* individual changes in confidence and consciousness
- *power to:* increase in skills, abilities including earning an income, access to markets and networks
- *power over:* changes in power relations within households, communities and at macro-level
- *power with:* organisation of the powerless to enhance individual abilities and\or ability to challenge and change power relations

Micro-finance is seen as contributing to this process through enhancing women's productive role and enabling them to challenge inequities within the household, and as a useful entry point for wider mobilization. Here the concern is not only with access but explicitly addressing economic empowerment, increasing incomes and challenging gender roles. As developed by Chen in her proposals for a subsector approach to micro-credit, based partly on SEWA's strategy, micro-finance 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 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.
- be based on participatory principles to build up incremental knowledge of industries and enables women to develop their strategies for change (Chen, 1996)

Other organisations eg WOMANKIND go further than interventions at the industry level to include gender-specific strategies for social and political empowerment:

- action from development agencies in supporting the struggles of individual women as well as advocating at the macro-level to challenge inequalities in relations of production and reproduction (power over).
- support for development of women's capacities for change (power to)

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13 This framework is a conflation of points made in Rowlands, (1997), Nelson and Wright, (1995) and informal discussions with NGOs in relation to the pilot project.

## BOX 5: FEMINIST EMPOWERMENT PARADIGM

### APPROACH TO MICRO-FINANCE

**Main policy focus:** women's economic, social and political empowerment.

**Target group:** mainly women, particularly poor women, but aiming also to change men.

**Programme types:** micro-finance as part of sectoral strategies for women workers and/or entry point for wider mobilization for gender equity.

**Sustainability:** aims at the development of self-sustaining women's organizations for long-term change in gender relations.

**Participation:** stresses the inherent value of collective mobilization and action in developing skills and giving political strength to women's voice.

**Institutional requirements:** linking of grassroots women's groups into a wider movement with support of gender-aware staff committed to gender equity.

**Micro-finance delivery:** types of activities which change gender roles and increase control over resources and social and political empowerment.

**Complementary services:** gender awareness and gender advocacy.

**Group formation:** as an entry point for gender awareness and wider mobilization.

### APPROACH TO WOMEN'S EMPOWERMENT

**Rationale for targeting women:** equity and human rights of women.

**Understanding of empowerment:** transformation of power relations throughout society.

- definitions of empowerment placed in context of analysis of power relations.
- focus on gender and class relations (and other social divisions) rather than women or men as individuals.
- prioritises changes in relations of production and reproduction seen as underlying constraints on individual action.
- stresses importance of changing consciousness and sees aspirations and choices as inherently constrained by existing unequal power relations.

### UNDERLYING ASSUMPTIONS:

- that women have at least some common 'strategic' interests by virtue of gender subordination
- that women will wish to challenge gender inequity in ways envisaged by the wider international feminist movement, or will do so if given appropriate complementary support.

### SOME DEFINITIONS:

**Micro-finance NGOs at an East African workshop** who viewed themselves as 'empowerment-oriented': "a continuous process where powerless people become conscious of their situation and organise to improve it and access opportunities; an outcome where women take control over their lives, set their own agenda, gain skills, solve problems, develop self reliance". Two aspects are distinguished: internal: i.e. issues pertaining to self such as educational level, health status, gender, natural ability and self confidence; external: i.e. issues outside the self such as legal frameworks, political, social and cultural environments. (Mayoux and Johnson eds 1997)

**WOMANKIND**: [Empowerment is] enabling women both as individuals and as a collectivity to achieve greater independence;

- achieve greater social recognition and independence from male tutelage
- participate in decision-making at the level of their communities, region, state and beyond
- feel pride and self-esteem in themselves and other women;
- feel that they can achieve their ambitions; refuse to allow their daughters to grow up under the same constraints as they did.

If we are concerned with women's empowerment we - men and women alike - can work to:

- remove the obstacles to women's empowerment
- provide needed training, education, information, assets or access to assets, negotiating and advocacy skills, etc.
- enable i.e. to create a supportive environment for women's development and self-empowerment i.e. creating the possibility for discussion, sharing and exploration

(Kate Young contribution to Ghana workshop)

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- providing spaces for women to explore and articulate aspirations for change (power within and power with)

The underlying assumptions here are that firstly, despite differences between women they have at least some common strategic interests. Secondly that women will wish to challenge gender inequity in ways envisaged by the wider international feminist movement, or will do so if given appropriate complementary support.

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# PART II

## Virtuous Spirals and Vicious Constraints:

## A Framework for Looking at Empowerment

Firm evidence of gender impact of any sort is limited and there has been no systematic cross-cultural or inter-organisational comparison of relative impacts of different models or strategies. Data most easily available are financial data on numbers of loans to women, repayment rates, activities for which loans were given and in some cases background information on women and effectiveness of targeting. Independent academic research on economic impact or wider social and political empowerment is largely limited to a few studies in Bangladesh and India. Most other documented studies collated in the pilot research are short gender impact assessments commissioned by Northern NGOs and donors. Other information discussed here is anecdotal, gleaned from studies of impact of micro-finance on men and women which have not had a detailed gender focus, papers prepared by Southern NGO staff for the workshops in the pilot research and subsequent correspondence. It is therefore not possible at this stage to draw firm conclusions about the relative merits of the different approaches, beyond identification of potential tensions and some possible ways forward.

This section begins by looking at the types of indicators used in existing studies and some of the analytical and methodological problems which have arisen. The following section then examines what the evidence indicates about ***actual impacts***. An annotated bibliography for South Asia detailing approaches, methodologies and main conclusions is given in Appendix 1. Indicators used or suggested for analysis of empowerment are given in Appendix 2. The possible contribution of participatory learning and action techniques (PLA) is discussed in Appendix 3.

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### *The nature of existing evidence: a caveat*

Most studies have been limited because of lack of time and resources and, as acknowledged by many researchers themselves, the findings generally raise more questions than they answer. Differing frameworks of analysis have been used, generally a subset of the indicators shown in Box 6 determined by the approach of the commissioning agencies as reflected in consultancy terms of reference (often from a financial self-sustainability or poverty alleviation paradigm) and the particular perspective of the consultant/researcher (sometimes introducing elements of the feminist empowerment paradigm). Methods have also varied including:

- focus group discussions to identify aims and in some cases indicators (eg Hashemi et al 1996) and to investigate particular issues including contextual features and effects of some programme characteristics
- surveys, and questionnaires to collect quantitative data
- informal interviews

- participant observation and observation checklists
- Participatory Learning and Action (PLA) techniques

**BOX 6: INDICATORS USED IN EXISTING GENDER IMPACT STUDIES**

| TYPE OF IMPACT | INDICATOR USED |
|---|---|
| **Access** | reaching particular target group<br>level of demand for services e.g. number of loans applied for, repeat loans, levels of savings<br>women's control over loan use |
| **Economic Impacts** | repayment levels<br>use of loans for women's economic activity<br>increase in women's income<br>women's access to and control over income<br>women's access to and control over assets<br>generation of female waged employment |
| **Wellbeing Impacts** | decreased household economic vulnerability<br>improvement in women's and household nutrition<br>increase in women's and family health<br>increase in women's and child literacy<br>increased domestic harmony |
| **Social\Political Impacts** | increased confidence and assertiveness<br>role in household decision-making<br>household and community perceptions of women's role<br>access to networks<br>wider political activity |

NOTE: The classification here follows as nearly as possible the patterns of questions indicated by the three approaches and patterns of difference in criteria used in different reports. As discussed in the text however this type of classification is inherently problematic in its separation of different dimensions of impact.

There are well-documented analytical and methodological problems involved in assessing economic and well-being impacts of micro-finance programmes [14] and these are no less acute when assessing impacts on women. As noted above, data most easily available are financial data on numbers of loans to women, repayment rates, activities for which loans were given and in some cases background information on women and effectiveness of targeting. Particularly in programmes following a financial self-sustainability approach which have extensive loan monitoring systems, much of this information is available at programme level. However even here data must be treated with caution. As discussed below, numbers of loans or savings accounts in women's names may significantly overestimate women's participation in programmes. Repayment statistics may be highly unreliable.[15] There are considerable differences between programmes in categorisation of when loans actually become default rather than late payments. Lower reported repayment levels may therefore be more indicative of tighter criteria and more accurate record-keeping than actual differences in repayment

[14] For further discussion of points made here see discussions in papers prepared for a recent CGAP virtual meeting, in particular Gaile and Foster, 1996; Sebstad et al, 1996 and overview paper Hulme, 1997.

[15] For example a consultancy report for CARE-Kenya showed that official estimates concealed high levels of default. Record-keeping at local level was poor and characterisation of group repayment records as 'good' or 'poor' was largely arbitrary with discrepancies between records at different levels even for individual borrowers (Dichter, 1996). Although these problems can be partly attributed to CARE's attempts to develop independent local-level financial institutions, it is unlikely that they are unique to CARE.

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patterns. As discussed below, repayment levels are not reliable indicators of empowerment.

For women, as for men, investigating economic impacts is highly problematic:

- *the fungibility problem:* the easy conversion of capital into goods makes tracing the destination of loans and savings withdrawals difficult.
- *the attribution problem:* it is difficult to assess the degree to which any changes in incomes or consumption (in themselves difficult to measure) are due to micro-finance services, rather than other income sources or other external factors.
- *problem of interviewee motivation:* lack of interest and unwillingness to answer lengthy questionnaires may lead to unreliable information being given.

Retrospective surveys are notoriously unreliable because of imperfect recall of use of credit, economic activities, incomes or levels of well-being. In studies using control groups there are difficulties identifying the appropriate parameters for comparison. Where analysis is based on statistical correlation there are problems proving the direction of causation.[16] Problems are particularly acute for commissioned consultancies where women, like men, may be unwilling to divulge sensitive information on incomes and use of credit because of anticipated repercussions for access to credit and/or other programme benefits (Copestake, 1995; Goetz and Sen Gupta, 1996).

Assessing socio/political/cultural dimensions of empowerment, including decision-making within the household, present both the above problems and raise issues of a different order. General measurable indicators have been devised (see Appendix 2) and they can be statistically manipulated to investigate correlations between them and impact of micro-finance, subject to the limitations discussed above for economic and well-being indicators (Hashemi et al, 1996). However firstly, attempts to quantitatively measure social and political empowerment can only give a partial, and possibly misleading picture[17]. As discussed at length by anthropologists but not in the micro-finance literature, the answers to questions about power and status are inherently qualitative and subjective. Even with perfect recall there may be no one 'correct' version, but a range of equally valid perspectives. For example women's and men's interpretations of their respective contributions to household wellbeing or decision-making may be radically different, but both significant in indicating change, or lack of change, in gender relations. Furthermore, as discussed below, external identification of criteria and indicators may not correspond to those of women themselves, and may fail to reflect the significance of women's own choices and strategies to pursue their perceived interests.

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16 e.g. a positive statistical correlation between membership of a programme and increases in income or welfare could indicate either that the programme caused the increase or that those with already higher levels were more likely to be members.

17 for a detailed critique of Hashemi et al see Ackerley 1997

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Secondly the nature of gender subordination may further reinforce problems of interviewee motivation. Women are especially vulnerable to repercussions within households and programmes if they divulge certain types of information. Women may give short 'correct' answers either to reinforce stereotypical views, or to please visiting feminists and answers may vary between interviews. For example an attempt by Schuler et al to measure effects of programme membership on domestic violence in Bangladesh found significant differences between women in what they counted as violence, and significant differences between surveys in assessment of incidence and between different methodologies (Schuler et al, 1997b). Sensitive information on access and control over incomes and assets and the strategies women are using to further their interests may only emerge after long periods of participant observation or discussions with those who have worked for a long time with particular groups of women.

What follows is an attempt to piece together a range of diverse, patchy and frequently anecdotal evidence. Any conclusions can only be tentative. A major shortcoming in existing evidence is the lack of detailed study of the impact of particular programme strategies. Impact is generally assessed for the programme as a whole, and the effects of particular strategies examined only incidentally. The main exceptions are the studies of Grameen Bank, BRAC and SCF in Bangladesh. Even here, there is frequently disagreement as to the 'essential elements' responsible for success or shortcomings of particular programmes. For example in the 'Grameen model' some have stressed the importance of a philosophy of poverty focus, elimination of exploitation, social responsibility, participatory management and innovation and creativity (Yunus, 1992; Holcombe, 1995) and others particular loan management techniques (Booth, 1992). The relative impact of Grameen compared to other neighbouring programmes in Bangladesh is hotly disputed (Ackerley, 1997).

It must also be stressed that it is unlikely that either positive or negative impacts are limited to those programmes for which they are reported. On the one hand reported negative impacts may be more an indication of a programme's level of gender awareness and accountability rather than higher prevalence of the problems described. On the other hand, in the absence of systematic research, this greater gender awareness may mean that prominent cases of negative impact are emphasised rather than any more widespread but perhaps less dramatic positive trends. Nevertheless, despite the numerous caveats, existing evidence does place in question the assumptions underlying all three approaches, and models about how the 'virtuous spirals' may operate.

### *Questioning economic empowerment: women's individual capacities and structures of gender subordination*

Underlying all three approaches is an assumption that access to micro-finance services can lead to women's economic empowerment. Within the financial self-sustainability approach this is assumed to be possible through provision of micro-finance services alone. In the other two approaches women's economic empowerment is seen as requiring other additional support.

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*Increasing women's access to micro-finance services*

The impressive achievement of micro-finance programmes in making services available to large numbers of women who previously had no such access cannot be underestimated. Many programmes involved in the pilot study reach thousands of women and further expansion is anticipated in most programmes. Many programmes report high levels of demand for credit by women, reinforcing the view that micro-finance services address the expressed needs of many women. In Chad, a report describes news of VITA 'spreading like wild fire by word of mouth in communities, churches, markets and other public places' (Bangui and Miankeol, 1995). The ACORD-Sudan programmes reported twice as many applications for credit as they were able to meet. WV-Ethiopia had experienced particularly rapid demand-led growth to over 8,000 people in three years (Kebede, 1997). The rapid expansion of programmes targeting women has also served to highlight the importance of production interventions for women within many development agencies and within international debate.

Nevertheless firstly evidence indicates continuing widespread barriers to women's access in many programmes because of programme regulations and targeting of services to particular activities where men predominate or have an advantage (Copestake, 1996) and/or opposition of male programme members (ACORD, 1996a; Kebede, 1997; ACORD-Dire-Dawa, 1996) and/or opposition within the household (Karamagi, 1997). Some programmes were having problems attracting rural women. Importantly, within programmes women generally receive lower loan amounts than men, sometimes because of choice of activity as discussed below, but also because of discrimination within groups.

Secondly the evidence indicates that most programmes for which data are available are not reaching the poorest women, even when this is a stated aim. Many programmes, despite emphasis on poverty-reach in promotional material and funding applications, explicitly exclude the poorest women by focusing on existing women entrepreneurs with proven business record. Where it is a requirement that clients in primary groups must know each other this tends to lead to homogeneity of gender, ethnic group, religion and enterprise and may exclude the poorest (Buckley, 1996; Negassi, 1997). Evidence also overwhelmingly indicates that women's groups are excluding the poorest and most disadvantaged women particularly where the group as a whole, or group leaders are responsible for ensuring loan repayment or where better-off women want access to loans (Montgomery et al, 1996; Noponen, 1990). Women's groups in Vietnam explicitly exclude women with difficult family circumstances (Albee, 1996). In Uganda the group-based system also often led to the exclusion of AIDS sufferers (ACORD, 1996a). In some programmes there is a marked shift towards the better-off over time (Montgomery et al, 1996) or because of pressures toward financial sustainability (Gibson, 1995).

A particularly significant finding of many reports is that registration of membership in women's names does not necessarily mean women's control over loan use, or in some cases even participation in decisions about loan application. In Vietnam women do appear to control both loans and loan use,

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although the loans are seen as a household affair rather than for the woman's independent use.[18] However, although there is little systematic data, available information indicates that in some programmes the scale of male appropriation of loans is significant, particularly in Bangladesh and Pakistan.[19] In some cases this has been because of direct male appropriation, in others a conscious choice by women themselves in the absence of sufficient avenues for individual investment on their own account.[20]

*Impacts on incomes earned by women*

The fungibility of capital makes it difficult to trace the usage of loans and savings withdrawal with any degree of certainty or to attribute any increases in incomes to micro-finance programmes, as discussed above. Loans and savings withdrawals are often used in a complex juggling of diverse sources of market and non-market income to meet consumption and production needs. For very poor people, and particularly for women, boundaries between production and consumption are generally blurred. In particular, immediate use of loans for consumption may not only be desired in itself, but necessary for subsequent increases in production eg medical care to enable them to work at all, house improvements to improve working space or prevent absence from work through ill-health or purchase of staple food in bulk at low prices to free income for subsequent investment in production. Careful studies of programmes in Vietnam where consumption use of loans is allowed indicate that women use loans for a wide variety of activities and it is unusual to invest the entire first loan in one large productive activity. Small investments are made in activities which generate almost immediate returns for example, trading in vegetables, paddy or firewood provides a steady source of income used to repay the loan. For many women loans and savings are combined with loans from other sources and income from activities and loans and savings are used for consumption also. Studies which give a clearcut division for all loans between use for production and use for consumption must therefore be

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18 For example in SCF VietNam decisions about loan use were taken jointly in 60% of cases, by the woman only in 39%. Use of loan income by woman only in 78% cases, jointly 22% (Albee, 1996).

19 In 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, 1995,6). 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 all three ACORD-Uganda programmes (ACORD, 1996a).

20 For example in SCF Bangladesh most women said taking the loans and loan usage was a joint decision, regardless of who used it. When asked why the women did not use the loans themselves, but gave it to their men, there were differences between the two communities studied. In Ghorishor women said it was because they did not have the ability\skills to use the loan or there was no scope for women to do anything. In Noapara the majority said they give the loans to men because they are the income earners and their priority. In most cases men made the full contribution towards both the weekly savings and loan repayment in most of the cases. Most of the men went to market to buy or sell and made all decisions about amount, price and location although a significant number of women also made decisions about livestock, poultry and agriculture-related activities (Basnet, 1996). See also ACORD, 1996b.

treated with some caution as must reports which assert positive impact on incomes on the basis of short questionnaires.

