



APPROACHES AND CHALLENGES OVERVIEW

It is not possible, even in a 4 day training to cover all the complexities of gender debates as well as fulfill the main goal of the course: to enable organisations to identify practical ways forward which they can implement. Gender is an area where 'the more you learn, the more you realise you do not know – and nor does anyone else':

Different people use different definitions. New frameworks are continually being produced. This is inevitably so because, although there are some basic questions on principles, the ways in which gender discrimination and inequality affect women and men varies between people and context.

-Gender debates draw and evolve in relation to other debates in development, and changing development priorities.

-Gender more than most development issues is embedded in psychological and symbolic meaning. Even the font and colours used on the slide have gendered meanings. Gender touches on very sensitive personal issues at the heart of individual identity. People (including the trainer) have gut reactions and prejudices based on personal experience, many of which they will not openly express, as much as rational reactions to reason development argument.

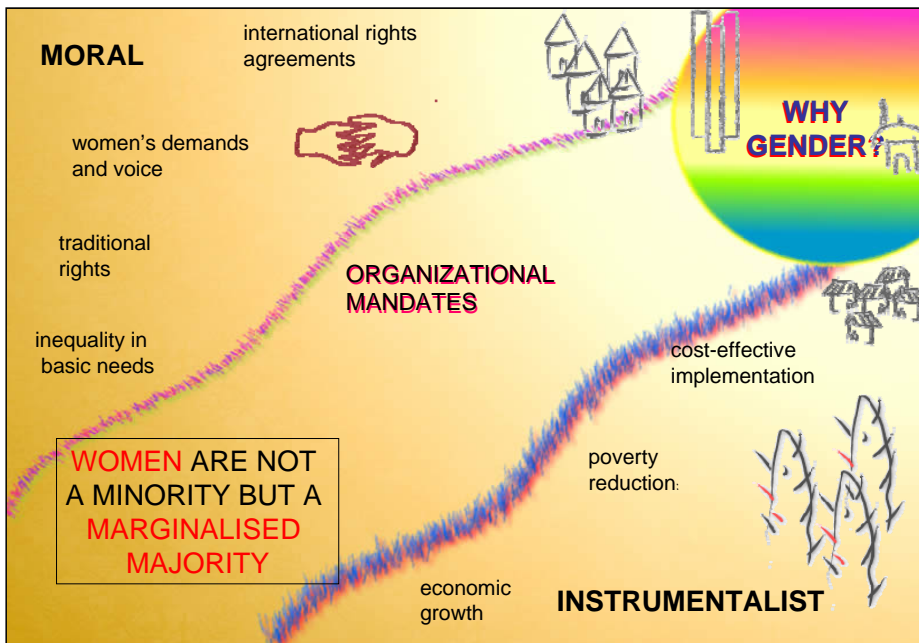
-As with any other area of expertise, including micro-finance itself, to really understand these issues requires years of study and experience and continual questioning and revision of ones assumptions and convictions in the light of changing contexts.

So challenge is how to give sufficient favour of complexity and tricky issues without confusing too much, or giving a sense that gender is too difficult to bother with or raising too many personal prickles. There is a distinction:

-*Gender awareness*: commitment to gender mainstreaming and basic principles and questions

-*Gender expertise*: in-depth familiarity with the ins and outs of debates, range of field experience and methodological skills etc

The focus in this course is on the former: i.e. gender awareness coupled with identification of practical ways forward for the program in the light of both the priorities of clients and inevitable organizational and contextual constraints. It is not a substitute for calling in gender expertise when needed, but will enable the program to identify when this is needed.



WHY GENDER?

So why is gender a priority? Attention to, or prioritisation of gender issues has been justified on many accounts, which can broadly be classified into 'instrumentalist' (ie gender as necessary for other development goals) and 'moral' arguments (ie gender as a goal in itself).

'INSTRUMENTALIST' ARGUMENTS are many, real and based on evidence.

