

# **SUSTAINABLE MICROFINANCE FOR WOMEN'S EMPOWERMENT:**

*Report on International Mutual Learning Workshop hosted by Centre for Micro-finance, Chennai, funded by Levi Strauss Foundation 4th- 8th September 2006*

Article prepared for IFMR Newsletter October 2006.

Linda Mayoux



## **BACKGROUND TO THE WORKSHOP**

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Although no 'magic bullet', they are potentially a very significant contribution to gender equality and women's empowerment.

Through their contribution to women's ability to earn an income micro-finance programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment.

Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential

component of achieving gender equality.

Gender equality and women's empowerment in turn are an essential and integral component of pro-poor development and civil society strengthening.

However donor funding for micro finance has generally been conditional on compliance with some variant of CGAP's Guidelines for Best Practice aiming at short term financial sustainability. Although financial sustainability is desirable as far as possible in order to enable access to financial services on a sufficient scale to meet demand, these programmes can only be part of a solution to poverty reduction and empowerment.

Despite some successes, evidence indicates that even in financially sustainable programmes, benefits for women cannot be assumed. To the contrary, many programmes report decreases in their ability to ensure that women benefit following introduction of policies to increase financial sustainability. Women's empowerment is not addressed even in the new poverty agenda for inclusive micro-finance. Moreover funding for programmes which place prime emphasis on women's empowerment continues to decrease.

It is clear from evidence to date that if they are to make a significant contribution to pro-poor development and civil society strengthening, micro-finance programs need to develop explicit gender strategies to address the needs of women. These gender strategies need to look beyond just increasing women's access to savings and credit and organising self-help groups to look



strategically at how programmes can actively promote gender equality and women's empowerment.

Moreover the focus should be on developing a diversified micro-finance sector where different types of organisation: NGOs, MFIs and formal sector banks all have gender policies adapted to the needs of their particular target groups and institutional role and capacities. But where all collaborate and work together as part of an inclusive financial sector to make a significant contribution to gender equality and pro-poor development.

## **CURRENT INNOVATIONS**

The Chennai workshop brought together over 30 participants from India, Nepal, Uganda, Sudan, Mexico and Peru involved in innovative programmes and/or research. Participants identified many innovations which could be implemented by different types of micro-finance provider to increase contribution to empowerment.

Firstly programmes have been introducing a range of savings, loan, insurance, pension and remittance products. A common feature was prior participatory market research with clients and a commitment to prioritise their interests as an essential contribution to long term financial sustainability as well as empowerment: 'unsustainable clients mean unsustainable institutions'.