**BOX 7: WOMEN'S EMPOWERMENT: TENSIONS AND CONTRADICTIONS**

**ACORD-Dire Dawa: Wube Cherinet:** 45, husband retired factory worker and 3 unemployed sons. Even before retirement the husband's wages as a factory worker were low, leading to serious domestic conflict. Wube took training from the credit programme and used the stipend to start a catering business. Then she took a loan and enlarged her business. She has now taken a second loan and also joined an 'equb' (ROSCA). She plans to increase her income selling out pilgrimage centres and hopes eventually to furnish her house and make it into a snack bar. Relations with her husband have greatly improved now she is earning an income. She no longer asks her husband for money to cover household expenses. She is also able to purchase luxuries for herself. As her health is not good following a miscarriage, her husband helps serve the customers and also with housework like cleaning. He gets up every morning at 5 o'clock to clean and sweep the floor and buy food for the business before waking her at 8 o'clock. He then makes the bed, prepares breakfast and coffee before going to work as a stone-cutter. Her main constraint is continuing reliance on credit from wholesalers, but slowly she is accumulating savings after household expenditure to become independent.
(ACORD-DireDawa, 1996)

**WV-Botswana: Violet Makgosa** runs a poultry business. She built a poultry house in her yard, as many of her colleagues have done, and began to travel around the villages to sell her chickens. She deposited all the money she made from her sales, except for her salary. Although her husband tolerated the first few market and bank trips, he was not happy about her going around nor depositing the money in the bank: he wanted her to stay at home, and to use at least part of the business savings.

One day Violet went to a road camp in a nearby village to sell chickens. She did not finish selling them, and in order to save transport money she decided to spend a night there and sell the rest the following day. When her husband came home and did not find Violet he was furiously angry. The next day, having sold all her chickens, Violet returned home happy and encouraged. As soon as he saw Violet, her husband told her she had to choose between him and her chickens. She chose the latter and went to her parents. However, she later reported the matter to her VWC members who negotiated with her husband on her behalf and reconciled them. Now the husband has accepted Violet's market and bank trips and the fact that she deposits her business revenue for future expansion.
(Getu, 1996)

**UWFCT: Edith Kagino** married, with seven children. Before marriage, she developed an interest in dairy helping her mother. After marriage she worked in the workshop of her husband. From 1991 she was a regular saver with the 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 the 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 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 doubtful debt.
(Ngajja et al 1993)

There is clear evidence of positive contributions to incomes. In some programmes in favourable contexts where there are dynamic markets and women already have business skills, increases in incomes may be occurring for many women. Although as discussed above, repayment data are notoriously problematic, official estimates of women's repayment levels in most organizations involved in the pilot study were high, at over 90% in most all-women programmes. Significantly, most mixed-sex programmes for which gender-disaggregated data were available reported higher levels of repayment for women and women's groups than for men and mixed sex groups. In many organizations, including Grameen Bank, BRAC, FINCA, UGAFODE and the ACORD-Sudan programmes, high levels of female repayment compared to those of men in initial programme stages

had led to a progressive targeting of women. The main exception were programmes in Pakistan where as noted above there is a high level of loan diversion to men. More direct evidence also indicates that all programmes involved in the pilot study have contributed to setting up of new economic activities for some women and expanding existing activities for others. [21]

In some cases increases in incomes have been significant[22] and there are numerous case studies of women entrepreneurs who have set up new and successful enterprises as a result of micro-finance programmes (See Wube Cherinet in Box 7).

However the few existing statistical studies of women borrowers (eg Everett and Savara, 1987,1991) and men and women borrowers (Hulme and Montgomery, 1994; Montgomery et al, 1996) find very small increases in income for quite large numbers of borrowers but in only a very small number of cases are there significant income increases. One study of women's use of bank credit in women's programmes in India found that although women's incomes increased after receiving a loan, their additional earnings were used to make the interest payments on the loan, rather than reinvested in the business (Everett and Savara, 1987). In other programmes, including SEWA and WWF, there were indications of a high level of diversion of loans from the activities intended by the programme.[23] Evidence from WWF suggests that the use of loans for production declines with the length of time women are involved in loan groups, even where repayment levels remain high. Although initial loans may be invested in production, subsequent loans are often used for consumption purposes or debt repayment[24] (Noponen, 1990). This may decrease household vulnerability, but as argued below, may not be sustainable in the long term and may not necessarily benefit women.

It is clear that women's choices about activity and their ability to increase incomes are seriously constrained in most cases by lack of access to other resources for investment, responsibility for subsistence, lack of time and low levels of mobility and constraints on sexuality which limit access to markets in many cultures. This has been extensively discussed in the micro-enterprise literature (see Mayoux, 1995a for references) and only a few examples from the micro-finance literature collated in the pilot study are given here. Women's enterprises are often undercapitalised and concentrated in a

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21 For example a consultant's survey of 79 members in CARE-Kenya in 1995 found that while first loans tended to be used to increase stock, later loans were used to diversify and about half the women had more than one business (CARE-Interational, 1996).

22 For example in Seraye it was noted that although women clients had fewer fixed assets than men and lower working capital, in some cases they were able to have higher income increments than men (though presumably from a much lower initial level).

23 In SEWA despite attempts of the bank and field staff to ensure loan use for production, a random survey revealed that only 50% of the loans by value had been used for business purposes, 25% had been used for the repayment of old debts and the rest for ritual obligations eg marriages and death ceremonies (Jain, 1980, size of sample not stated). In Noponen's study of WWF 51% of the 685 loans disbursed to sample women over the study period were invested in full (27%) or in part (24%) in a business. Debt diversion for debt repayment was 17% and for consumption 15% and 14% of loans had mixed-use diversion (1990).

24 Loan use for consumption or repayment of old debts increased substantially over time increasing from 38% in 1980 to 58% in 1984 (Noponen, ibid.).

narrow range of low-profit activities, with few assets and consequently earning low incomes.[25] Women's very effectiveness as guardians of family welfare and their responsibility for family provisioning and reproductive work limits their ability to invest in and expand economic activities.[26] In a significant number of cases women are unable to use the loan to increase incomes because of insufficient time to expand their activities because of unpaid domestic work (Noponen, 1990). In Ethiopia and Eritrea reports note the limitations on women's ability to increase incomes because of gender discrimination in access to education and skills and see little prospect of significant increases in income from women's existing activities and serious dangers of market saturation (Kebede, 1997; Abudulahi, 1996; Phillips, 1994). In Sudan Fikka women were not allowed to go to the market to sell their products. They had no idea who their customers were and sent their children who were sometimes exploited and forced to sell the baskets at low prices (ACORD-Kassala, 1996). In some cases social pressures have even led women to give up more lucrative activities. For example in UWFCT one woman who had set up a successful butchers business, seen as a 'male' occupation, gave this up for a less lucrative but more socially acceptable second-hand clothes business (Rugasira, 1997).

*Increased women's access to and control over income and assets*

A further significant finding is that women's loan repayment levels cannot be used as a proxy measure for empowerment. As discussed above, loans may be used by men. There is no clear relationship between women's role in decisions about loan use, whether or not they choose to use it for their own purposes or hand it over to men, or whether or not they are involved in the activity for which it is given or control the income from this. The highest level of control over both the loan and income were reported in Vietnam where women are generally in charge of household financial management (Pairaudeau, 1996). However in Bangladesh a study of BRAC found there was no change in control of income with access to loans. Women's way of countering this was through on-lending small amounts to other women as small dispersed debts which could be recalled and by investment in small livestock under their control, or shared out between women (White, 1992). Control over household income is a locus of continual negotiation and often conflict where men and women may have radically different expectations and views of their respective rights and

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25 In the case of KREP Buckley found assets owned by women's enterprises were about three-quarters of the value claimed by male respondents and sales about two-thirds (Buckley, 1996). In CARE-WED the largest number of businesses were cereal trading (33), followed by trade in other food (17) and used clothes (17) and small shops (11) (CARE-Interational, 1996). In DireDawa a survey of 54 women showed that most loans had led to small increase in household incomes and most loans were used for informal trade in which borrowers had already been engaged (ACORD-Dire-Dawa, 1996).

26 For example a study of BRAC notes that women were taking loans for paddy husking but growth in their businesses were constrained by lack of labour time and "more fundamentally the frequent occasions on which cash returns have to be diverted to household consumption needs. This problem is particularly acute for women, who have to ensure there is enough food every day for family meals, and who are expected to use their own income for such needs before calling on the income of other (male) family members. Thus, there is often a limit to which paddy husking can generate income, and rapid turnover and domestic demands on returns means that women often have to reduce the volume of their work." (Montogmery et al, 1996, p151) In Chad it was found that, despite high repayment, few women developed their enterprises and in some cases incomes were largely taken up by social obligations (Bangui and Miankeol, 1995).

responsibilities (Dwyer and Bruce, 1988; Kandiyoti, 1988; Kabeer, 1994). Existing evidence indicates this is no less the case with incomes generated from micro-finance programmes.

## *Questioning relations within the household: household well-being and women's empowerment*

In the poverty alleviation paradigm the main focus of interest is on well-being benefits to poor households and poor women. In the financial self-sustainability approach women's economic empowerment is assumed to have positive impact on well-being. Some feminists have however been rather ambivalent about addressing women's 'practical needs' as diverting the attention of both women and development agencies from what are seen as more fundamental underlying inequalities or 'strategic interests' (Batliwala, 1993).

*Increased wellbeing at the household level*

Statements about beneficial impacts on households of members are frequent in NGO funding proposals and promotional material, in some cases leading to multiplication of numbers of programme beneficiaries by a factor of 7 on the assumption that members live in large households and that their access to micro-finance in turn benefits all members of their households. Such claims are however nowhere rigorously substantiated. Some studies using PLA methods conclude that there has been some reduction in household economic vulnerability because of both expenditure of loan on consumption and investment in economic activity. All studies for which data exist find that much of women's increased income or loans themselves is spent on household consumption and children's wellbeing. Some studies note increased likelihood of children being sent to school, particularly where programmes also include education programmes (Albee, 1996).

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However there is also evidence firstly that increasing women's income may not mean a total increase in income used to improve wellbeing of all household members. In some cases men may be withdrawing more of their own contribution for their own luxury expenditure. In ACORD-Gulu in Uganda some husbands were claiming a share of the incomes of their wives as payment for forgone domestic services or for the use of the lands that belong to their husbands. In ACORD-Pakwach in Uganda some men were leaving all household expenditure to the women once they had funds (ACORD, 1996a). Where women's loans are used for household consumption and\or substitute for male contributions and\or women are prevented by domestic responsibilities from increasing incomes, impacts on consumption are likely to be unsustainable in the longer term.

Secondly women's expenditure patterns may replicate rather than counter gender inequalities. Women may employ daughters and daughters-in-law as unpaid family labourers increasing their workload and decreasing their ability to attend school unless this issue is directly addressed. Although increased family income channelled through women often benefits children considerably, anecdotal evidence suggests they may often still prioritise the interests of boy children and priority is given to boys' education (Kebede, 1997). 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 (Mayoux and Johnson, 1997).

*Improvement in women's well-being*

There is evidence of positive impacts on women's well-being. Household well-being is in many ways linked to women's well-being. In most cultures the gender division of labour and responsibility in the household, mean that it is generally women who bear the brunt of child and male ill-health, women who are expected to forego food if this is scarce and women who have to suffer the stress, male violence and in some cases desertion to which this can lead (for Bangladesh see eg Schuler et al, 1997b).Women themselves 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. The appreciation of their husbands and communities may also be increased as in the cases in the case of Wube Cherinet in Box 7 (Albee, 1996; Lakshman, 1996). Individual women have succeeded in gaining husband's acceptance of their increased freedom and autonomy and there have been changes in women's role in household decision-making, subject to the limitations indicated. There have also been more direct improvements in women's well-being. For example, women's investment in activities such as livestock and petty trading in Vietnam has enabled them to spread their work more evenly over the year and focus on off-season and/or less time-consuming activities (Albee, 1996). There is evidence of increased spending on women's health (Schuler et al, 1997b).

However, women do not necessarily benefit from their increased contribution to household well-being. As noted above, increased household income may be used to free male incomes for their own use rather than increasing incomes available to women. Moreover, firstly small increases in access to income may be at the cost of heavier work loads. Participants from Uganda at the Ethiopia workshop expressed particularly strong fears of serious adverse effects on women's health and wellbeing of heavy workloads as they struggle to combine income-earning with unpaid domestic responsibilities. Secondly some women face considerable hardship in order to meet loan repayments, forgoing food and other consumption expenditure (Basnet, 1995). Even in Vietnam where women controlled loans, most activities and incomes, men still had more avenues for luxury expenditure and there had been no appreciable change in perceptions of women's entitlements to household income (Pairaudeau, 1996).

Finally although in many cases, women's increased contribution to household well-being has considerably improved domestic relations, in other cases it intensifies tensions. In a detailed study of domestic violence and impact of micro-finance programmes in Bangladesh, Schuler at al find that where women challenge gender norms, husbands sometimes react violently (1997b, see also Goetz and Sen Gupta 1996). Increase in domestic violence and abandonment was of considerable concern to many participants at the East Africa workshop (ACORD-Kassala, 1996; ACORD, 1996a; Karamagi, 1997). In some cases women's increased autonomy has led to complete withdrawal of male support as in the case of Edith Kagino in Box 7 above. As can be seen in the case of Violet Makgosa in Box 7 above, in some programmes advocacy on behalf of individual women and action

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by women's groups are able to resolve these issues, but in many programmes women receive no support. In some programmes there were fears that supporting women's productive role through credit might be encouraging polygamy because of the freeing up of male income and the economic attractions of having more than one wife (ACORD-Kassala, 1996; ACORD, 1996a). Problems are particularly acute where women are dependent on male-owned assets such as land to generate income to repay loans. This places them in a particularly vulnerable position in intra-household negotiations especially in the situation common in many cultures where divorce can be used by men as a threat and women retain few rights in their natal family after marriage.

## *Questioning social and political empowerment: women's aspirations and strategies for change*

In the feminist empowerment approach the main focus is on contribution to wider social and political empowerment. In the financial self-sustainability and poverty alleviation paradigms such wider impacts are assumed. However rigorous study of contribution to social and political empowerment is seriously limited, and generally anecdotal. As noted in a study of Bangladesh, there is a tendency on the part of NGOs to assume that women do not already have networks and strategies to advance their interests and therefore that any positive changes noted, or even indications of women challenging gender norms, are due to programme implementation (Montgomery et al, 1996).

*Changes in gender roles*

There have been positive changes in household and community perceptions of women's role, as well as changes at the individual level (Lakshman, 1996). There have also been significant changes even in societies where women's role has been very circumscribed. For example, a participatory gender impact study of the ACORD-Sudan programmes reported significant programme impact on gender relations. A high proportion of enterprises assisted with ACORD credit were successful, in some cases nearly doubling overall household income and many women had applied for successive loans to start up supplementary initiatives. This success had led to increased confidence in women who previously were wholly economically dependent on their husbands and had not engaged in any economic activities outside the home for fear of social disapproval. Men treat their wives with greater respect and allow them more say in the management of the household's financial affairs. Before the programme men, as sole breadwinners, felt they had the right to decide how the household income should be spent. Even to be seen discussing with an ACORD worker had initially aroused fear and shame but now women queue outside ACORD sub-offices waiting to be served alongside the men, and are as assertive as men in dealings with ACORD (Hadjipateras, 1996). It is likely also 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). However there is little contexualisation of these trends and we do not know for how many women these changes are occurring.

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*Access to networks*

Where women set up new economic activities and particularly where they are involved in marketing this may lead to significant changes in women's mobility and knowledge of the world outside the household. Economic activity may provide one of the few acceptable 'excuses' women use to challenge gender restrictions on interactions with men. Participation in savings and credit groups may also bring together women who did not previously know each other and provide the basis for development of information exchange and a forum for discussion of gender issues. In 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 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 (Hadjipateras, 1996).

However firstly, as noted above, many programmes target women already involved in business (hence with already existing networks) and many businesses are home-based (hence giving limited access to networks outside). Moreover it cannot be assumed that women do not already have strong networks, even in societies like Bangladesh, where women's mobility is highly restricted (White, 1992). Women in many African contexts, in Vietnam and poor women in India are often already highly mobile and have very well developed networks. Contribution to networks is likely to be particularly limited where group sizes are small and limited to women who already know each other in order to maximise repayment pressures. For example in KREP primary loan groups largely replicate existing networks and sharing of knowledge and skills mainly take place at secondary levels for group representatives where women are underrepresented (Oketch, 1992, quoted Buckley, 1996, p313). Bringing women together for savings and credit does not necessarily develop a sense of solidarity or collective explorations of ways in which women's problems can be overcome. For example in Vietnam, childcare was mentioned by many women as a significant problem, but they had not considered the possibility of using the micro-finance programme to look at ways of setting up creches (Albee, 1996).

Secondly there are indications that repayment pressures may not only increase stress for individual women but also increase tensions between women and within communities. Khan and Stewart recount a conversation with BRAC women in which they were told with pride that they had pulled down a member's house because she did not pay back her housing loan (quoted Montgomery et al, 1996). In some cases repayment burdens have fallen particularly heavily on poorer women within groups. For example KREP found that richer members were not repaying and making poorer members cover their loans (personal communication from Grace Okungu of KREP). Noponen's study of WWF found that the loan groups often in fact disguised higher levels of default and shift the burden of repayment onto group leaders who are themselves not necessarily in a good position to bear the loan. One group leader reportedly threatened suicide and several women left or were forced

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out of the organization. The group loan system set up a situation in which group leaders, who were not necessarily much better off financially than the group members, could in the future become moneylenders themselves either charging interest, taking bribes, gifts or insurances from the women in order to cover the risk of accepting their loan applications (1990). In ACORD-Pakwach executive members were often the biggest defaulters and some people chosen to bring the loan repayment to ACORD absconded with the money (ACORD 1996a). In VITA it was reported that revolving credit groups were insufficiently structured and group leaders did not always deliver repayment on time or simply diverted funds which had to be repaid by other members (Bangui and Miankeol, 1995). The degree to which micro-finance programmes increase networks therefore cannot be assumed. Ways in which networks can be enhanced must be strategically planned. Otherwise programmes may put unacceptable strains on women's existing networks.