1. *Economic growth* Klasen (2002) estimated that if South Asian countries had given the same priority to addressing gender inequality in education as given in East Asia, real per-capita annual growth between 1960 and 1992 would have been between 0.7-1.0% faster. These growth impacts would be much greater if they also took into account the subsequent impacts of women's education on reduced gender inequality in employment, access to technologies, or credit, all of which have been found to be significant (Blackden and Bhanu, 1999; Klasen, 2002).
2. *Poverty reduction* a) can't have poverty reduction if don't address needs of 70% of the 1.3 billion poor people b) women as custodians of household wellbeing etc. Many reports give evidence of the importance not only of women's education, but women's empowerment for reducing child and maternal mortality and achievement of all the Millenium Development Goals.
3. *Cost-effective implementation* there is a large literature showing that failure to do proper gender analysis has led to ineffective policies, missed opportunities and also direct sabotage by women themselves.

Basing gender policy on instrumentalist arguments is not necessarily bad. See eg UNIFEM paper on MDGs as opportunity to reinforce attention to gender issues. Also gender is more likely to be ignored if it cannot be shown to also contribute to other goals.

BUT instrumentalist arguments are not necessarily a good basis for policies which benefit women rather than continuing to see them as a means to an end. Such policies frequently continue to exploit women and may put further pressures on them. Short term 'quick fix' policies which do not address underlying inequalities may not therefore lead to lon-term sustainablepolicies which fulfil the other goals either.

Therefore need to also include **MORAL ARGUMENTS** based on goals of gender equality and common humanity:

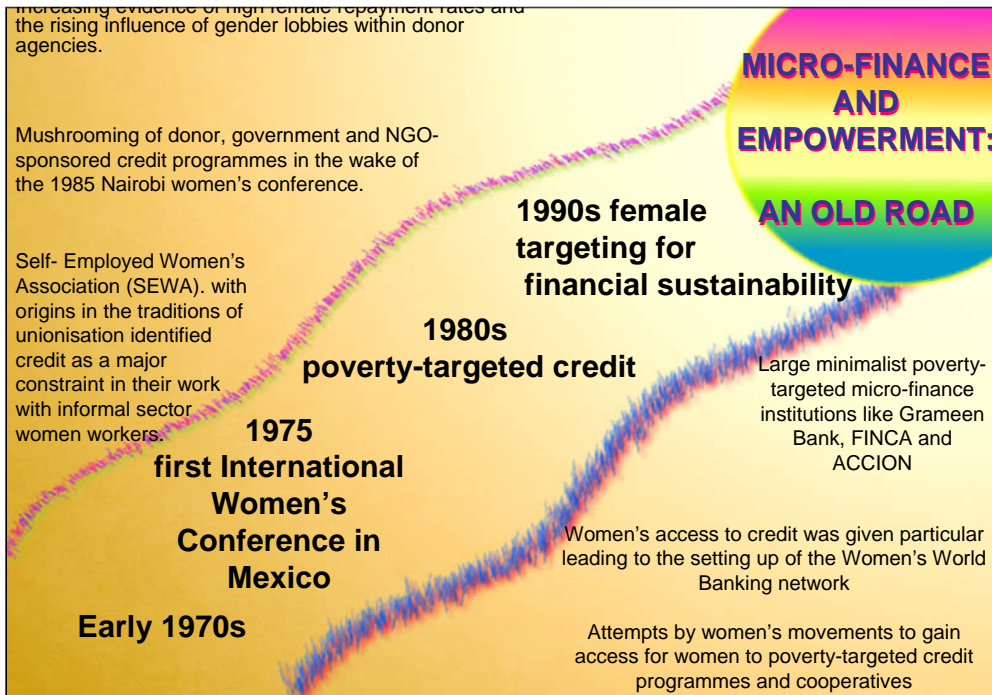
1. High current levels of gender inequality leading to women not having equal access to even basic development: health, education, sanitation etc. Women work longer hours than men but average earnings are only 50-75% of men's and women own only 1% of the world's land. This inequity needs to be redressed.
2. Women's traditional rights have been ignored and undermined by development since colonial times. Women's rights therefore need to be rethought for the current age. Gender equality concerns are neither new, nor a Western imposition. Discussions of 'women's position' and attempts by women and men to challenge gross inequalities probably go back as far as human history itself. Some cultures have much more egalitarian structures than others, long predating and completely unconnected with Western feminism. But these were often undermined by colonialism where Western male leaders dealt with men, imposing eg systems of individual ownership where men were assumed to be head of household. Heterodox religious movements within Islam and Hinduism as well as Christianity proposed more equal relations between the sexes as part of their rejection of established religious power structures. Many cultural traditions have strong female heroines, queens and goddesses. Many of these earlier traditions were revived as part of anti-colonial struggles at the beginning of this century, some of which were also supported by the then burgeoning women's movement in the colonial countries themselves. Opposition is also not new – exactly the same accusations of "cultural imperialism" were made against women trade union organisers in the North England silk industry in the nineteenth century as are currently made against feminists today.
3. Demands of local women and women's movements in most countries need at least as much attention as those of the men's lobbies which are more powerful and have better access to the current gender discriminatory development machinery.
4. International rights arguments - CEDAW and Beijing all signed by most governments and all major development agencies assert women's human rights and the need to promote and protect these as a high priority.