<b>INNOVATIONS FOR EMPOWERMENT</b>
<b>Product innovations</b>
<ul style="list-style-type: none"> <li>• Customized loans: Fencu, Peru</li> <li>• Product-specific loans eg for solar lighting in salt drying, different milk products: KMVS, India</li> <li>• Consumption loans available for both men and women to prevent burden on women, with women's access to asset and leisure-related loans: ANANDI, India</li> <li>• Microinsurance for assets, health, crisis and disasters: Basix, ICICI Bank, India</li> <li>• Linkage of groups to state health insurance: LEAP, Sudan</li> <li>• Health emergency loans linked to state provision: ANANDI, India</li> <li>• Pension fund : SEWA, India</li> <li>• Children's savings card : Siembra, Mexico</li> <li>• Group savings for social development eg scholarships for poor children who excel in school: Dhan Foundation, India</li> <li>• Loan policies tied to promotion of children's rights: India</li> <li>• Remittances: NGO-to-NGO-facilitated remittances for migrant workers, Fund transfers for overseas migrants, Biometric cards: Basix, CASHE and ICICI Bank, India</li> </ul>
<b>Innovations in Non-financial services</b>
<ul style="list-style-type: none"> <li>• Training through participatory mutual learning: LEAP Sudan and KRC, Uganda</li> <li>• Literacy training linked to credit: WEP, Nepal</li> <li>• Women's rights learning/training through the micro-finance groups or clusters: WEP, Nepal, WIDA, Lokadrusti and others in India</li> <li>• Network enterprises: ICICI Bank, India and livelihood cooperatives: PRADAN, India</li> <li>• Volunteer entrepreneur networks in specific activities: Siembra, Mexico, Finca, Peru</li> <li>• Assistance in setting up environmental enterprises eg waste management: Hand in Hand, India</li> </ul>
<b>Building on groups for wider change</b>
<ul style="list-style-type: none"> <li>• Women's groups/cluster organisations as managers of Rural Information and Citizen Centres: ANANDI, Hand in Hand, Swayam Shikshan Prayog, ACORD India</li> <li>• Participatory Action Learning System (PALS) for livelihood development, gender learning and input into local economic planning: LEAP, Sudan, KRC, Uganda and ANANDI, India</li> <li>• Women's groups as researchers for policy change eg food security issues: ANANDI</li> <li>• Mobile phone networks used by women's groups earning income as researchers for multinational companies and empowerment networking:</li> <li>• Internal Learning System based on women's and group diaries: PRADAN, and ASA India</li> <li>• Federations and Women's Centres, either for micro-finance or as separate women's federations to engage in collective action and gender advocacy on behalf of members: ANANDI, WIDA, Lokadrusti, NESA, ACORD and others in India, LEAP Sudan.</li> <li>• Networking through events, fairs, exchange visits for political education and campaigning on a range of issues: ANANDI, India</li> </ul>
<b>Organisational Structure</b>
<ul style="list-style-type: none"> <li>• Social indicators integrated into programme Management Information Systems and financial management accessible to group members eg PRADAN's Munshi system, India</li> <li>• Staff gender policy to ensure women have equal access to promotion prospects as well as able to work effectively and safely in the field</li> <li>• Participatory management eg Internal Learning System and member postbox system in PRADAN to ensure that client/member needs and views are central to programme design and implementation at all levels.</li> </ul>

Secondly programmes have been developing non-financial services to increase the benefits of the micro-finance. Cost-effective delivery mechanisms included:

- participatory learning processes among clients
- integration with micro-finance delivery itself
- separately-funded initiatives
- collaboration with specialist service providers and peoples' movements.

Thirdly programmes were innovating in methodologies for building on women's groups for wider change at the household, community and national levels. This went beyond federations of SHGs for savings and credit to supporting women's collective organisation and action on a range of issues. Some programmes were developing innovative participatory methods like PALS and ILS to facilitate networking, planning and tracking. Others were developing self-sustaining and self-managed information centres as a resource for collective learning and action.

Finally discussion focused on the organisational implications: the need for effective programme information systems to track and understand contribution to empowerment, staff gender policies and participatory management structures. These latter can range from participatory market research in banks through to full control over decision-making in federations and cooperatives.

Underlying all these was the need for 'gender equality and

empowerment to become part of the DNA of the organisation' promoted in its advertising and promotional activities and throughout interactions with clients and members.

### NEXT STEPS

It was also clear that there is a need for an ongoing process to promote women's empowerment as a central issue in micro-finance involving:

- A forum for ongoing exchange of experience and innovation between practitioners.
- Gender training integrated into the Microcredit Summit campaigns at international and regional levels to raise awareness.
- Engagement with 'malestream' micro-finance debates to promote questioning of 'bad practice'.
- Lobbying donors for sufficient funding for development and implementation of effective empowerment strategies.
- Bringing together the different players in the sector to develop coherent policies and for gender advocacy.

The current point in time is potentially favourable to bringing together elements of Best Gender and Empowerment Practice strategies for different types of institution. On the one hand, as the workshop demonstrated, there is now more experience and awareness of the issues and possible strategies. On the other hand the earlier somewhat

dogmatic promotion of one-size fits all financial sustainability is now being convincingly challenged in relation to poverty targeting – a major theme at the forthcoming MicroCredit Summit in Halifax in November. This will provide a key opening for now paying more attention to gender issues – the second official goal of the campaign being not only 'reaching' but also 'empowering' women.

For more information on the workshop, participating programmes and the issues raised, please:

- visit the genfinance website: [www.genfinance.info](http://www.genfinance.info) and/or
- join the genfinance Yahoo Discussion group <http://finance.groups.yahoo.com/group/genfinance/> and/or
- contact the author: [l.mayoux@ntlworld.com](mailto:l.mayoux@ntlworld.com)