*Wider political activity*

In many programmes, particularly in India, micro-finance has formed a basis for organization against other issues like domestic violence, male alcohol abuse and dowry. This has been particularly well-documented for SEWA and WWF, but discussions at the South Asia workshop indicated that this was occurring, and being directly encouraged, in a number of other programmes. In Bangladesh some programmes mobilized their female members to vote for the first time in recent elections. 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 organization by the Association of Women Caterers against harassment many women were experiencing at the hands of official authorities (Hadjipateras, 1996).

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However in most programmes there is little attempt to link micro-finance with wider social and political activity and in the absence of specific measures to encourage this there is little evidence of any significant contribution of micro-finance. There is rather conflicting evidence about the degree to which women are willing to spend time in group meetings, attend gender-awareness training or are able or wish to use micro-finance groups to challenge inequality. For example in Action Aid Vietnam it was reported that some women felt meetings were a waste of time (Pairaudeau, 1996). Some researchers in BRAC Bangladesh found little change in behaviour following conscientisation (Khan and Stewart, 1992). In both Bangladesh and Chad women were reported to have rejected more empowerment-focused programmes for minimalist credit (Arn and Lily, 1992; Ebdon, 1995; Bangui and Miankeol, 1995). The degree to which this is a result of women's own decision to switch allegiance because of better credit terms, or because of pressure from men to get access to credit while maintaining their own power, is unclear. Whether conscientization programmes failed because they were poorly designed or because women were inherently opposed is also unclear. What is clear however, is that women vary significantly in what they want and expect from programmes, with some highly committed to social and political empowerment and others merely wanting access to

micro-finance services (Arn and Lily, 1992).

## *Gender analysis of micro-finance programmes: a framework for looking at empowerment*

Access to micro-finance adds one further dimension, sometimes significant and sometimes insignificant into ongoing processes of negotiation within households and communities over access to resources and power. Despite its shortcomings the evidence discussed above indicates that:

- micro-finance programmes can make a contribution to all dimensions of women's empowerment, and have done so in some programmes for some women. In some cases this has occurred through women's own strategies for change. In others this has been an outcome of strategic policies for empowerment.

- nevertheless for many women contribution to economic empowerment may be negligible, as may well-being benefits and social and political empowerment. This is particularly the case for the poorest women who may become severely indebted and the most disadvantaged women particularly in contexts where women have little access to movements which challenge prevailing norms of gender subordination. In many cases contextual constraints at all levels have prevented women from accessing programmes, increasing or controlling incomes or challenging subordination. In some cases strategic policies for empowerment have had less contribution than anticipated.

- for some women micro-finance may be positively disempowering leading to severe impoverishment, abandonment and putting serious strains on networks with other women. This is particularly the case where explicitly planned support networks have not been set up.

The evidence indicates extremely complex interrelationships between women's own strategies for use of micro-finance to further their perceived interests, contextual opportunities and constraints, and programme policies. Although there are clear differences in womens' strategies and problems between societies eg Vietnam, Bangladesh and Uganda, and differences between very poor and not-so-poor women there is also considerable variation within programmes and within (even very poor) communities which would belie the possibility of predictive modelling based on eg household structures or automatic benefits of particular policies. It also indicates that men can be important supporters of a process of change, as well as significant obstacles. However it is clear that access alone cannot be used as a proxy indicator for empowerment. All the assumed linkages between access and empowerment need to be questioned and are likely to be constrained by the many different and mutually-reinforcing dimensions of gender subordination as indicated in Figure 2.

As noted above existing evidence is inadequate to reach any firm conclusions about the relative merits of different approaches. There are particular concerns about the potentially negative effects of the financial self-sustainability approach. There are also doubts about the impact of different strategies

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employed in the poverty alleviation and feminist empowerment approach. There is an urgent need for such policy-related research in the context of promotion of the financial sustainability paradigm by major international donors.

A possible framework for analysing the different dimensions of women's empowerment is suggested in Box 8. It has some parallels with the Longwe framework (see Appendix 2) and the 'practical needs'/'strategic needs' distinction of Moser (1994; see also Molyneaux, 1995). It combines:

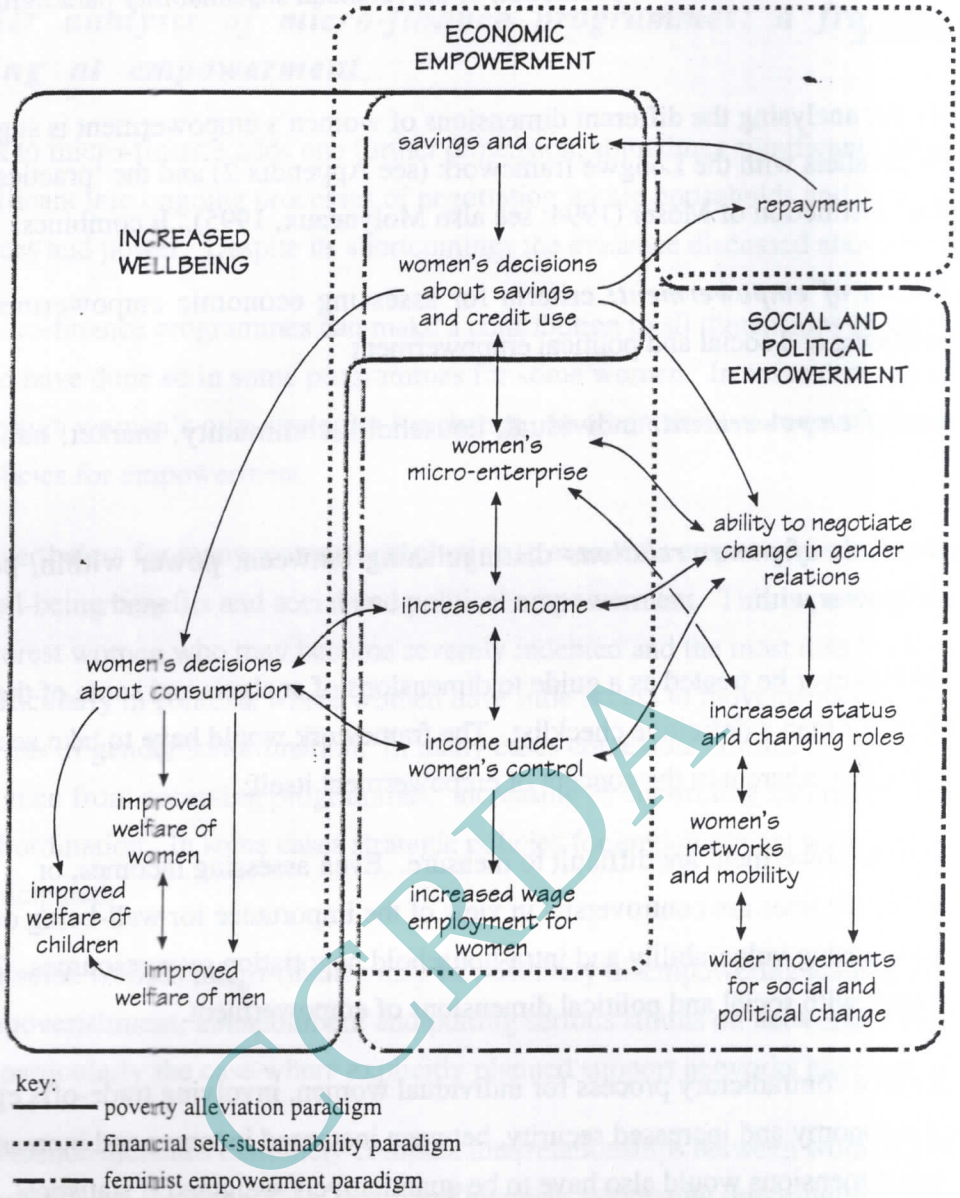
- ***different dimensions of empowerment:*** criteria for assessing economic empowerment, contribution to wellbeing and social and political empowerment
- ***different domains of empowerment:*** individual, household, community, market, national level
- ***an underlying analysis of power relations*** distinguishing between: power within, power to, power over and power with.

The framework should however be treated as a guide to dimensions of analysis and some of the questions to be asked, rather than a definitive checklist. The framework would have to take account of the following complexities inherent in the concept of empowerment itself:

- many dimensions of empowerment are difficult to measure. Even assessing incomes, or 'significant change' in incomes are controversial in view of the importance for well-being of non-market activities, decreasing vulnerability and intra-household negotiation over resources. This is even more problematic with social and political dimensions of empowerment.
- empowerment may be a contradictory process for individual women, involving trade-offs eg between increased autonomy and increased security, between increased incomes and increased workload. Different dimensions would also have to be quantitatively weighted if statistical analysis is intended.
- there may be significant differences in aims and needs between women themselves. As outline above, the problems of very poor women may be different from those of not-so-poor women. Even within identifiable social and economic categories, women may have very differing views, needs and strategies.
- empowerment may involve intense conflict of interest as well as difference eg between micro-entrepreneurs and labourers, between women and men and between women and children.
- there may be significant differences in aims and conflicts of interest between women and development agencies and within development agencies in view of different approaches to empowerment discussed above, and potential tensions between empowerment and sustainability aims discussed below.

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**Figure 2 Virtuous Spirals: Questioning Assumptions**




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How these differences, trade-offs and conflicts are accommodated to assess whether or not a particular woman is empowered, or whether a programme or particular strategies can be considered empowering for women as a group is essentially a political question where different stakeholders may have differing views. What is however likely to be more useful from a policy point of view is not aggregate impacts on women as a whole, but processes, interlinkages and differences between women to indicate possibilities for change as well as existing impacts.

In order to have relevance for policy this analysis of empowerment would also have to take place within a second framework of questions[27] to assess the interlinkages between changes in different dimensions of empowerment, different contextual opportunities and constraints and specific programme policies as outlined in Box 9. This would firstly place programme contributions within

27 This framework draws on other frameworks for gender analysis, in particular the gender roles framework developed by Naila Kabeer (1994) and the discussion of gender policy and empowerment by Susan Johnson (1997).

the context of what is feasible in view of contextual constraints at the individual, household and macro-levels and the ways in which these interact. Secondly it would not assume that positive changes are due only to programme interventions, but also women's existing strategies and the actions of men and other agencies. Thirdly it would distinguish between planned outcomes of strategic policies for empowerment, unplanned assumed or hoped for positive outcomes and unplanned, unintended negative outcomes.

Investigating interlinkages between all these dimensions of empowerment and policy in a rigorous manner is likely to be lengthy and costly in view of the complexities discussed above. Comprehensive studies of a few programmes will be necessary to increase our understanding of the interlinkages between different dimensions of empowerment and micro-finance use by women, how they vary between contexts and with particular programme strategies. These could develop cost-effective ways of combining quantitative, qualitative and PLA methodologies (See Appendix 3). As discussed elsewhere, there is considerable potential for developing PLA techniques for looking at empowerment as an integral part of NGO internal monitoring and evaluation combined with gender awareness within the context of a participatory programme management structure (Mayoux, 1997). It is also likely that application of soft systems methodology[28] would prove extremely useful for analysis of interlinkages and tensions between different dimensions of empowerment and policy and highlighting areas for potential innovation.

However even in the absence of such a comprehensive participatory action research programme, the frameworks could be useful in more limited studies to assist selection of more focused and policy-relevant questions and clarify the questions which are not being asked and hence the limitations of the study.

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28 This methodology has yet to be applied to micro-finance and empowerment but its potential for organisational learning in general terms is discussed in Checkland and Scholes, 1990

## BOX 8: A FRAMEWORK FOR ANALYSING WOMEN'S EMPOWERMENT

| Type of Power Relation | Economic Empowerment | Well-Being Benefits | Cultural/Legal and Political Empowerment |
|---|---|---|---|
| **Power within: increased awareness and desire for change for individual woman (roughly corresponds to Conscientisation in the Longwe framework)** | • women's positive evaluation of their economic contribution<br>• desire for equal economic opportunities<br>• desire for equal rights to resources in the household and community | • women's confidence and happiness<br>• women's desire for equal well-being<br>• desire to take decisions about self and others<br>• desire to take control of own fertility | • assertiveness and sense of autonomy<br>• recognition of need to challenge gender subordination including cultural tradition, legal discrimination and political exclusion<br>• desire to engage in cultural, legal and political processes |
| **Power to:**<br>• **increased individual capacity for change**<br>• **increased opportunities for access**<br>**(roughly corresponds to Welfare and Access in the Longwe framework and includes 'practical needs')** | • access to micro-finance services<br>• access to income<br>• access to productive assets and household property<br>• access to markets<br>• reduction in burden of unpaid domestic work including childcare | • skills including literacy<br>• health and nutrition status<br>• awareness of and access to reproductive health services<br>• availability of public welfare services | • mobility and access to the world outside the home<br>• knowledge of cultural, legal and political processes<br>• removal of formal barriers to access to cultural, legal and political processes |
| **Power over:**<br>• **changes in underlying resource and power constraints at household, community level and macro-level**<br>• **individual power/action to challenge these constraints**<br>**(corresponds to some aspects of Control in the Longwe framework and 'strategic needs')** | • control over loans and savings use and income there from<br>• control over income from other household productive activities<br>• control over productive assets and household property<br>• control over household labour allocation<br>• individual action to challenge discrimination in access to resources and markets | • control over parameters of household consumption and other valued areas of household decision-making including fertility decisions<br>• individual action to defend self against violence in the household and community | • individual action to challenge and change cultural perceptions of women's capacities and rights at household and community levels<br>• individual engagement with and taking positions of authority within cultural, legal and political processes |
| **Power with or increased solidarity/joint action with other women to challenge underlying resource and power constraints at household, community level and macro-level**<br>**(includes Participation in the Longwe framework but also collective mobilization to address 'strategic needs')** | • acting as role model for other women, particularly in lucrative and non-traditional occupations<br>• provision of wage employment for other women on good wages<br>• joint action to challenge discrimination in women's access to resources (including land rights), markets and gender discrimination in macro-economic context | • higher valuation of and increased expenditure on girl children and other female family members<br>• joint action for increased public welfare provision for women | • increase in networks for support in times of crisis<br>• joint action to defend other women against abuse in the household and community<br>• participation in movements to challenge cultural, political and legal gender subordination at the community and macro-level |

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**BOX 9: FRAMEWORK FOR EXAMINING RELATIONSHIPS BETWEEN EMPOWERMENT, CONTEXT AND POLICY**

**Contextual Constraints** operating on different dimensions of empowerment at the individual, household and macro-levels

- in what ways do women themselves impose constraints and why?
- in what ways are constraints imposed by men and why?
- how far are constraints imposed by macro-level processes eg the economy and markets, lack of social services, gender subordination entrenched in legislation?
- in what ways are these different dimensions and levels of constraint interlinked?
- how does this differ between women?
- what are the implications for inherent limitations on what can be expected of micro-finance?

**Contextual Opportunities** for different dimensions of empowerment at the individual, household and macro-levels

- what strategies are women using to negotiate change within households and communities?
- what are the different roles of men in supporting women's own strategies?
- what opportunities exist at the macro-level eg changing economic and market opportunities, legislation which is not implemented, women's movements for change?
- in what ways are these different dimensions and levels of opportunity interlinked?
- how do these differ between women?
- what are the implications for key 'empowerment entry points' for micro-finance?

**Contributions of Strategically Planned Gender Policies**

- what programme strategies have been planned to contribute to empowerment?
- how is this contribution envisaged as occurring?
- how far and in what ways have these strategies challenged the constraints and\or built on opportunities identified?
- for which women?
- what are the implications for policy in the future?

**OTHER ASSUMED OR HOPED FOR POSITIVE IMPACTS:**

- what other contributions to empowerment are assumed or hoped for as a consequence of programmes as a whole?
- how are these contributions envisaged as occurring?
- how far and in what ways have these contributions occurred? how far and in what ways have they been constrained by context? how far and in what ways have they been dependent on the opportunities identified?
- for which women?
- what are the implications for policy in the future?

**UNINTENDED NEGATIVE IMPACTS:**

- how far and in what ways have programmes had unintended positive or negative impacts?
- for whom?
- which particular policies?
- what are the implications for policy in the future?

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# PART III

## Women's Empowerment Versus Sustainability? Issues and Ways Forward for Best Practice

It is clear that micro-finance programmes inevitably involve issues of rights to resources within households and like any livelihood interventions will have some impact for good or ill on power relations within households and communities. Any conclusions about best practice can only be tentative at this stage. As discussed above, the incomplete and frequently anecdotal nature of available evidence and lack of policy analysis mean that far more questions are raised than answered. There is a need for much more detailed and systematic research on all the issues raised in this paper to assess the degree to which findings for small samples of women are generalisable within programmes, between programmes and across contexts. There is also a need for detailed analysis of links between particular programme strategies or models and different dimensions of empowerment.

Nevertheless, despite the inevitable complexities, evidence does suggest critical elements of a gender policy which would make micro-finance ***more empowering*** for ***more women***. In what follows I proceed from an assumption that the use of **development funds** for micro-finance provision should prioritise interventions shown to have the greatest contribution to poverty alleviation and empowerment. I use the term 'empowerment' as a shorthand for a range of interlinked processes encompassing economic empowerment, well-being benefits and social and political empowerment as discussed above. Despite its contentious, and often vague or rhetorical usage, I feel that empowerment is a useful concept in highlighting :

- the interlinked nature of different dimensions of gender subordination
- the centrality of underlying power relations in influencing women's aspirations and strategies and constraining their ability to achieve these
- the importance of looking at positive action for change by women themselves rather than just examining gender impacts of existing agency interventions

These assumptions follow from my understanding of the GAD approach (See Box 10) and places me closest to the feminist empowerment approach discussed above.

### *A gender policy for micro-finance: essential elements*

The inherently complex and potentially conflict-ridden nature of empowerment itself means that 'total success' will never be achieved for all women and any gender policy is likely to be contested by both women and men. As discussed above, there are trade-offs for individual women, differences and conflicts of interest between women as well as resource and power inequalities between women and men at all levels. Nevertheless, despite the inevitable complexities, evidence suggests critical elements of a gender policy as indicated in Box 11. As discussed below, innovative thinking is

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needed about ways in which these strategies could be implemented and made cost-effective.