AND

Organisational mandates on gender mainstreaming: ECOSOC declarations, support for international agreements on both instrumentalist and rights arguments

FINALLY

WOMEN ARE NOT A MINORITY BUT A MARGINALISED MAJORITY. Women are 70% of the poor and 52% of the world's population – women are only a minority in countries where gender discrimination leads to high levels of female infanticide and female neglect.



MICRO-FINANCE and WOMEN'S EMPOWERMENT: AN OLD ROAD

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

Many women's organizations world-wide have included a credit and savings component both as a way of increasing women's incomes and bringing women together to address wider gender issues.

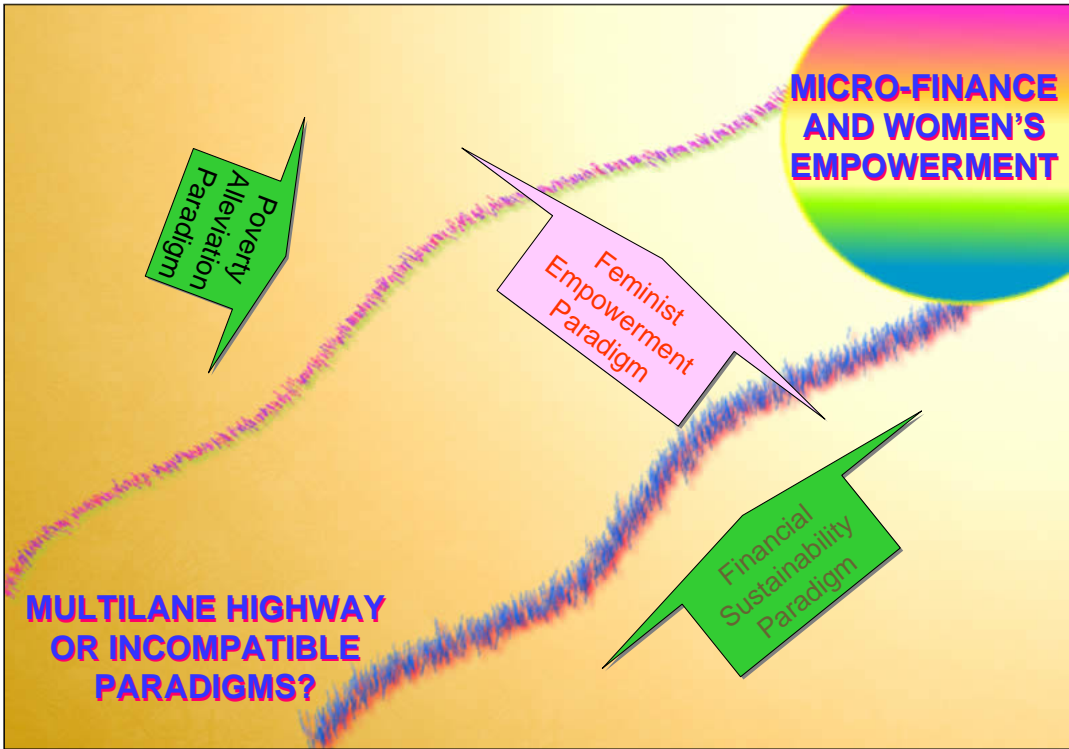
From the early 1970s women's movements in a number of countries became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women. Self-Employed Women's Association (SEWA) with origins in the traditions of unionisation and the Indian women's movement identified credit as a major constraint in their work with informal sector women workers. SEWA, followed by other Indian women's organizations started credit schemes linking women with banks and/or setting up special women's banks.

The problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975, leading to the setting up of the Women's World Banking network and production of a series of manuals for women's credit provision.

The 1980s then saw a mushrooming of donor, government and NGO-sponsored credit programmes in the wake of the 1985 Nairobi women's conference.

This period also saw development of large minimalist poverty-targeted micro-finance institutions like Grameen Bank and ACCION.

In the 1990s a combination of evidence of high female repayment rates and the rising influence of gender lobbies within donor agencies and NGOs led to increasing emphasis on targeting women in micro-finance programmes as a key element in the donor poverty alleviation agenda and gender policy.



DIFFERENT ROADS OR MULTILANE HIGHWAY?

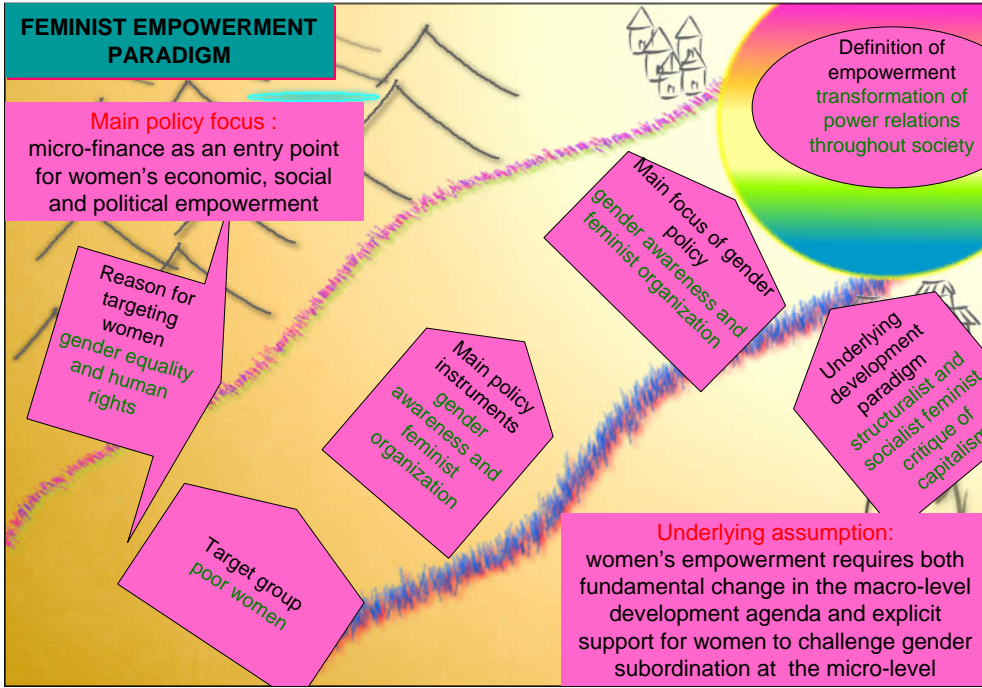
Support for targeting women in microfinance programmes currently comes from organisations of widely differing political perspectives.

There has recently been an apparent convergence of policy and terminology and common concerns with sustainability, participation and empowerment as donor agencies and NGOs have attempted to address their critics, and activists have become engaged in constructive dialogue.