Firstly, gender policy requires not only strategies targeting women but a reconsideration of all policies from a gender perspective. This includes detailed 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 and the degree to which they are able to benefit. A common example is where women are required to have their husband's signature for access to a loan but men do not need their wife's signature even where they use a woman's property as collateral.

**BOX 10: A GENDER AND DEVELOPMENT (GAD) APPROACH: ELEMENTS AND KEY QUESTIONS**

**ELEMENTS OF A GAD APPROACH**

The concept of GAD stems from the realisation that targeting women in development programmes is not sufficient to ensure that they benefit from such programmes. A GAD approach seeks to:

- ***understand the different opportunities and constraints operating on men and women*** arising from different gender roles and gender inequalities. These latter affect all aspects of life from individuals through to macro-level institutions and include gender inequalities in access to resources, responsibility for unpaid work, autonomy and cultural norms of appropriate behaviour and vulnerability to physical violence. These interlinked inequalities also affect women's individual aspirations through limiting choices and perceptions of potential choices.
- ***understand how and why these gender differences and inequalities affect programme outcomes*** including inequalities within development agencies and how these affect programme design and implementation.
- ***work towards more equitable gender relations*** through programmes which not only include women but enable them to change inequalities preventing them from achieving their aspirations and enable them to widen the range of choices open to them.

At the same time a GAD approach recognises that:

- ***gender roles and inequalities are variable*** between cultures and contexts and also interact with other inequalities like class, age and ethnicity to create differences between women within cultures and contexts. Drawing practical policy conclusions must therefore be based on empirical knowledge of particular contexts rather than stereotypical assumptions.
- ***gender policies are not only about women*** but must also take into account men's needs and aspirations. Nevertheless they do not exclude temporary positive actions in favour of women to bridge major gender gaps.

**SOME KEY QUESTIONS**

- ***'malestream' policies:*** can equitable gender relations can be encouraged through changes in 'malestream' policies:? what does this imply for assumptions about rights, responsibilities and roles within households and communities embedded in all development interventions?
- ***affirmative action:*** do women need different or preferential treatment from men? how far and in what ways can policies assist women in disadvantaged and vulnerable situations without making negative stereotypical assumptions and creating a ' female ghetto'?
- ***co-operation, conflict and change*:** how far and in what ways can unnecessary conflict and suffering for individual women be avoided without compromising commitment to change? how far can women themselves be expected to bear the responsibility and costs of challenging gender subordination?
- ***differences between women:*** is there any 'female norm' for gender policy? how far and in what ways can the different and possibly conflicting needs of different women be accommodated?
- ***policies targeting men:*** what are the implications for targeting specific gender redistributive policies to men to encourage men's own support for positive changes in women's access to power and resources and\or counter male opposition to change?

Gender guidelines are needed in staff recruitment and promotion. Evidence indicates a clear linkage

between contribution to women's empowerment, and even women's access to micro-finance, and levels of female staff.[29] This is an extremely complex issue which is not necessarily resolved by women-only programmes. Women are not necessarily more gender aware than men and will also require training to make them aware of the perspectives and problems of poor women. Nor is it sufficient to set quotas for numbers of female staff. 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. However, recruiting women to such positions is often difficult given the gender constraints under which female staff as well as clients are operating and is likely to require changes in organizational culture, recruitment criteria and procedures. A full discussion of what this entails is outside the scope of this paper but 'institutionalising gender' will require resources and commitment and cannot be expected to be an easy, cheap or conflict-free process.[30]

There is also a need for clear guidelines and concrete incentives for implementation of gender policy. These would go beyond encouraging a proportion of loans or savings are in women's names to ensuring that women were properly consulted, aware of strategies to ensure that they benefit. These could also encourage more systematic gathering of information on programme impact.

Strategies targeting women are obviously important in any gender policy, and have hitherto received the most attention following on from the 'Women in Development' (WID) approach. In thinking about strategies targeting women, however there are a number of tricky questions which are rarely addressed as outlined in my summary of the GAD approach in Box 10 above. Firstly, there are questions to be asked about how far and in what ways women need different or preferential treatment from men (in addition to gender equity in malestream programmes) to address their existing needs without creating female 'ghettoes' and stereotypes of expected needs and behaviours. Secondly, challenging gender subordination cannot be expected to be free of conflict and there are difficult questions to be asked about how far and in what ways unnecessary conflict and suffering can be avoided without compromising commitment to change. As was seen above, many women may choose strategies which they perceive as strengthening conjugal co-operation and some women who choose independence face possible desertion and destitution. Thirdly, in view of differences and potential conflict of interest between women of different classes, ethnic groups and different ages and marital status, questions must be asked about which women are to be prioritised or treated as 'the female norm' in considerations of gender needs.

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29 The low levels of success of AKRSP was attributed to failure to employ and adequately train female extension staff (Harper, 1995). A reduction in female staff in ACORD-Sudan also appears to have led to a dramatic decrease in women's participation (Stallard, 1996).

30 For a discussion of some of the issues see Macdonald et al, 1997, Mayoux 1998.

**BOX 11: ESSENTIAL ELEMENTS OF A GENDER POLICY**

**INSTITUTIONALISED GENDER GUIDELINES IN 'MALESTREAM' POLICY:**

to increase access, enabling articulation of women's aspirations and needs and ensuring gender equity in overall programme policy

- **examination of all policies from a gender perspective** in particular concepts of ' household' and 'community' and implicit assumptions about gender differences in rights, responsibilities and roles and consequent gender differences in opportunities and constraints
- **commitment to gender equity in staff recruitment and promotion** including necessary changes in 'institutional culture' to assist female staff
- **concrete incentives for gender equity in programme implementation** by both male and female staff to ensure that women benefit from programmes

**STRATEGIES TARGETING WOMEN**

- **conditions of micro-finance delivery** to be flexible to women's aspirations, needs and existing strategies. These would increase economic empowerment including maximising contribution to women's incomes, control over income from loan and savings activities and control over assets. They would also increase women's influence over consumption decisions and ability to benefit other female family members and increase skills and mobility.
- **complementary services:** to include explicit attention to gender rather than only support for household livelihoods and well-being, in particular: gender training/mutual learning for women to increase skills and networks for challenging gender inequality, services to reduce burden of unpaid domestic work, gender advocacy and lobbying at local, national and international levels

  These would increase women's confidence, reduce male opposition at the local level, increase women's skills and time for income earning and reduce constraints at the macro-level
- **structures for participation:** by women clients in decision-making and strategies to increase the contribution of groups to empowerment rather than merely using groups as a mechanism for ensuring repayment. These would develop women's skills, confidence and all dimensions of power with

**Consideration of the Needs of the Most Disadvantaged Women:**

- **recognition of women's differing needs** and identification of what these might be
- **mechanisms for the representation of very poor women,** women in difficult relationships, younger women in decision-making and/or for ensuring that they are not disadvantaged by the programme

**Strategies Targeting Men:** explicit strategies for redistribution of power and resources including:

- **gender awareness for men** throughout the programme with concrete incentives for 'good practice'
- **incentives to register property and assets** in women's names or in joint names
- **strategies for reinforcing and strengthening male responsibilities** for household well-being, including that of their wives and daughters
- **organizing male support for change** in gender relations.

**Inter-Organizational Linkages**: to increase impact and decrease costs of empowerment strategies

- linking with and supporting women's own networks for change
- working towards institutional consistency on gender in other linked organisations
- working with other organisations to increase potential to challenge gender subordination

It is clear from the experience of programmes participating in the pilot study that targeting women cannot be used by programmes as a mechanism for overcoming male 'irresponsibility' in savings and loan repayment and simultaneously assumed to automatically empower women. Where there is a perception that savings programmes are a 'women's affair' only this may decrease men's sense of responsibility for the household and increase pressure on women to save any income to which they have access while leaving men free to use their, generally considerably larger, incomes for own luxury consumption. This was the case even in Vietnam where women had greater levels of control over programmes (Pairaudeau, 1996). Where there is a perception that it is easier to get loans for women than for men, evidence from the pilot project indicates that this will lead to men using women

to access loans, creating debt in women's names and making them very vulnerable in cases of marital breakdown (see also Goetz and Sen Gupta, 1996). Programmes need to acknowledge the potentially negative effects on gender relations of targeting women and consider ways in which micro-finance provision for men can also be a mechanism for challenging gender inequality. This would be one important way of increasing co-operation and decreasing conflict surrounding gender policy, particularly where this actively builds on men's own desire for change. As was evident in some of the cases above, some men actively support their wives. Male support could also be encouraged through development of new role models and developing male networks for change. This is however obviously a difficult balance to achieve without diverting scarce resources and energy from women and women's networks and needs to be done alongside reconsideration of 'malestream policies'.

Finally, the degree to which any one programme can achieve significant change is likely to be severely limited in view of the many mutually reinforcing constraints. It is therefore crucial that micro-finance programmes link strategically with other forces for change including women's own networks, women's movements and advocacy organisations and gender lobbies within donor agencies.

## *Empowerment versus sustainability? widening the debate*

Increasing contribution to women's empowerment may generate conflict, require changes at many levels and is likely to entail costs. It is not therefore likely to be easily incorporated, especially into programmes based on the financial self-sustainability paradigm. This is one of the reasons for many to argue for a separation of micro-finance from empowerment as in the third in the Introduction above (p6). However evidence indicates emerging contradictions within the financial sustainability paradigm itself because of insufficient attention to the interests of clients. Although access to sustainable micro-finance is the necessary starting point for all other potential benefits and scarce donor resources must be used in the most cost-effective way possible, evidence indicates the need to develop a much more sophisticated model for analysing the interrelationships between different dimensions of sustainability summarised in Box 12.

Firstly financial and institutional sustainability cannot be assumed to be synonymous. As noted by critics within the poverty alleviation paradigm (eg Johnson and Rogaly, 1997) long-term institutional sustainability may be financially costly in the short-term. Moreover achieving financial sustainability is itself financially costly in both the short and long-term. As discussed above, in the financial self-sustainability paradigm for micro-finance rapid growth into large programmes requires professional, and hence costly, banking expertise on a permanent basis. It requires sophisticated management information systems which are also costly to introduce and require skilled staff to maintain. Such systems are only used to collect and manipulate financial data which are themselves difficult to calculate and require close monitoring to ensure reliability (See Note 15 above). Setting up financially self-sustaining systems diverts considerable resources from institutional capacity-building of staff and client organisations. As discussed above data collected are not necessarily reliable

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## BOX 12: WHAT IS MEANT BY SUSTAINABILITY: DIMENSIONS OF THE DEBATE

### DEFINITIONS OF SUSTAINABILITY

**by what criteria:**

- financial: calculated in economic terms, balancing monetary costs against income
- institutional: assessed in terms of durability of the organizations set up and/or contribution to wider capacity-building of staff and clients

**which organizational level:**

- the programme
- loans and savings groups
- individual members

**dynamics:**

- maintenance of the programme status quo
- an enduring mechanism for programme growth
- development by a programme of independent grassroots organizations or members

### METHODS OF PROMOTING PROGRAMME FINANCIAL SUSTAINABILITY

**reducing programme costs:**

- programme growth to benefit from economies of scale
- keeping staff costs low through decreasing numbers of staff or keeping salary levels down
- increasing 'voluntary' contributions of clients and groups
- decreasing transaction costs of services
- reducing services

**increasing repayment levels for both group and programme sustainability:**

- decreasing default through ensuring sustainable use of micro-finance at client level
- 'the stick' coercion: programme penalties for non-repayment, group peer pressure
- 'the carrot': positive incentives to repay eg repeat loans, interest rebates

**increasing programme income:**

- increasing interest rates and service charges
- profitable investment of programme assets
- selling shares to clients and/or private sector
- ensuring continuity of donor funds

**some potential tensions within the financial sustainability paradigm:**

- programme growth vs staff costs for expansion
- client willingness to join programme and repay (and hence programme growth) vs interest rates and requirements for voluntary contribution
- client benefits and ability to repay vs interest rates and reduction in services

### ALTERNATIVE STRATEGIES FOR INSTITUTIONAL SUSTAINABILITY

- stimulation of self-expansion of self-funding grassroots groups through mutual learning
- lobbying formal government and private sectors to increase access for poor women
- provision of complementary services to enable women to access and use grassroots and formal sector provision for economic and social/political empowerment

### QUESTIONS FOR A NEW SUSTAINABILITY FOR EMPOWERMENT PARADIGM

- what are the trade-offs between sustainability and empowerment and poverty alleviation?
- how can empowerment and poverty alleviation be increased without decreasing sustainability?
- where empowerment and poverty alleviation is shown to conflict with financial sustainability:
  - * how might this affect the time-scale for achieving financial sustainability
  - * which costs should be treated as ongoing social services to be met from separate funds?
- are there any contexts or target groups where micro-finance services make a useful contribution to empowerment and poverty alleviation but could not be financially sustainable?

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indicators of either poverty-alleviation or empowerment. There are thus serious questions to be asked about whether it is universally the case that setting up such programmes is in fact the best use of scarce donor resources. In many contexts it may be cheaper in the longer term to decentralise and simplify the banking procedures and develop financial skills of staff committed to poverty-alleviation and women's empowerment and potentially therefore motivated in the longer term by non-financial as well as more modest financial incentives. Setting up systems for client monitoring together with information exchange on issues useful to them could also be a cost-effective long-term strategy combining capacity-building and empowerment with sustainability aims.

Secondly the financial self-sustainability paradigm takes financial self-sustainability at the programme level as its starting point for policy formation, passing the development costs onto groups and clients on the assumption that they will be able and willing to contribute the necessary time, skills and resources. Targeting women has often been premised on assumptions about their greater docility and submission to pressure from peers and programme staff leading to higher female repayment rates even where women themselves do not use the loan. However, there is accumulating evidence that women may not be willing (even if they are able) to pay the high interest rates required if they have alternatives, and that they may not remain passive once they are less vulnerable. A number of programmes are experiencing serious difficulties in expansion and high drop out rates because women were not willing to take on the debt burden in their existing situation. Evidence from Grameen Bank indicates that members may increasingly default as their incomes increase and they increase their range of potential credit sources (Wiig, 1997). In FINCA Uganda it appeared that many women were voting with their feet against high interest rates and forming their own independent participatory groups once they had sufficient capital - in some ways evidence of success but creating serious problems for FINCA's strategy for programme growth to self-sustainability. There is likely to be a very delicate balance of interests between and within each level of sustainability, depending on perceptions, motivations as well as financial incentives. It may be that it is only in particular participatory models, with both material and social incentives to repay, that different levels of sustainability can be maintained as eg in the SANASA model (Montgomery, 1996). The degree to which gender might make a difference to these general findings is unclear.

Thirdly there is a need to look at alternatives to the implicit model of large-scale poverty-targeted banking programmes which have a rather different sustainability dynamic and in many contexts may make a greater contribution to poverty alleviation and empowerment. Alternative models already exist but have become marginalised in the rush for demonstrable numbers from major donors in the wake of the Micro-credit Summit, and by the dominance of very large organizations in this process. These alternatives include particularly programmes which see sustainability in terms of stimulating and supporting many small micro-credit groups to be independent, and hence cease to contribute to programme sustainability through interest payments. This is already happening with women's ROSCAs which are both financially and institutionally sustainable without external support. Such strategies are also particularly useful where there is a receptive formal banking sector as in India. Arguably even where the context is less favourable programmes developing grassroots information

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exchange systems between women to stimulate the setting up of ROSCAs by women themselves would be more appropriate than setting up separate top-down NGO programmes. NGO and donor efforts would then be focused on lobbying for reform of the formal banking system and provision of complementary services rather than providing funds. Again these strategies are already being promoted, and supported even by donor agencies like DfID UK operating firmly within the financial sustainability paradigm. However these strategies also need to be critically examined for their contribution to poverty-alleviation and empowerment and fully integrated into a paradigm for combining financial and institutional sustainability rather than being marginalised.

Finally, in view of the need for a wider perspective on sustainability, the potential tensions between empowerment (an integral part of member sustainability) and programme sustainability cannot be used to support an 'either sustainability/or empowerment' scenario, but raise a number of important questions about the ways in which potential trade-offs might operate in practice and ways in which programmes can be designed to resolve these tensions. The experience of programmes at the workshops in the pilot phase suggest a range of possible strategies for combining women's empowerment and sustainability objectives as discussed below. Where positive contribution to empowerment or poverty alleviation is shown, even within the financial self-sustainability approach itself, there must be room for negotiation regarding time scale for sustainability and precisely which costs are to be included in the financial sustainability equation and which are to be treated as ongoing, or one-off, separately funded services. Donors like DfID UK committed to the sustainability approach, have also supported complementary services and have policy commitment to women's empowerment. Micro-Finance programmes like Grameen Bank, seen as 'ideal types' of the sustainability model have continually explored strategies to empower women in various ways. There may also be contexts where, although micro-finance services could be a very useful contribution to empowerment and poverty alleviation, achieving financial sustainability is very difficult because of for example distances between populations, problems of developing markets, extreme disadvantage and lack of skills. Although this should not be an excuse for relaxing repayment requirements and financial rigour, serious questions need to be asked about the morality of passing all the costs of development onto very poor people.

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## *Conditions of micro-finance delivery: access, poverty alleviation and empowerment*

Conditions of micro-finance delivery inevitably involve assumptions about existing gendered patterns of access to power and resources and have the potential both for reinforcing or increasing existing inequalities and for challenging them. Women's economic empowerment and increased well-being are therefore linked to particular conditions of micro-finance delivery eg collateral requirements, size and repayment schedule of loan, purposes for which loans are given, savings requirements. Evidence suggests that there may be differences between conditions of delivery which are aiming solely at increasing women's access, those aiming primarily at poverty alleviation and those aiming at empowerment as summarised in Box 13. The implications for policy are likely to be context-specific

and depend on particular needs, capacities and priorities of the women concerned and much of what follows must be seen as indicative of questions to be raised rather than blueprints for action.

Firstly collateral requirements for individual loans to both men and women should treat them as autonomous individuals or create incentives for redistribution of assets in women's or possibly joint names. This should replace the currently common practice of on the one hand treating women as dependents needing male signatures and support but on the other hand treating men as having automatic rights to female property and to use these as collateral without women's consent. Confidentiality in application procedures is crucial for many women and is often prejudiced by requirements for husband's signatures. [31] Secondly, some women may prefer compulsory savings as a way of securing control over incomes which might otherwise be appropriated by men.[32] Thirdly, size of loan may be important, but requirements appear to vary with context, particular economic activities and ways in which loans are delivered and monitored. In some cases women may be more likely to control small loans in traditionally female activities but these are likely to give lower incomes and have less contribution to other dimensions of empowerment. Women can control larger and well-monitored loans giving higher incomes and substantially increasing their power within the household and community if given sufficient programme support. Although women may need general short-term non-directed consumption loans and these may reduce household economic vulnerability, these may not be sustainable in the longer term and may not increase women's control over resources.[33]

Requirements are likely to differ between women. As noted above, evidence indicates that many programmes may reach the poor but not the very poor, despite explicit aims to do so. In some cases this is because of the prioritisation of micro-enterprise loans rather than consumption loans, savings or other services. The author's research on very poor women silk-reeling labourers in ROSCAS in South India indicates that although women labourers in some industries may not be interested in micro-enterprise loans, as they can as save substantial amounts (Note 32), use consumption loans

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31 For example, 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. Others objected to their husbands getting loans, especially when the collateral for the loan included women's assets ( i.e. jewellery, household pots, sewing machines etc.) without having to inform their wives (World Bank, 1997). Silk-reeling labourers in South India preferred illegal chit funds to NGO savings schemes because they allowed them to save relatively large amounts of money without their husband's knowledge and gave a relatively safe way of keeping their incomes which otherwise would have been spent on husband's drinking and gambling (Mayoux and Anand, 1995).

32 In the silk industry women labourers covered for each other in case of hardship in the compulsory payments, saved large amounts of money which they could then use for house repairs, daughters' school fees or their own needs (Mayoux and Anand, 1995).

33 For example women were more likely to control larger loans from TRDEP in Bangladesh than in BRAC although the reasons are unclear (Montgomery et al, 1996). This goes contrary to other studies which have found that larger lump sums tend to be appropriated by men. (Montgomery et al, ibid). The author's study of ROSCAs among landless silk-reeling labourers in Karnataka also found that women were more interested in ways of saving on a larger scale, and in ways which could be concealed from their husbands than in smaller NGO loan schemes (Mayoux and Anand, 1995).

**BOX 13: CONDITIONS OF MICRO-FINANCE DELIVERY: SOME ACCESS AND EMPOWERMENT QUESTIONS**

**COLLATERAL REQUIREMENTS:**

- *access question:* do collateral requirements accept female-owned assets eg jewellery, utensils?
- *poverty alleviation question:* do collateral requirements enable women labourers and other poor women to access credit?
- *empowerment question:* do collateral requirements treat women as autonomous agents rather than dependents? do they encourage registration of assets (eg house sites, land) in women's names?

**APPLICATION PROCEDURES:**

- *access question:* are application forms, location and advertising of services appropriate to women's levels of literacy and normal spheres of activity eg credit and savings disbursal by women in women's centres?
- *poverty alleviation question:* are application procedures accessible to poor women? do they encourage women and men micro-entrepreneurs to consider the interests of labourers?
- *empowerment question:* do application procedures encourage women to improve literacy and extend normal spheres of activity eg negotiating with male officials in male public spaces?

**VOLUNTARY VERSUS COMPULSORY SAVINGS:**

- *access question:* are savings facilities flexible to women's patterns of access to income?
- *poverty alleviation question:* are savings facilities flexible to poor women's patterns of access to income, likely to be small irregular or seasonal amounts? likely to favour voluntary savings
- *empowerment question:* do savings facilities give women reasons and authority to increase control over own income and\or access male income? likely to favour compulsory savings

**LARGE VERSUS SMALL LOANS:**

- *access question:* are loan amounts small enough to give women the confidence to apply?
- *poverty alleviation question:* are loan amounts large enough to enable women to significantly increase incomes? are loan amounts sufficient to cover reasonable payment of wages?
- *empowerment question:* are loan amounts large enough to enable women to significantly increase incomes and control over assets?

**DIRECTED VERSUS NON-DIRECTED LOANS:**

- *access question:* are loans available for the types of activities in which women are involved eg small loans for working capital for trading and non-directed loans for consumption? likely to favour non-directed credit or directed credit for 'female' activities
- *poverty alleviation question:* do they enable women labourers and other poor women to apply? likely to favour non-directed consumption loans
- *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 on women's well-being? likely to favour directed credit including packages for women in non-traditional activities and directed consumption loans for eg housing registered in women's names, girl's education, women's health

**PENSIONS AND INSURANCE PROVISION**

- *access question:* what levels of contribution are possible for women for different types of cover?
- *poverty alleviation question:* what sorts of cover are likely to decrease household vulnerability?
- *empowerment question:* what sorts of cover are likely to increase women' s security and bargaining power in the household?

**GENDER DIMENSIONS OF MICRO-FINANCE SERVICES FOR MEN**

- *access question:* what sorts of micro-finance services for men would decrease numbers of men using women to access loans for their own purposes or appropriating loans which women wish to control without decreasing women's access?
- *empowerment question:* what sorts of micro-finance services for men would stimulate changes in gender relations eg savings programmes targeting men to increase sense of responsibility for the household, joint household loans dependent on joint registration of male-owned property

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and are also interested in pensions and insurance provision.[34] Pensions and insurance provision have considerable potential for strengthening women's bargaining position in the household through giving them security in case of divorce. Micro-finance services appropriate to needs of women labourers could be offered for all women alongside micro-enterprise provision or in a separate targeted programme.

Importantly consideration needs to be given to ways in which services for men could challenge rather than reinforce existing inequalities. For example savings programmes targeted to men and integrating gender awareness could be a condition for access to loans. Loans to men or household loans could be conditional on joint registration of male property, gender awareness training and training for women in skills needed to be equal partners in the business. Kashf in Pakistan has also made future provision of services for men conditional on their co-operation with an initial women-only programme. Targeting such services to men could be an important way of averting male opposition, countering stereotypes of men as selfish and irresponsible and changing male attitudes. It is however important that services for men are designed to have a positive contribution to women's empowerment rather than just diverting resources from services for women.

There may be tensions between requirements for financial sustainability and requirements for increasing women's access, poverty alleviation and/or empowerment. Box 14 looks at some of the different requirements for financial sustainability and empowerment and possible ways in which these might be combined. The first area of possible contention is conditions of micro-finance delivery. Although targeting women is generally promoted because of higher levels of repayment, and hence contribution to financial sustainability, the small loans favoured by poor women in particular are more costly to administer. In some programmes eg ACORD-Port Sudan the move to loans with higher levels of return disadvantaged women.

Interest rates are likely to be particularly contentious. As noted above there are obvious tensions between needs of clients for lower interest rates to free more resources for production and consumption and programme needs for high interest rates to cover costs. As stressed by those arguing within the poverty alleviation paradigm 'credit is also debt' (Johnson and Rogaly 1997). Current complacency evident in the financial sustainability paradigm about levels of interest which can be charged (often in order to cover high staff costs) is rather misplaced in interventions explicitly aimed at poverty alleviation and empowerment. There are serious questions to be asked about the use of development funds to create yet one more tier of professional, extortionist moneylenders. At the same time, however, there is evidence that interest subsidies can lead to corruption and 'leakage' to the better-off and may be absorbed by traders rather than clients. Women's own groups operating with their own savings also often charge higher interest rates than NGO programmes (Kebede, 1997). Low interest rates are not therefore of themselves necessarily desirable.

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34 One socially conscientious employer had set up a pensions and insurance fund to pay a proportion of women's wages into a government scheme, but this lapsed when his business failed (Mayoux and Anand, 1995).

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**BOX 14: RESOLVING TENSIONS BETWEEN FINANCIAL SELF-SUSTAINABILITY AND EMPOWERMENT IN MICRO-FINANCE DELIVERY**

| PROGRAMME FEATURE | SUSTAINABILITY AIMS | EMPOWERMENT AIMS | POSSIBLE SOLUTIONS |
|---|---|---|---|
| **savings and credit amounts, repayment schedules and modes of delivery** | favours types of loans with high repayment | to ensure control over loan decisions and control over benefits of loan including incomes and assets generated | all assets generated to be formally registered in women's names as condition of the loan |
| | favours larger loans with low transaction costs | to enable women to enter the most lucrative activities, including those dominated by men | larger and repeat loans targeted to women, including loans on preferential terms for lucrative non-traditional activities |
| | favours standardised loan packages for ease of accounting | flexible to needs and circumstances of different women | 'multiple choice' options based on participatory consultation |
| **interest rates on loans and savings** | high differential between loans rates and savings rates to cover costs | low loan rates and high savings rates to maximise women's income | creation of sense of ownership by giving high savings returns through high interest rates on loans |
| | | | participatory consultation and transparency about use of programme income |
| | | | control by women of at least some programme assets |

Fixing interest rates must be seen not only as a 'technical' accounting task balancing programme financial costs against incomes to give a given interest rate as appears common in current manuals (eg CGAP, 1996). High interest rates in NGO programmes can also rarely be justified by reference to a single 'market' interest rate in either the formal or the informal sector which should not be undercut (Olsen, 1997). Policies currently advocated in the financial sustainability paradigm to remove all competitive subsidised interest rates in the formal sector would not necessarily remove low interest competitors in the informal sector. Setting interest rates is essentially a political task which needs to recognise competing priorities and interests, including those of clients, in deciding which costs are necessary and precisely how they can be decreased and how incomes can be increased. As outlined in Box 14 there are various options under these different heads. Within programmes different interest rates are frequently set for different types of savings or loan provision, offering yet one further dimension of choice which could be used to promote empowerment. Tensions are likely to be lessened where there are clear systems of accountability, expenditures and priorities are open and agreed with clients and there is ownership of at least some programme assets. This is however unlikely to favour high staff salaries unless staff are perceived as offering clear value for money or programmes have a monopoly in any one particular area.

Thus the conditions of micro-finance delivery need to be considered very carefully in programme design. Different types of provision may be needed for different aims and decisions need to be seen not only as 'technical' banking decisions, but decisions which inevitably involve questions about

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power resources and interests and which need to consider ways of encouraging equitable redistribution rather than reinforcing inequalities. Programmes could include not only policies which take into account women's currently disadvantaged position which gives them certain immediate needs but also policies to enable them to challenge this position. In particular women should not be ghettoised into schemes which only offer low levels of loan for low-income activities but should be given support to eventually access larger loans and increase their incomes. Different types of provision for different purposes could be combined within one programme to enhance sustainability, provided there is sufficient predictability about programme income to facilitate accounting. However precisely which sorts of provision are needed will depend on economic and market context and potential for development of particular sorts of activity or employment, the needs of particular groups of women and the particular forms which gender subordination takes.

## *Complementary services: resolving some of the tensions*

Given the multiple and interlinked disadvantages which poor women face both because of gender discrimination and poverty there is an almost infinite array of potentially useful complementary services. Which particular complementary services should be offered in any one programme will depend on the needs and priorities of the particular women concerned, the availability of different types of support outside the programme and the resources and capacities of the programme concerned. An attempt to indicate ways in which women's needs could be addressed through inclusion in provision for both women and men, as well as explicit gender strategies is given in Box 15.

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Firstly women's perspectives and needs must be fully integrated into all training, social and infrastructure provision and advocacy and lobbying. 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 absolute control over income, rather than encouraging co-operation within the household and equal distribution of rights and responsibilities. Support services to reduce women's burden of reproductive work are also necessary to reduce the toll of overwork on women, and avoid potentially negative effects on children. Gender issues have frequently been completely absent from advocacy activities of micro-finance NGOs, despite their importance in enabling equitable access to services and enabling women to benefit from services. This is despite the advocacy of changes in collateral requirements and property laws by CGAP. These measures should be seen as an integral part of programmes rather than a marginalised women's component.

Secondly special services targeting women are needed to increase their ability to benefit from increased access to micro-finance, including training to enable them to increase incomes and control over incomes including access to new or 'male' economic activities. Women's control over economic

activities and incomes may be increased through the type of complementary marketing support.[35] Gender policy will need to be backed up by advocacy and lobbying support for individual women who may face violence or desertion as in the cases of Violet Magkosa and Edith Kagino in Box 7 above.

**BOX 15: COMPLEMENTARY SERVICES AND EMPOWERMENT: POTENTIAL STRATEGIES**

**Gender Equity in Malestream Services:** ensuring women's equal access to and representation of their perspectives and interests in:

**participatory appraisal** of women's aspirations, strategies and needs in relation to micro-finance delivery, group formation and complementary services

**business and micro-finance support:**

- business training for both women and men to include considerations of household budgeting and intra-household relations
- training in group management to include gender considerations
- business training for both women and men to include considerations of labour rights

**infrastructure and social services:**

- health, literacy for women and girls
- infrastructure: roads, telephones, offices to take into account women's priorities
- measures to decrease burden of unpaid domestic work including childcare and labour-saving technology accessible to both women and men
- advice on available complementary service provision in local state, private and NGO sectors
- advice on registration and licensing, taxation

**advocacy and lobbying:**

- advocacy and lobbying at national level to change policies of formal financial institutions to include issues of increasing women's access and contribution to empowerment
- advocacy and lobbying at national level to challenge gender inequities in rights to resources (eg inheritance rights, land ownership and women's legal status)

**Services Targeted to Women** to focus on empowerment

- mutual learning about strategies for increasing incomes, control over income and social and political empowerment
- training/mutual learning to enhance existing technical, marketing and business skills and introduce women to more lucrative new or traditionally male-dominated activities
- advocacy and lobbying at local level to support individual women

**Services Targeted to Men**

- gender awareness training as integral part of all other provision
- encouragement of new male role models through workshops

Thirdly there is a need for complementary services targeting men. Gender awareness for men needs to be introduced throughout the programme to minimise domestic conflicts and the serious negative impacts on some women and to enable women to increase incomes and control over incomes. This should reinforce and strengthen male responsibilities within households, incentives to register property and assets in women's names or in joint names. There is a need for support for new male role models and organizing male support for change in gender relations.

Again there are potential tensions between empowerment strategies (requiring a large range of

[35] 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).

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complementary services) and financial sustainability (requiring cutting service costs to a minimum). At the same time however, the gender strategies have potential contributions to both short-term financial sustainability in reducing default, increasing ability to pay higher interest rates and contributing to long-term institutional sustainability. Although in the past some support services in some programmes, including gender awareness, have had minimal impact this does not mean they are not needed or would not make a substantial contribution if they were better designed.

There are a range of ways in which the costs of service provision could be reduced as indicated in Box 16.

- More consideration needs to be given to fully integrating gender into client\member and staff training. Although this would entail costs in the short term to redesign courses, these costs could be spread over different programmes and would then be minimal for updating.

- There is considerable potential for mutual learning and self-expansion by women's groups if this is appropriately supported in the initial stages and designed for maximum benefit for women rather than merely a cost-cutting exercise

- Cross-subsidy from charging better-off clients for some services is also possible, particularly for business services, registration etc.

- Inter-organisational collaboration between micro-finance programmes and specialist providers of other types of service is also possible. 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.

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[36]. Other support services may need to be treated as ongoing commitments by donors outside the financial sustainability equation funded from micro-finance services themselves. This is likely to be the case for focused strategies to address gender subordination like gender advocacy and gender strategies for men and support services for reproductive work like childcare where local women's movements do not exist and/or publicly-funded services are not available. It may also be necessary if services are to meet the needs of very poor women.

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36 An example of making services self-financing is given in ACORD-Sudan where some women's centres had been taken over to be managed entirely independently by former women trainees. In one case continuing services included training in a range of business and vocational skills, educational courses (literacy, health nutrition, first aid, etc.) and a kindergarten. Within a year, owing to the sharp business acumen the Centre's female manager, it had become fully self-financing and paid ACORD the full commercial rent (Hadjipateras, 1996).

**BOX 16: WAYS OF REDUCING COSTS OF SUPPORT SERVICES**

**POSSIBLE STRATEGIES FOR MEETING COSTS OF SUPPORT SERVICES**

- fully integrating gender and empowerment issues into all client/member and staff training
- initiating and supporting collective mutual learning and other service provision by clients/members
- cross-subsidy from charging better-off clients for some services
- charging all clients for some services once they have reached a certain level
- inter-organisational collaboration
- applying for separate, on-going donor funds

**SOME POSSIBILITIES FOR GENDER STRATEGIES IDENTIFIED**

| | |
|---|---|
| **gender awareness** | integrate gender awareness training into all other types of training for both women and men e.g. business training to include issues of household budgeting, overcoming gender constraints on marketing and ways in which women and men could cooperate |
| | require clients to pay for certain types of other training to free up funds |
| | setting up client/member discussion groups with outside support from gender advocacy NGOs |
| | apply for separate donor funds, particularly for gender awareness for men |
| **advocacy and lobbying** | integrate empowerment issues into other advocacy and lobbying |
| | link with other advocacy and lobbying organizations |
| | set up mutual support groups |
| | apply for separate donor funds for these services |
| **support for reproductive work** | raise awareness of men |
| | link with other service providers and/or lobby for public or other private provision |
| | development services as ultimately self-financing or with better-off clients or outsiders paying for services |
| | set up mutual support groups between women |
| | apply for separate donor funds |

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## *Participatory programme management: the key to best practice?*

It has been indicated at numerous points in this overview that increasing client\member participation in micro-finance programmes can contribute to both empowerment and sustainability. As discussed above, participation is advocated in all three paradigms. However the term 'participation' is used in many different ways as discussed above and summarised in Box 17. Again there is a need for more sophisticated modelling of potential interlinkages and tensions between different dimensions of participation and empowerment and sustainability. A rather crude attempt is made in Figure 3, which distinguishes five dimensions of participation, from simple membership as a form of participation through to participation in decision making and in ownership.

**BOX 17: PARTICIPATION, EMPOWERMENT AND PARTICIPATORY MANAGEMENT: DEFINITIONS, ASSUMPTIONS AND ELEMENTS OF A BROADER FRAMEWORK**

**Paradigms**

- Financial self-sustainability: participation seen as a means to greater cost-efficiency
- Poverty Alleviation: participation seen as an end in itself developing skills and giving political strength to voices of the poor
- Feminist Empowerment Paradigm: stresses the inherent value of collective mobilization and action in developing skills and giving political strength to women's voice

**Dimensions of a definition**

*participation as membership* of programmes giving access to micro-finance services

*participation as organisation* for micro-finance activities and\or wider social and political goals further differentiated as:

*group formation* at local level

*wider mobilisation*

*participation as decision-making* over a range of decisions further differentiated as:

*consultation* through eg PRA exercises

*influence* through structures for representation

*control* through ownership of group and/or programme assets

*participation as contribution* of member resources (eg savings), time and skills (eg for group meetings) to enhance sustainability of programmes

**Participation and Empowerment: Questionable Assumptions**

*assumption 1: membership increases* access to micro-finance services increases incomes, self-confidence and\or control over income leading in turn to wider social and political empowerment.