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

- Feminist Empowerment Paradigm
- Financial Self-sustainability Paradigm
- Poverty Alleviation Paradigm

These paradigms represent different 'discourses' each with its own relatively consistent internal logic in relating aims to policies and based on different underlying understandings of development, but do not necessarily correspond systematically to any one programme model or organisation. Programmes following the same model of micro-finance provision may have very different gender policies and/or emphases and strategies for poverty alleviation. All three paradigms are typically promoted by different stakeholders and co-exist as 'incompatible discourses' in uneasy tension and with continually contested degrees of dominance. In many programmes and donor agencies there is considerable disagreement, lack of communication and/or personal animosity between staff involved in micro-finance (generally firm followers of financial self-sustainability), those concerned with human development (generally with more sympathy for the poverty alleviation paradigm and emphasising participation and integrated development) and gender lobbies (generally incorporating at least some elements of the feminist empowerment paradigm).



FEMINIST EMPOWERMENT PARADIGM

The feminist empowerment paradigm is firmly rooted in the development of some of the earliest micro-finance programmes in the South, including SEWA in India, and ANANDI and LEAP discussed here. The paradigm currently underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at gender impact of micro-finance programmes (eg Chen 1996, Johnson, 1997).

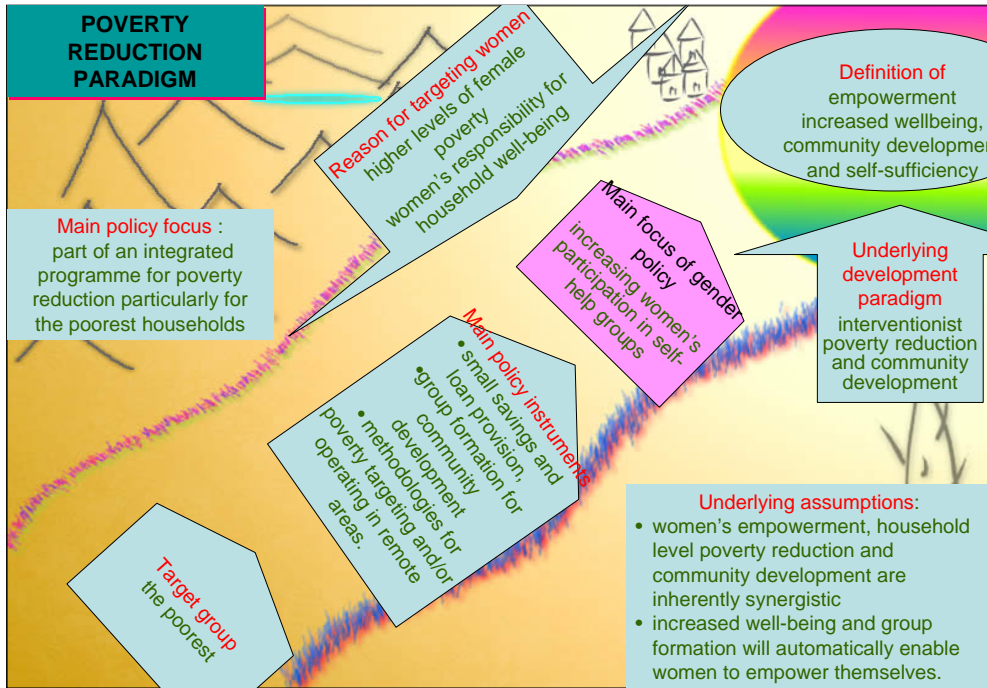
It has been informed by a structuralist and socialist feminist critique of capitalism, but updated in tune with current thinking on sustainable development. The underlying concerns are gender equality and women's human rights as integral and inseparable elements of sustainable pro-poor development. The term equality is used here, not in the sense of sameness but of equality of choice and opportunity. It is often used in preference to the term 'equity' which became hijacked by the conservative right to justify existing gender differences and divisions. (See discussion of these terms in Handout 1 Basic Gender Concepts).