*assumption 2: organisation in micro-finance programmes provides a basis for* increasing ability of individuals to enhance incomes, skills and other resources and challenge wider social and political inequities

*assumption 3: participation in decision- making increases* skills and changes power relations within organisations

*assumption 4: costs of contribution to programmes are outweighed by benefits*

**Some elements of a participatory planning framework**

- an ongoing system of participatory consultation involving the different stakeholders with influence over decision making. This would:
  - establish the aims of the organisation (eg definition of empowerment)
  - establish and agree the range of decisions over which the respective parties should have influence or control (eg whether or not details of credit delivery are negotiable and by what criteria)
  - establish ways in which credit and savings delivery can be market relevant and reconcile the various demands and capacities of the different parties (eg ways in which women's own strategies for empowerment can be supported, other types of support services needed)
  - establish possible strategies for enhancing contribution to empowerment which do not unnecessarily increase women's vulnerability
  - establish ways in which the interests of other disadvantaged groups can be protected
  - elucidate the potential conflicts of interest between the various parties and the potential limitations of micro-finance programmes to resolve these
- an insitutional framework for participation including:
  - grassroots groups for savings and credit, of varying composition and structure depending on the needs of the women concerned
  - a federation of grassroots groups with wider policy making powers
  - mechanisms for clarifying donor/NGO needs and constraints and negotiating between these and the demands of grassroots groups
  - mechanisms for linking with other insitutions to address wider constraints to women's empowerment
  - mechanisms for protecting the interests of disadvantaged non-participants

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Member participation in micro-finance delivery and service provision can significantly decrease costs and increase women's skills. However member\client participation needs to go beyond group formation for repayment. Group formation could be developed in different ways as a means of contributing to all dimensions of economic, social and political empowerment as indicated in Box 17. As discussed at length by the author and others elsewhere (see Mayoux, 1995a for references), women have successfully acted collectively to increase incomes from production and marketing even without significant external support. As discussed above, SEWA, WWF and other programmes in India have mobilised large numbers of women around a range of issues. Even minimalist micro-finance programmes like Grameen Bank use groups to disseminate alternative gender ideologies.

However as discussed above group formation *per se* is not necessarily empowering. Many attempts to develop collective production and marketing have failed. Groups may exclude the poorest and most disadvantaged and may be internally exploitative. Some attempts to develop micro-finance groups for wider empowerment aims have failed and/or been rejected by women themselves. We currently have insufficient information to reach any firm conclusions about the relationships between different types of groups and empowerment. Far more consideration needs to be given to the different possible aims of group formation, their potentially differing implications for group structure, function and support needs and ways in which these differences can be reconciled. Some of the key questions which need to be asked are summarised in Box 18.

The particular balance between different aspects of participation may be crucial in increasing sustainability, poverty reach and empowerment. 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. This requires a more comprehensive framework for programme management as outlined in Box 17 above.

The outcome of increasing client participation in programme design, however, is unlikely to be one single model chosen by all women in all contexts. Participation has both costs as well as benefits for women, and choices would continue to be constrained by sustainability considerations and the resources and capacities of women and programmes. In some contexts for some women the priority may be financially self-sustainable minimalist micro-finance services where they pay appropriate interest rates. Women who are already empowered in many ways, in dynamic market contexts may not wish to contribute time and energy to micro-finance group activities or decision-making. In other contexts however women may choose (or have as the only option in view of low incomes) programmes where they have a higher degree of contribution of time and higher level of participation in social and political activities.

Member ownership and control over decision-making is considered by some researchers to be essential to both sustainability (Montgomery, 1996) and poverty reach (Rajasekhar, 1994). However

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again evidence suggests some rather contradictory trends. For example, although Grameen Bank is often portrayed as a model of participatory management (eg Holcombe, 1996), researchers have attributed the greater impact of Grameen Bank on empowerment to the more authoritarian relationship between male programme staff and women members compared to the relaxed relationships in BRAC (Hashemi et al, 1996). In many models there are likely to be conflicts over interest rates and programme expenditure priorities which may undermine sustainability, one reason why these areas of decision-making are rarely participatory and explicitly excluded even by those advocating extension of client participation (Mensink, 1995).

**BOX 18 GROUPS AND EMPOWERMENT: POTENTIAL STRATEGIES AND QUESTIONS**

The groups which are formed for micro-finance delivery can be developed as:

- **an entry point for training:** ***economic:*** training in production, marketing and other business skills; ***wellbeing:*** training in literacy, health; ***socio-political:*** gender awareness
- **a forum for information exchange**: ***economic:*** on production, marketing and other business skills, ways of increasing control over resources in the household; ***socio-political:*** ways of challenging gender subordination within the household and community
- **a basis for local collective action** ***economic :*** collaboration between members in production and marketing; ***wellbeing:*** collaboration between members to reduce burden of unpaid domestic work; ***socio-political:***a basis for a support network to defend members against violence and to challenge gender subordination in the household and community
- **a loose network of small groups for information exchange/collective action beyond the local level** to increase economic empowerment, wellbeing and socio-political empowerment
- **local groups combined into larger federations and movements** to challenge macro-level gender inequities including access to resources and markets

**SOME QUESTIONS**

**women-only groups**

- do group eligibility criteria discriminate against particularly disadvantaged women eg very poor women, younger women, women from particular ethnic groups? is this justifiable? should eligibility criteria be changed to address this?
- does group size increase women's collective strength?
- does group composition extend or merely replicate women's existing networks?
- does group structure increase women's decision- making and negotiation skills? for which women?
- does the role of groups within the programme as a whole increase women's control over decision-making processes?
- does time spent in micro-finance groups detract from time spent in other social or political activities which might contribute more to empowerment?
- do structures exist for linking micro-finance groups with other services for women and with movements challenging gender subordination?

**mixed-sex groups** in addition to the above:

- do group eligibility criteria allow equal access for women and men?
- does group structure allow equal representation of women in decision-making?
- are women equally represented in group structures at all levels of programme, particularly beyond primary groups?

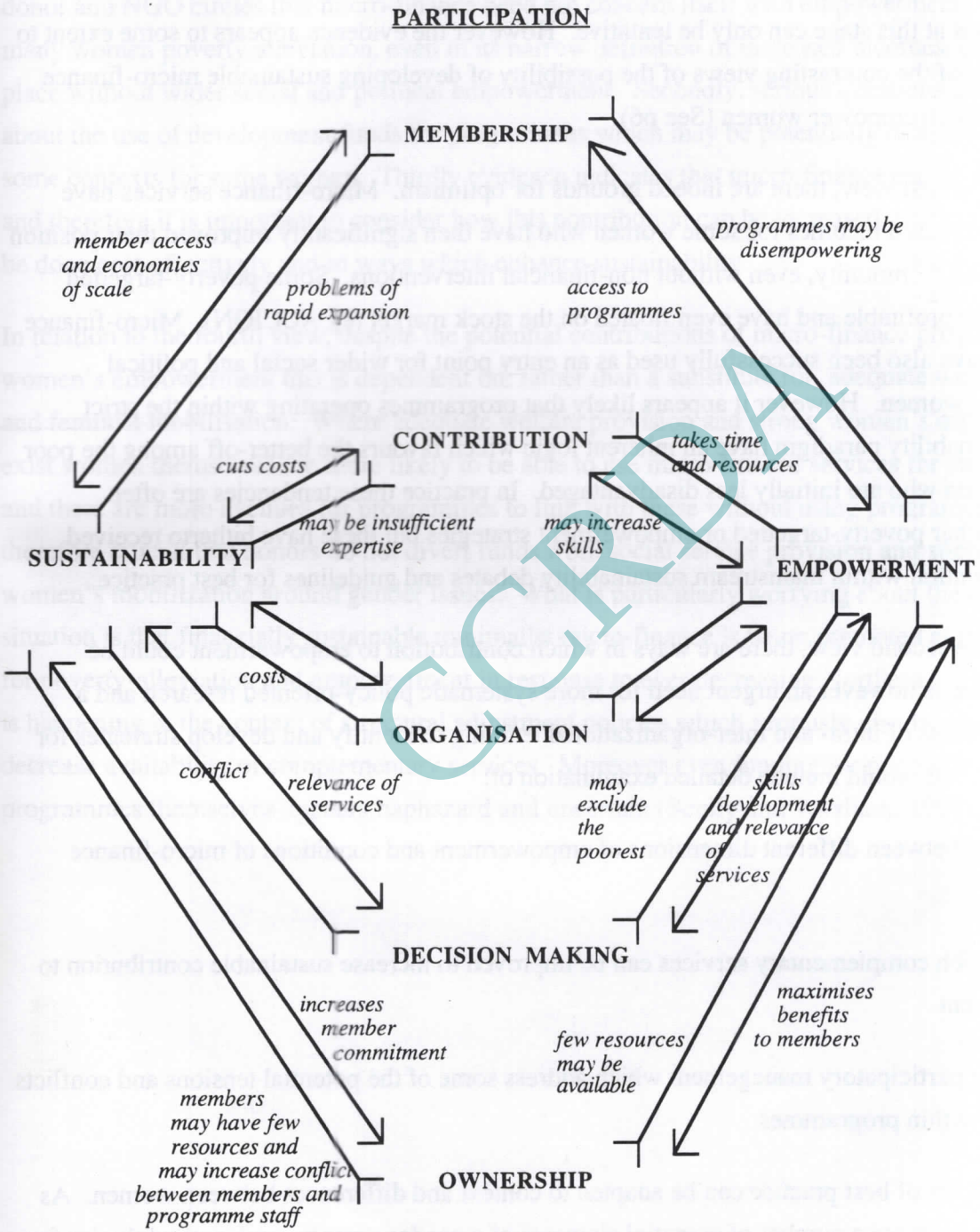
Whatever particular form participatory management takes however it would need to address some of the shortcomings of existing systems of participation. Participation takes time, skills and resources which are often in scarce supply, particularly for very poor women, and 'participation' *per se* is not necessarily empowering (Mayoux, 1995b). There would need to be:

- explicit recognition of potential costs as well as benefits for women

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- explicit attempts to include the poorest, or justification for their exclusion
- ways of linking with wider movements for change
- agreement on ways of addressing sustainability requirements.

**Fig. 3 PARTICIPATION, SUSTAINABILITY AND EMPOWERMENT: POSITIVE AND NEGATIVE INTERLINKAGES**




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Such an approach would differ from the financial self-sustainability approach in taking a multi-dimensional view of empowerment and prioritising the needs of poor women participants and

disadvantaged non-participants over those of programme staff and donors. At the same time it would have to balance and negotiate where possible the demands of donors and women clients within constraints of available donor resources and the need for long term sustainability. Importantly it would need to clarify macro-level constraints to women's empowerment, the limitations to micro-finance programmes and ways of linking with other institutions to address these.

## *Can or should micro-finance be empowering? some tentative conclusions*

Any conclusions at this stage can only be tentative. However the evidence appears to some extent to support all four of the contrasting views of the possibility of developing sustainable micro-finance programmes which empower women (See p6).

In relation to the first view, there are indeed grounds for optimism. Micro-finance services have significantly increased incomes for some women who have then significantly improved their position in the family and community, even without non-financial interventions. Some poverty-targetted programmes are profitable and have even floated on the stock market (eg ACCION). Micro-finance programmes have also been successfully used as an entry point for wider social and political mobilisation of women. However it appears likely that programmes operating within the strict financial sustainability paradigm have an inherent logic which favours the better-off among the poor and those women who are initially less disadvantaged. In practice these tendencies are often countered by other poverty-targetted or empowerment strategies but these have hitherto received insufficient attention within mainstream sustainability debates and guidelines for best practice.

In relation to the second view, there are ways in which contribution to empowerment could be increased. There is however an urgent need for more systematic policy-oriented research and a longer-term process of intra- and inter-organizational learning to identify and develop strategies for best practice. This would include detailed examination of:

- relationship between different dimensions of empowerment and conditions of micro-finance delivery
- ways in which complementary services can be improved to increase sustainable contribution to empowerment
- systems for participatory management which address some of the potential tensions and conflicts of interest within programmes

and how principles of best practice can be adapted to context and differences between women. As outlined above there are a number of essential elements of a gender strategy, and methodologies for participatory programme management could be developed to look at ways of adapting principles to particular contexts and needs of members. These are however likely to lead to the development of a range of models dealing with potential interlinkages and tensions between empowerment, poverty

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alleviation and empowerment in different ways rather than advocacy of one particular universally 'optimum' paradigm or model.

In relation to the third and fourth views, there is evidence that micro-finance per se is not a panacea and other strategies for empowerment are also needed. The pilot study covering evidence from the South Asia region and Africa reinforces earlier critical conclusions from Bangladesh about the potentially negative impacts of micro-finance on some women (Goetz and Sen Gupta, 1996). At the same time, however, it also indicates the need to challenge the third view currently prevalent in some donor and NGO circles that micro-finance need not concern itself with empowerment. Firstly for many women poverty alleviation, even in its narrow definition of increased incomes, cannot take place without wider social and political empowerment. Secondly, serious questions need to be asked about the use of development funds for programmes which may be potentially disempowering in some contexts for some women. Thirdly evidence indicates that micro-finance can be empowering and therefore it is important to consider how this contribution can be increased, particularly if this can be done cost-effectively and in ways which enhance sustainability.

In relation to the fourth view, despite the potential contributions of micro-finance programmes to women's empowerment this is dependent on, rather than a substitute for, adequate welfare provision and feminist mobilisation. Where adequate welfare provision and strong women's organizations exist women themselves are more likely to be able to use micro-finance services for empowerment, and there are more avenues for programmes to link with these without using programme funds. It is therefore crucial that donors do not divert funds from social service provision and support for women's mobilization around gender issues. What is particularly worrying about the current situation is that financially sustainable minimalist micro-finance is being promoted as the key strategy for poverty-alleviation and empowerment in response to ever decreasing Northern aid budgets. This is happening in the context of structural adjustment policies which seriously disadvantage women and decrease availability of complementary services. Moreover even funding for micro-finance programmes themselves appears haphazard and uncertain (Scully and Wysham, 1997).

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## LIST OF ACRONYMS

AKRSP: Aga Khan Rural Support Programme

BRAC: Bangladesh Rural Action Committee

CARE-WED: CARE-International Women's Enterprise Development Programme

DfID: Department for International Development (was ODA-UK till May 1997)

KREP: Kenya Rural Enterprise Programme

NUEW: National Union of Eritrean Women

ODA-UK: UK Overseas Development Administration (till May 1997 then DfID)

SCF: Save the Children Fund

SEWA: Self-Employed Women's Association

UWFCT: Uganda Women's Finance and Credit Trust

VITA: Volunteers in Technical Assistance

WWF: Working Women's Forum

WV: World Vision

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# APPENDIX 1: ANNOTATED BIBLIOGRAPHY OF GENDER IMPACT STUDIES IN SOUTH ASIA

NOTE ON SELECTION: This Appendix gives details of most papers collated during the pilot project which contain new research, or substantial reference to existing research, on programme impact on women in the countries covered by the regional workshops. References to other anecdotal and incidental information on programme impact on women in South Asia and elsewhere are given in the body of the text. **This is an on-going Bibliography and the author would be grateful for copies of any other studies not listed here.**

## BANGLADESH

**Ackerly, B. A.(1995) 'Testing the Tools of Development: Credit Programmes, Loan Involvement and Womens's Empowerment'. IDS Bulletin, Vol 26, No 3, July 1995 pp56-68.**

***Scope and methodology:*** Statistical analysis of independent survey of 613 borrowers (826 loans) in BRAC, Grameen Bank (where women's empowerment is ancillary to empowerment of the poor and large-scale profitable lending to the poor respectively) and SCF-B (where women's empowerment is a guiding goal). Looks at relationship between borrower's life circumstances (status in the family, health, education, knowledge, self-awareness, and self-confidence), loan characteristics (location, lending organisation, loan amount, number of years borrower has taken loans, whether or not borrower is centre or group chair) and loan involvement (labour contribution, purchase of inputs, sale of output, accounting for loan) using probit model. Criteria used for assessing empowerment as such are not clearly stated but focus on women's knowledge of accounting (knowledge of input costs, product yield and profitability) as dependent variable.

***Argument and conclusions:*** Finds that 70% or more women invested their labour in loan-funded activities but only 49.2% of BRAC sample, 52.4% of Grameen Bank sample and 62% of SCF sample had knowledge of accounting. Finds that a borrower with favourable initial life circumstances is more likely to have knowledge of her loan. Selling and accounting involvement have greater impact on empowerment than labour involvement.Concludes that credit in itself cannot be empowering, but is a liability. Organisations wishing to empower women must create incentives for staff, borrowers and husbands in the form of well-designed and observable empowerment-promoting tasks and evaluation criteria. Includes some interesting data on strategies used to decrease likelihood of male use of loans and ways of encouraging female staff.

**Arn, AL and Lily, FB (1992) 'Evaluation Report of Saptagram Nari Swanirvar Parishad' Oxfam, Oxford.**

***Scope and methodology:*** Oxfam-commissioned consultancy of Saptagram. Combined statistical structured questionnaires by Saptagram field staff of random sample of borrowers (number unspecified) and all 794 groups followed by 10 days focused field research by consultants in two locations and a discussion workshop. Defines empowerment as awareness and ability to act on awareness to improve their own situation and\or defend their own interests.

***Argument and conclusions:*** Concludes that Saptagram's aims of empowerment are inevitably difficult to achieve but merit the necessary support. Points to need for acknowledgement of tendency of groups to break up and reform and need for greater support and possibility that different approaches may be needed for very poor women.

**Basnet, P (1995) 'Trip Report to Bangladesh' SCF mimeo**

***Scope and methodology:*** Commissioned SCF consultancy survey of non-random sample of 26 women in two locations of SCF's Bangladesh programme. Looked at: ***control over loan*** (who is using the loan, who is deciding on loan use, how is repayment made and by whom, who is doing what work for what activity),***changes in women's attitude*** (how have women changed after taking the loan, why are women joining the CSS group, is there a changing trend of women taking\deciding on loan use themselves after the first loan, is there a changing trend of women purchasing goods without first getting approval from their husbands after getting a loan, how are women occupied? Is it changing?); women's ***relationship with their husbands\sons*** (what are men's attitudes towards the women after CSS?); ***effect of women's education*** level on any of the above. (are women facing *hardship* because of the loan?)

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***Argument and conclusions:*** Out of 47 loans 32 were used either by husbands or sons, 6 by women themselves and 5 together but in majority of cases this was a joint decision. Men made full contribution to savings and repayment in majority of cases, men did most of the marketing. But all except one woman said she kept their own and the men's income.78% of women said they now made purchases without asking men compared with 35% previous to the loan. Only 4 had changed occupation and of these two had become day labourers ie not as a result of the loan. 4 women reported hardship such as borrowing from elsewhere or eating less to repay the loan. In all except 3 cases family income had increased.

**Goetz, A.M. and R. Sen Gupta (1996) 'Who Takes The Credit? Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh'. World Development, Vol 24 No 1 pp 45-63**

***Scope and methodology:*** Independent quantitative and qualitative studies of 275 loans in four programmes: BRAC (106 to women, 22 to men), the government's RD-12 programme (55 loans), Grameen Bank (53 loans) and one women's NGO: Thangemara Mahila Sebuj Sangstha (TMSS) (39 loans). Data were also collected on group loans in Saptagram Nari Swanirvar Parisad. Detailed loan use histories were compiled focusing on women's control over loan use. An index of loan control was devised distinguishing between: full control (over entire productive process including marketing); significant control (over all aspects except marketing); partial control (provision of substantial labour inputs but little or no managerial control); very limited control (minimal input to production process) and no involvement (where there was no labour input or managerial control).

***Argument and conclusions:*** Found that women retained full or significant control in 37% of cases, and nearly 22% of women were either unable to give details of loan use or were not involved in production process. Women were more likely to retain control in female-headed households (although even here some women gave loan to male relatives in return for food), where they invested in traditional women's work, where loans were either carefully targeted and monitored large loans or small loans, where women have been members for between three to five years. Grameen Bank had the best performance with 62% of the sample showing full or significant control, attributed to encouragement of investment in livestock, insistence on registration of productive investments in women's name and culture of discipline in centres. But loans are small and there is little change in women's activities. TMSS also performed well with 41% of the sample showing full or partial involvement, attributed to insistence on proof of women's managerial control, investment in institution-building, social development and gender awareness-raising. BRAC's lower performance (28%) is attributed to higher levels of investment in traditionally male activities.

They argue however that it is important to place women's loan use in the context of the intra-household division of labour, limited investment opportunities for women and complex survival strategies. Women's individual control over a loan is not equivalent to empowerment, nor does transfer of a loan to men signal loss of power. Nevertheless, in the context of existing gender relations, they argue that there are dangers of targeting women in credit programmes without addressing issues of control over loans and wider empowerment as this may increase tensions within the household, decrease male sense of reseponsibility and reduce women to unpaid debt collectors for development agencies.

**Hashemi, S., Schuler, S and Riley, Al (1996) 'Rural Credit Programs and Women's Empowerment in Bangladesh.' World Development, Vol. 24, No.4, pp. 635 - 653, 1996.**

***Scope and methodology:*** The paper focuses on statistical analysis of level of empowerment of about 1,300 married women under age 50 comparing 4 groups: Grameen Bank members, BRAC members, eligible non members residing in the Grameen Bank villages and a comparison group in villages with no Grameen Bank or BRAC programme but who would have been eligible for credit. The survey in late 1992 used 8 criteria of empowerment constructed as scale variables, measured by scored indicators identified in ethnographic study and weighted: mobility, economic security, ability to make small purchases, involvement in major household decisions, relative freedom from domination in the family, political and legal awareness, and involvement in political campaigning and protests (see Appendix 2). The indicators were derived from earlier ethnographic study of 120 households in six villages by a 6-woman and 6-man team from 1991 (and continuing till 1994) documenting processes of change in women's roles and status, norms relating to reproduction and operation of the credit programmes through participant observation, informal interviews supplemented by more structured methods. A 'household survival matrix' was developed to collect detailed information about economic activities and earnings. This was collected monthly for one year, together with information about children's schooling, women's participation in credit programme, household responses to crises and economic stress events such as weddings and other rituals, and major investments. This information was further supplemented with economic analyses of women's micro-enterprises and information about control over various aspects of family enterprises and income.

***Argument and conclusions:*** The study concludes that minimalist credit programmes have a significant impact on empowerment of participants and this increases with membership duration. It also found that Grameen Bank membership had a stronger effect than BRAC membership. Contribution to family income were however modest, in

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only 26% Grameen Bank members and 12% BRAC members did they cover 50% or more of household expenses. However women could become empowered by the other criteria even where credit programmes did not strengthen their economic roles. It attributed the greater impact of Grameen Bank to: the fact that Grameen Bank's role is seen as providing credit to women rather than community development as in the case of BRAC; the speed of disbursal and repeat loans given by Grameen Bank and availability of loans for house purchase increasing contribution to economic security and leading in some cases to transfer of homestead land titles to wives; Grameen Bank emphasis on discipline, rules and rituals developing women's identity outside the family and experience in interactions with male authority figures as compared with women's more familiar and relaxed interactions with female staff in BRAC and BRAC's direct relations with men in other programmes leading to less pressure on women to stand up to husbands and control loans themselves.

**Schuler, S, Hashemi, S. and Riley, Al (1997a) 'The Influence of Women's Changing Roles and Status in Bangladesh's Fertility Transition: Evidence from a Study of Credit Programmes and Contraceptive Use' World Development, Vol. 25, No.4, pp. 563 - 575, 1996.**

Scope and methodology: as 1996

Argument and conclusions: find that membership of credit programmes has a significant effect on contraceptive use, over and above other measures of empowerment used.

**Schuler, S, Hashemi, S. and Riley, Al (1997b) 'Men's Violence Against Women in Rural Bangladesh: undermined or exacerbated by Micro-credit programmes?'Paper presented at the 1997 Population Association of America Annual Meetings Washington DC, March**

Scope and methodology: as 1996

Argument and conclusions: The paper discusses the prevalence of wifebeating amongst members and non-members using case studies and logistic regression models to identify factors associated with a decreased risk of domestic violence. The findings suggest that Micro-credit programmes have an ambivalent effect on men's violence against women. They can reduce women's vulnerability to men's violence by strengthening women's economic roles and making their lives more public. When women challenge gender norms, however, their husbands sometimes react violently. The problem of men's violence against women is deeply rooted. Both men and women see it as normal and legitimate and it is not challenged by the staff of the programmes studied either Grameen Bank or BRAC.

**Montgomery, R., Bhattacharya D. and Hulme, D. (1996) ' Credit for the Poor in Bangladesh' in Hulme and Mosley eds op.cit. pp. 94-176**

***Scope and methodology:*** Independent research carried out over 3 months in 1992 comparing economic impact of loans on men and women in BRAC and TRDEP. Includes quantitative analysis of questionnaires (156 BRAC interviewees 160 TRDEP interviewees and informal fieldwork and group histories. Contains a discussion of evidence of impact of BRAC's programmes on women's empowerment.

***Argument and conclusions:*** For BRAC finds that more recent borrowers tend to be better off. Finds that women are more likely than men to divert credit to consumption and less able to fulfil the investment potential of credit. Concludes that there is little evidence of impact of BRAC's strategies for collective action and consciousness-raising on women's empowerment. What are often claimed to be programme impacts are in fact strategies which women are using anyway to further their own interests.

**Osmani, L N K (1996) 'The Grameen Bank Experiment: Empowerment of Women through Credit'** paper presented at joint meeting of DSA Women and Development Study Group and PSA Women's Group Derwent College University of York 18th May

***Scope and methodology:*** independent qualitative and quantitative study of 78 households with equal numbers of borrowers and non-borrowers. Uses Sen's co-operative conflict model as framework for assessing empowerment: **impact on women's breakdown position, impact on perceived interest and impact on perceived contribution**. Length, purpose of study and precise methodology not stated.

***Argument and conclusions:*** Finds that access to credit has improved women's breakdown position in terms of increased income and ownership of assets including land and their perceived contribution to the family compared with men. However perceived self-interest had not improved significantly. 78% of borrowers felt that unequal access to food in the family is fair. There was no difference between borrowers and non-borrowers in proportion of women accepting unequal access to education and health-care. Borrowers have gained greater autonomy in certain spheres of decision-making (eg freedom to spend money, reproductive decisions etc) and feel they have gained better access to food and health care. Actual measurement of these revealed no difference between borrowers and non-borrowers. The study also found progressive use of women's loans by men because of low absorptive capacity of women's traditional activities.

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**Selm, G R (1996) 'Transforming Women's Economies: Bangladesh Rural Advancement Committee (BRAC)' in Carr et al eds 'Speaking Out: Women's Economic Empowerment in South Asia' IT Publications pp45-66**

***Scope and methodology:*** written by a former senior researcher at BRAC this paper gives an overview of BRAC programmes, focusing on production programmes in general rather than micro-finance in isolation. It contains case study material rather than quantitative analysis.

***Argument and conclusions:*** It concludes that BRAC programmes and outside influences together have brought about significant changes in women's lives. However this has been a result of the combination of BRAC social and economic interventions rather than micro-finance on its own.

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**Kabeer, N and Murthy,R K (1996) 'Compensating for Institutional Exclusion? Lessons from Indian Government and Non-Government Credit Interventions for the Poor' IDS Discussion Paper No356, Brighton.**

***Scope and Methodology:*** overview of literature on gender impact of DWCRA, IRDP, SEWA, ADITHI, Bhagavatula Charitable Trust

***Argument and conclusions:*** Details of findings on particular organizations are given in the main text. The overall conclusion is that there is very limited data on outcomes of NGO programmes and that NGO comparative advantage needs to be investigated rather than assumed. In some NGOs positive outcomes for women happen despite, rather than because of, NGO interventions. NGOs can innovate, complement and in some places supplement government effort, but in terms of scale will not be able to supplant it.

**Ray, N and Vasundhara, D P (1996) 'Like my Mother's House: Women's Thrift and Credit Co-operatives in South India' in Carr et al eds 'Speaking Out: Women's Economic Empowerment in South Asia' IT Publications pp85-104**

***Scope and methodology:*** Study of Co-operative Development Foundation in Andhra Pradesh by one of the managers and an associate researcher, this study gives an overview of CDF, case study material and analysis of interviews with 24 women in two co-operatives.

***Argument and conclusions:*** The paper finds that investment in economic activity increases over time and that older co-operatives make a substantial contribution both to the local economy and women's sense of independence defined by them both in terms of access to credit without begging and greater control over household expenses. Over half of the respondents spent money on their own needs including health care, clothing and jewellery. The co-operatives had also increased women's skills, confidence, mobility and leadership capacity. One of the important factors in the success of CDF is attributed to the building up of assets from women's savings alone and refusal to take outside funds giving a sense of ownership, pride and collective responsibility.

**PAKISTAN**

**Harper, A (1995) 'Providing women in Baltistan with access to loans - potential and problems' AKRSP Pakistan**

***Scope and methodology:*** Commissioned consultancy (length not stated) using secondary source materials (particularly details of village organisations) and detailed interviews with women and staff (precise methodology and sample not given)

***Argument and conclusions:*** Found that women often played little or no part in deciding how loans are used and some did not know how loans were spent and\or had not taken any part in deciding to take the loan.

**Harper, A (1996) ' An evaluation of credit activities with women in Chitral - potential and problems' AKRSP Pakistan**

***Scope and methodology:*** Commissioned consultancy (length not stated) using secondary source materials (particularly details of village organisations) and detailed interviews with women and staff (precise methodology and sample not given). Sees credit as potentially empowering through stimulating income-generating activities, providing women with an independent source of finance and providing women with a means of increasing their decision-making power over how money is spent in the household, even if women do not use the money themselves.

***Argument and conclusions:*** 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. This low level of success is attributed not so much to the cultural context but AKRSP's failure to employ and adequately train female extension staff.

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**Malik, A and Kalleder, S (1996) 'Gathering the Second Harvest: Aga Khan Rural Support Programme (AKRSP) in Northeren Pakistan' in Carr et al eds 'Speaking Out: Women's Economic Empowerment in South Asia' IT Publications pp21-44**

***Scope and methodology:*** written by a senior member of staff and former intern with AKRSP, this paper gives an overview of AKRSP's programmes and case study material but no quantitative analysis.

***Argument and conclusions:*** It reaches more favourable conclusions than Harper's study and maintains that AKRSP has made an important contribution to women's income-earning opportunities and that women feel that the financial benefits outweigh costs such as increased work load. Women are beginning to play a larger role in determining household expenditure although most women choose not to seek a powerful role in financial decision-making. Access to markets remains constrained but women are developing leadership roles and confidence through the women's organisations.

**SRI LANKA**

**Lakshman, M T (1996) 'Participatory Assessment of the Benefits of Self-Help Income generating Activities of the Sucharita Women Society on Families and Children' SCF-UK**

***Scope and methodology:*** Commissioned 10-day consultancy using secondary sources and PRA with groups of 15 women members, non-members and men to collect information about the society, its progress, its income generation activities and impact on families and children. Does not look at empowerment but impact on women's income generating activities, self-and collective esteem and confidence and impact of these on children's (boys and girls separately) work and welfare and domestic relations.

***Argument and conclusions:*** Found positive impact on ownership of livestock, food self-sufficiency and purchasing power of women. Women's workload had increased but so had men's contribution to care of family. Found significant impact on community valuation of women. Found children had better access to food, health-care, school books and that children's work contribution was limited to school holidays and helped them acquire skills such as animal care.

**Leelasena, W M and Dhammika, C (1996) 'Women's Banking for Success: Women's Development Federation (WDF) in Sri Lanka' in Carr et al eds 'Speaking Out: Women's Economic Empowerment in South Asia' IT Publications pp127-142**

***Scope and methodology:*** written by the President of WDF and a Sri Lankan rural development expert, this paper gives an overview of WDF's development and its adoption of Grameen Bank methods, case study material and findings of a survey of 48 members.

***Argument and conclusions:*** The study found that most loans are taken for agriculture, including land leasing, and have also helped in the diversification of women's businesses. Savings, credit and training were found to have increased women's skills, mobility, confidence and ability to take leadership roles.

**VIETNAM**

**Albee, A (1996) 'The Impact of Credit and Savings: Cam Xuyen District, VietNam' SCF**

***Scope and methodology:*** Commissioned 10-day consultancy by 8 researchers. Combined structured surveys with more than 240 women borrowers and non-borrowers; focus group discussions with management committees and primary school children and case studies. It does not look at empowerment but impact on household economy, women's business skills, planning and management, impact on children and on the community.

***Argument and conclusions:*** Found that borrowers had diversified activities more often and acquired more productive and non-productive assets than non-borrowers.There was now only one food shortage month for borrower households and women were now less likely to sell their labour to earn an income. Borrower households save more, are more likely to be able to lease additional land for cultivation and clear tax debts. Both borrower and non-borrower women and their children were working harder than two years ago. Most mothers did not have childcare problems but the number of older children looking after younger children was worrying and was seen as a factor in malnutrition. The author argues for a need to move beyond loans to individual households to emphasis on co-operative, community initiatives and problem-solving on issues such as childcare.

**Pairaudeau, N (1996) 'Savings and Loan Use Survey and Gender Impact Assessment of Uong Bi savings and Credit Scheme' Action Aid Vietnam**

***Scope and methodology:*** Commissioned 13-day consultancy using PRA and individual and group structured and semi-structured interviews. It assesses gender impact in relation to the following: **use of savings** (relationship between savings and credit, reasons for particular patterns of savings); **use of loans** (reasons for particular patterns of

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loan taking and loan use); **financial benefits** using gender analysis matrix examining perspective of different household members to assess who derives primary financial benefit from women's membership of the programme; **non-financial benefits** (increased standing in the community, improved social life through regular meetings with other women, access\exposure to new ideas through the group, improved skills in numeracy\book-keeping) **financial and non-financial costs** and who bears these; **control** (what level of control does the member exert over loan used, who in the household decides when to take a loan, what to spend it on, who takes responsibility for loan repayment, who decides how much should be deposited each meeting and who assumes responsibility for cash deposits, are women becoming indebted as a result of providing access to credit for male relatives)

***Argument and conclusions:*** Before joining the programme women had no experience of saving but access to a number of forms of credit to address seasonal shortages, crises and needs for investment and agricultural inputs. Services offered by the programme added to, but did not necessarily replace, these. The study found that women had quite a high degree of control over household finances and were considered to be the rightful managers of household economies. As a result, extending savings and credit facilities to female groups does not threaten accepted gender roles and there was no evidence of misappropriation of loans by men. The degree of women's control over household finance varied with husband's employment. If members's husbands worked away from the farm women had less control over how much money came in but more control over how it was spent.

**Porter, B (1997) 'Evaluation of Ky Anh Credit and Savings Program of Oxfam/UK and Ireland' Oxfam**

***Scope and methodology:*** Commissioned 12-day consultancy by 8-member team. Conducted 140 structured interviews with structured random sample of women borrowers (40), non-borrowers and management in 10 communes. For borrowers questions assessed level of poverty, pattern of loan taking and level of satisfaction with loan conditions, loans from other sources and relative advantages of each, savings, sources of repayment, details of group functioning and management, training and technical assistance, income and profits and impact of loan, impact on work of family members, family food, housing, clothing relationships and decision-making, impact on women's health, skills, mobility, self-confidence; impact on children's health\nutrition, education, time with mother; changes in the community (unspecified)

***Argument and conclusions:*** Found that 58% of borrowers interviewed made the decision to take the loan, 30% decided with husband and 13% were made by the husband. Women were more likely to decide smaller loans and loans generally for activities in which women predominate. Repayment responsibility fell to women regardless of who made the decision. Women are seen as savers and men as earners-or spenders. Borrowers used loans to diversify production and marketing, mostly for pig-raising and petty trade, soy bean cake production, wine distillation, growing and marketing vegetables, raising chickens for eggs or meat and milling rice. Some of these activities were more lucrative than agriculture and most helped spread both work and income more evenly through the year. Access to health and education improved or stayed the same. 25% of borrowers interviewed said household relations had improved since the loan because of increased income. 35% reported increased mobility and networks.