Empowerment is defined as the transformation of power relations throughout society. Economic empowerment itself is defined in more than individualist terms to include issues such as property rights, changes intra-household relations and transformation of the macro-economic context. Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment which focuses on gender awareness and feminist organization.

The main target group are poor women in order to promote gender equality and human rights. Recently also increasing attention has been paid to men's role in challenging gender inequality.

The underlying assumption is that women's empowerment requires fundamental change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at the micro-level

Many organisations go further than interventions at the industry level to include gender-specific strategies for social and political empowerment. Some programmes have developed very effective means for integrating gender awareness into programmes and for organizing women and men to challenge and change gender discrimination. Some also have legal rights support for women and engage in gender advocacy. These interventions to increase social and political empowerment are seen as essential prerequisites for economic empowerment.



POVERTY REDUCTION PARADIGM

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

• **Main policy focus:** micro-finance as part of an integrated programme for poverty reduction particularly for the poorest households. The main focus of programmes as a whole is on developing sustainable livelihoods, community development and social service provision like literacy, healthcare and infrastructure development.

• **Underlying development paradigm:** interventionist poverty reduction and community development

• **Target group:** There is not only a concern with reaching the poor, but also the poorest.

• **Reason for targeting women:** higher levels of female poverty coupled with women's responsibility for household well-being

• **Main policy instruments:**

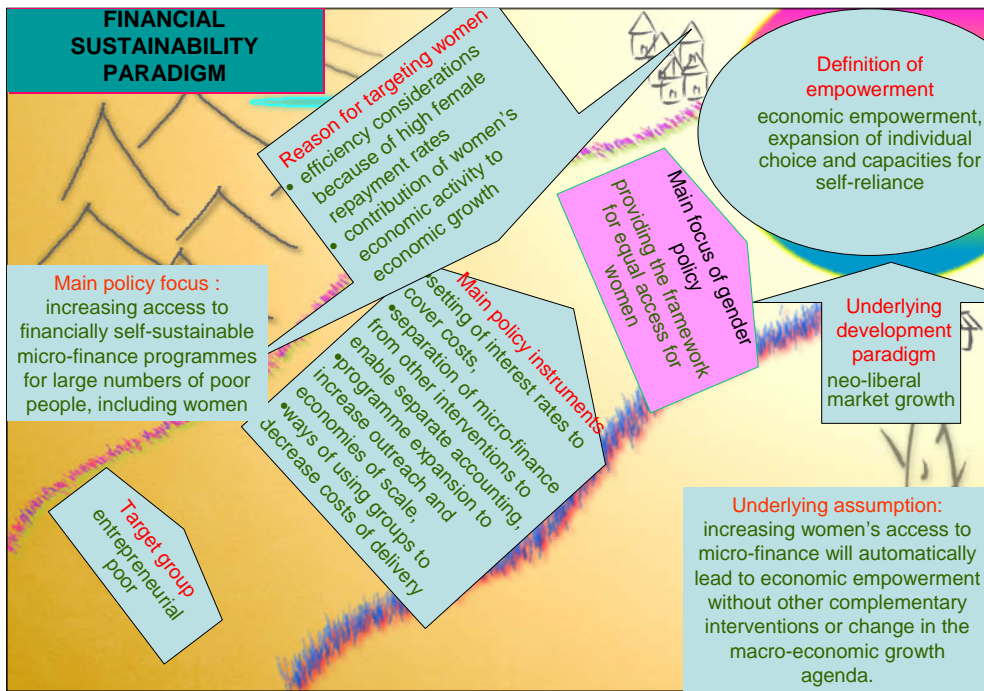
- small savings and loan provision,
- group formation for community development,
- methodologies for poverty targeting and/or operating in remote areas.

• **Main focus of gender policy:** increasing women's participation in self-help groups

• **Definition of empowerment:** increased wellbeing and community development and self-sufficiency

• **Underlying assumptions:**

- women's empowerment, household level poverty reduction and community development are inherently synergistic
- increased well-being and group formation will automatically enable women to empower themselves.