**CIDSE (1996) '...Armed with a Confidence...' Selected Case Studies from CIDSE's Credit and Savings programme Vietnam CIDSE**

***Scope and methodology:*** Promotional document containing 10 'success stories' of poor women looking at how they used their loans and the benefits they perceive and one brief account of a five-woman group.

***Argument and conclusions:*** Finds significant impact on incomes and women's status in the family and community, perhaps unsurprisingly because of the purpose of the document.

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# APPENDIX 2: EMPOWERMENT INDICATORS AND MATRICES

## *A2.1 Adapted from SCHULER, HASHEMI AND RILEY 1997a pp566-567*

A series of questions were developed encompassing a variety of aspects of women's roles, relative power and degree of autonomy within the family and community through literature review, observation, and inter-views with respondents in the ethnographic study villages and with credit program staff. (Hashemi, Schuler and Riley, 1996). The responses were consolidated into eight indicators, each including a variety of specific actions or items, with minimal use of weights. The eight indicators are:

- freedom of mobility,
- ability to make small purchases.
- ability to make larger purchases,
- involvement in major household decisions.
- relative freedom from dominationby the family,
- political and legal awareness.
- involvement in political campaigning and protests, and
- economic security and contribution to family support.

Most of the empowerment measures were reduced to dichotomous variables because of clumping of the data on the original scales, with cutoff points for empowered versus unempowered based on percentage distributions for each dimension. In establishing the cutoff points they separated those women who stood out as being relatively more empowered than most others, without singling out highly unusual respondents.

The variables were constructed as follows:

**Mobility:** The respondent was presented with a list of places (the market, a medical facility, the movies, outside the village) and asked if she had ever gone there. She was given one point for each place she had visited and an additional point if she had ever gone there alone. The scale ranges from 0 to 8 and it is employed as a continuous variable.

**Ability to make small purchases:** One point was given for purchasing small items used daily in food preparation for the family (kerosine oil, cooking oil, spices), one point for purchasing small items for herself (hair oil. soap. glass bangles), and one point for purchasing ice cream or sweets for children. An additional point was given for each of these types of purchases if they normally were made without asking the husband's permission, and another point if the purchases were made at least in part with money earned by the respondent herself. A woman with a score of 7 or better on a scale of 0 to 9 was considered "empowered" and was coded as 1. The omitted category was 0 for "unempowered."

**Ability to make larger purchases:** One point was given for purchasing pots and pans, two points for children's clothing, three points for saris for herself and four for buying the family's daily food. An additional point was given for each category if the purchase was made at least in part with money earned by the respondent herself. A woman with a score of 5 or better on a scale of 0 to 14 was considered "empowered." Empowered women were given a value of 1 and others were coded as 0.

**Involvement in major decisions:** One point was given for making a decision (individually or jointly with the husband) within the past few years about house repair or renovation, one point for a decision to take in a goat to raise for profit, three points for deciding to lease land and four points for deciding to buy land, a boat or a bicycle rickshaw. An additional point was given for each category if money earned by the respondent was used. A woman with a score of 2 or better on a scale of 0 to 12 was classified as "empowered" and coded as 1; 0 was the reference category.

**Relative freedom from dominiation within the family:** The respondent was asked if, within the past year someone in the family had taken money from her against her will, taken land, jewelry or livestock from her against her will, prevented her from visiting her natal home or prevented her from working outside the home A woman was classified as "empowered and coded as 1 if she said that none of these things had happened to her. The reference category "not empowered." was coded as 0.

**Political and legal awareness:** One point each was given for knowing the name of a local government official, a Member of Parliament, and the Prime Minister, and one point each for knowing the significance of registering a marriage and knowing the law governing inheritance. Here a continuous variable is employed. based on scores of 0 to 5

**Participation in public protests and political campaigning:** The respondent was classified as "empowered"

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if she had campaigned for a political candidate or had gotten together with others to protest: a man beating his wife, a man divorcing or abandoning his wife, unfair wages, unfair prices. misappropriation of relief goods. or high-handedness of police or government officials. The scale ranges from 0 to 5. Here a dichotomous variable is used in which women with a score of 4 or 5 were coded as 1 and all others 0.

**Economic security and contribution to family support:** In earlier analyses two separate variables were used. Economic security was based on a scale of 0 to 4: a point was assigned if the woman owned her house or homestead land, a point for owning any productive asset, a point for having her own cash savings and an additional point if the savings were ever used for business or money-lending. A woman with a score of 2 or better was classified as "empowered." Contribution to family support measured whether the respondent said she provided all, most, half or some of her family's support (as opposed to very little or none). As preliminary analyses indicated that the economic security and contribution to family support variables were closely related. Here these two variables were combined into one whereby women with positive scores on either economic security or contribution, or both. were coded as 1 ,and women with positive scores on neither variable as 0. Several combinations of dummy variables were tried but it was found that a dichotomy worked as well or better than several more complex configurations.

### *A2.2 Adapted from GUIDE TO GENDER-SENSITIVE INDICATORS*

by Tony Beck and Morton Stelcner 1995 pp37-41 CIDA

**BOX 1 DEFINITIONS AND COMPONENTS OF EMPOWERMENT**

**DEFINITIONS:**

- "Empowerment is about people - both women and men - taking control over their lives: setting their own agenda, gaining skills, increasing self-confidence, solving problems, and developing self-reliance. It is both a process and an outcome" (CIDA 1994k: Annex3, p.3).
- "A term generally used to describe a process by which powerless people become conscious of their own situation and organise collectively to gain greater access to public services or to the benefits of economic growth" (ODA 1994: 32).

**COMPONENTS OF EMPOWERMENT**

- women's and men's sense of internal strength and confidence to face life;
- the right to make choices;
- the power to control their own lives within and outside the home;
- "the ability to influence the direction of social change towards the creation of a more just social and economic order nationally and internationally" (Heyzer 1994: 24)

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The indicators chosen should fit these definitions and components, but they will differ depending on whether the area of empowerment covered is personal growth or social and political change, or both. They will also differ depending on the objective of empowerment being measured (e.g. greater self-respect, or access to the benefits of economic growth, or the creation of a just social and economic order). Because of these differences, when a project objective is the "empowerment of women" or "people's empowerment" it is important to specify:

- the type of empowerment
- rough time-scales within which project objectives will be accomplished
- the numbers of people to be affected, and
- the degree to which they will be affected.

**BOX 2 EXAMPLES OF QUANTITATIVE AND QUALITATIVE INDICATORS OF EMPOWERMENT**

**QUANTITATIVE INDICATORS**

- **Legal empowerment**:Enforcement of legislation related to the protection of human rights; number of cases related to women's rights heard in local courts, and their results; number of cases related to the legal rights of divorced and widowed women heard in local courts, and the results; the effect of the enforcement of legislation in terms of treatment of offenders against women; increase/decrease in violence against women/men; rate at which the number of local justices/ prosecutors/lawyers who are women/men is increasingldecreasing; rate at which the number of women/men in the local police force, by rank, is. increasing or decreasing.
- **Political empowerment** (indicators should reflect changes over time); % of seats held by women in local councils'decision-making bodies; % of women in decision-making positions in local government; % of women in the local civil service; % of women/men registered as voters/ % of eligible women/men who vote; % of women in senior/junior decision making positions within unions; % of union members who are women; number of women who participate in public protests and political campaigning, as compared to the number of men.
- **Economic empowerment**: changes in employment/unemployment rates of women and men; changes in time-use in selected activities, particularly greater sharing by household members of unpaid housework and child-care; salary, wage differentials between women and men; changes in % of property owned and controlled by women and men (land, houses, livestock), across socio-economic and ethnic groups; average household expenditure of female/male headed households on education/health; ability to make small or large purchases independently; % of available credit, financial and technical support services going to women/men from government/non-govemment sources.
- **Social empowerment**: numbers of women in local institutions (e.g. women's associations, consciousness raising or income generating groups, local churches, ethnic and kinship associations) relative to project area population, and numbers of women in positions of power in local organisations; extent of training or networking among local women, as compared to men; control of women/men over fertility decisions (e.g. number of children, number of abortions); mobility of women/men within and outside their residential locality, as compared to men.

**INDICATOR QUESTIONS TO ASSESS EMPOWERMENT**

- To what degree are women aware of local politics, and their legal rights? Are women more or less aware then men? Does this differ by socio-economic grouping, age or ethnicity? Is this changing over time?
- Do women and men perceive that women are becoming more empowered? Why?
- Do women perceive that they now have greater self-respect? Why? How does this relate to men's perceptions?
- Do women/men perceive that they have greater economic autonomy? Why?
- Are changes taking place in the way in which decisions are made in the household, and what is the perceived impact of this?
- Do women make decisions independently of men in their household? What sort of decisions are made independently?

**KEY QUESTIONS FOR QUALITATIVE ANALYSIS**

- How have changes in national/local legislation empowered or disempowered women as opposed to men (e.g. concerning control over resources such as land)?
- What is the role of local institutions (including women's institutions) in empowering/ disempowering women/men?
- Is the part women, as compared to men, are playing in major decisions in their locality/household increasing or decreasing?
- Is there more acknowledgement of the importance of tasks customarily carried out by women, e.g. child care?
- How are women organising to increase their empowerment, for example against violence?
- If employment and education for women are increasing, is this leading to greater empowerment?

**Source** CIDA 1995a

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### *A2.3 The Longwe Women's Empowerment Framework: Summary and Critique*

Adapted from Frameworks for Gender Analysis: A Taster (DRAFT) Oxfam Gender Team 1996 pp 43-48 adapted from Sara Longwe: taken from T. Wallace & C. March, ChangingPerceptions, Oxfam, Oxford, pp. 149-157.

## THE LONGWE WOMEN'S EMPOWERMENT FRAMEWORK: A SUMMARY

### THE FRAMEWORK

Level of Equality

| | | |
|---|---|---|
| Control | Increased | Increased |
| Participation | Equality | Empowerment |
| Conscientisation | | |
| Access | | |
| Welfare | | |

### DETAILS OF EACH LEVEL

- **Welfare:** The level of material welfare of women, relative to men in such matters as food supply, income and medical care. This level of equality is not concerned with whether women are themselves the active creators and producers of their material needs; such involvement would suggest a high degree of empowerment and development.
- **Access:** Women's access to the factors of production on an equal basis with men; equal access to land, labour, credit, training, marketing facilities and all publicly available services and benefits. Here equality of access is obtained by ensuring the principle of equality of opportunity, which typically entails the reform of the law and administrative practice to remove all forms of discrimination against women.
- **Conscientisation:** The understanding of the difference between sex roles and gender roles, and that the latter are cultural and can be changed; conscientisation also involves a belief that the sexual division of labour should be fair and agreeable to both sides, and not involve the economic or political domination of one sex by the other. Belief in sexual equality lies at the basis of gender awareness, and provides the basis for collective participation in the process of women's development.
- **Participation:** Women's equal participation in the decision-making process, policy-making, planning and administration. It is a particularly important aspect of development projects, where participation means involvement in needs assessment, project formulation, implementation and evaluation. Equality of participation means involving the women of the community affected by the decisions taken, and involving them in the same proportion in decision-making as their proportion in the community at large.
- **Control:** A utilisation of the participation of women in the decision-making process through conscientisation and mobilisation, to achieve equality of control over the factors of production, and the distribution of benefits. Equality of control means a balance of control between men and women, so that neither side is put into a position of dominance.

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## *A2.4 Matrix Developed at East Africa Workshop*

**MATRIX FOR ANALYSING IMPACT ON EMPOWERMENT**

| **Type of indicator** | **Levels at which impact on empowerment can be assessed** |
|---|---|
| Financial | Individual Institutional |
| | eg: number of loans applied for<br>repayment rates<br>repeat loans<br>level of savings |
| (these indicators were seen as likely to have an indirect impact on empowerment and had to be interpretted within the context of other information) | |
| Economic | Individual Household |
| | eg: increase in assets<br>increase in income<br>business expansion<br>business diversification\<br>access to other sources of income<br>access to markets<br>skills development<br>employment of labour |
| Social/Cultural | Individual Household Community |
| | eg: increased self-confidence\<br>attitudes to women's role<br>autonomy\ participation in decision-making<br>expenditure\access to welfare<br>access to/ use of health, education services |
| Political/Legal | Community National/Macro level |
| | eg: participation in<br>political process<br>organisation to remove legal discrimination against women |

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## APPENDIX 3: Participatory Learning and Action: Techniques, Pitfalls and Ways Forward

### *Some Useful PLA Visual Techniques*

**For examining context**

- gender-sensitive social mapping and wealth ranking
- flow\causal, Venn\ institutional and systems diagrams to indicate power relations and decision-making structures in households and communities
- systems and flow diagrams, time trends analysis, livelihoods analysis and calendars to show linkages between different aspects of enterprise development,
- market and mobility mapping
- micro-finance matrices of non-programme credit and savings facilities
- political and legal discrimination: focus group discussions
- proverbs, stories, indigenous categories and terms, taxonomies, ethno-classifications on relevant issues eg gender and power relations, credit and debt relations, indigenous groups and types of economic cooperation

**For impact assessment**

- **choice of criteria**: preference matrices, flow diagrams of interlinkages between different dimensions and levels of empowerment
- **choice of indicators**: preference matrices, flow diagrams of interlinkages
- **sampling**: wealth ranking to identify relevant categories; mapping and transects to identify core sample, exceptions and relevant non-participant groups;
- **preliminary assessment of impact**: focus group discussions using sampling, criteria and indicators identified. These would further refine indicators and wording of research questions
- **preliminary assessment of effects of particular programme characteristics**: credit matrices; flow diagrams and focus group discussions

**For policy-focussed research**

- **programme management and development**: time line analysis,flow\causal, Venn\ institutional and systems diagrams to identify relevant programme dimensions for analysis, indicate power relations and decision-making structures within programmes
- **interlinkages between programme characteristics and impact**:time line analysis,flow\causal, Venn\ institutional and systems diagrams to generate hypotheses to be further tested by other methods

**For research for empowerment**

- **range of group methods** as above on context, impact and programmes to form focus for information exchange between women, and between women and development agencies
- **workshops with women members and development agencies** separately and together to feed back information, discuss options for change and set up networks for implementation

### *Other complementary methods*

- **Secondary Data Review**: official accounts of programme aims, development and performance including micro-finance statistics; records of women's group meetings; gender policy and gender evaluations; contextual information; donor policies and aims
- **Case Studies** of exceptional cases to clarify limitations of general trends and hypotheses, as well as complex interlinkages between different impacts and programme characteristics in typical cases
- **Semi-structured interviewing and informal discussion** with key informants, including the very poor and powerless as well as those with 'expert' knowledge and power
- **Formal questionnaires and interviews** with a sample of women members and non-members

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- **Observation**: participant and direct observation including use of observation indicators

***Potential advantages and pitfalls of PLA and ways forward***

***Relevance***

potential advantages

- focuses on grassroots views, including those of the most disadvantaged
- flexible and adaptable to context

potential pitfalls

- needs to be properly targeted or the most disadvantaged may be excluded
- may only capture micro-level processes and neglect impact of macro-level or underlying cultural factors
- data may be site-specific and time bound and difficult to aggregate with limited usefulness in comparison and generalisation.

some possible ways forward

- *ensuring appropriate representation:* pay detailed attention to which people are encouraged to participate, how they are brought together and ensuring that timing, location, facilitators and issues are appropriate for the particular participants involved
- *agreeing relevant criteria and indicators at micro- and macro-levels:* use multi-stakeholder framework where priorities of each stakeholder are negotiated within and between programmes by participants, non-participants, development agencies and local women's movements

***Reliability***

potential advantages

- good at pooling information to collectively fill in gaps in individual knowledge to rapidly obtain information on a range of issues
- good at highlighting difference and revealing power relations
- good at eliciting sensitive information

potential pitfalls

- emphasis on group production of visual products may bias towards consensus rather than revealing differences
- not very easy to get quantitative data which may be necessary
- visual products may be treated as an end in themselves, rather than a means to examine underlying power relations and social processes
- people may be less willing to discuss sensitive issues in public than in individual informal conversations

some possible ways forward

- *obtaining quantitative information:* integrating guestimates into diagrams, using group sessions as a forum for obtaining individual information on each participant and on non-participants
- *understanding process:* using contextual information gained from participatory techniques like wealth ranking and/or secondary material and/or preliminary anthropological research to inform design and interpretation of subsequent participatory techniques; careful documentation of the research process
- *overcoming sensitivity:* practitioners need to have a good understanding of the particular culture in order to tease out sensitive information in a way which minimises adverse repercussions. One way is to focus on anonymous non-typical or hypothetical cases or models to facilitate discussion of the 'inadmissible'

***empowerment***

potential advantages

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- values local knowledge and local research skills and so increases confidence and power of local perspectives vis a vis those of outsiders
- may empower through exchanging experience and information on economic possibilities, social and political processes and women's own strategies for change
- good at developing local networks for integrating the poor and disadvantaged into decision-making
- may catalyse discussion of strategies for change

potential pitfalls

- people's participation in research and contribution of time and resources may lead to heightened expectations which cannot be met in terms of practical responses.
- may come up with a 'shopping list' of demands with little guide as to how these can be prioritised
- may give illusion of 'empowerment' but may be only token and not integrated into decision-making.
- may be used by the more powerful to legitimate their own demands
- may expose, but may not deal with, conflicts.

some possible ways forward

- *avoiding heightened expectations and shopping lists:* place research firmly within the parameters of available resource and skill constraints of local people and development agencies
- *avoiding tokenism:* involve different stakeholders in research process to raise awareness of NGOs and donors to local perspectives eg at least through participatory workshops at the end of the research and use research as a focus for actively building local institutions and networks for change
- *dealing with conflict:* linking with other local institutions which can assist in conflict resolution and protecting those most vulnerable. It is particularly important to link with local women's movements and include criteria and perspectives negotiated with them into frameworks for analysis and strategies for action

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