FINANCIAL SUSTAINABILITY PARADIGM

The financial self-sustainability paradigm (also referred to as the financial systems approach or sustainability approach) underlies the models of microfinance promoted since the mid-1990s by most donor agencies and the Best Practice guidelines promoted in publications by USAID, World Bank, UNDP and CGAP. The most detailed articulation of this paradigm is given in Rhyne and Otero 1994, and echoed in publications and funding guidelines by USAID, ODA-UK (now DFID), World Bank, UNDP and increasingly by other members of CGAP. It is the result of lobbying by micro-finance organizations to insert at least some attention to poverty alleviation and empowerment concerns into the neo-liberal growth agenda.

The ultimate aim is large programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies.

The main target group, despite claims to reach the poorest, is the 'bankable poor': small entrepreneurs and farmers.

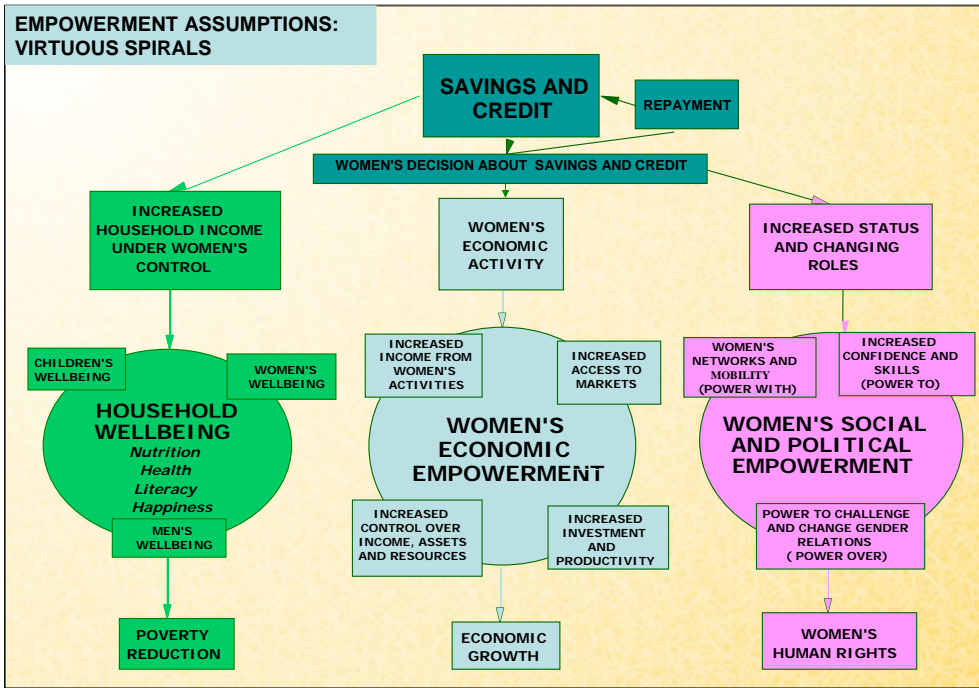
Policy discussions have focused particularly on setting of interest rates to cover costs, separation of micro-finance from other interventions to enable separate accounting and programme expansion to increase outreach and economies of scale, reduction of transaction costs and ways of using groups to decrease costs of delivery.

Recent guidelines for CGAP funding and best practice focus on production of a 'financial sustainability index' which charts progress of programmes in covering costs from incomes. This emphasis on financial sustainability is seen as necessary to create institutions which reach significant numbers of poor people in the context of declining aid budgets and opposition to welfare and redistribution in macro-economic policy.

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

Definitions of empowerment are in essentially individualist terms with the ultimate aim being the expansion of individual choice or capacity for self-reliance.

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



EMPOWERMENT ASSUMPTIONS: VIRTUOUS SPIRALS

The paradigms have rather different emphases in the ways they perceive the interlinkages between microfinance and women's empowerment.

All assume that savings and credit will in some way initiate or contribute to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment.

- 1) *Women's economic empowerment* is the prime focus of financial sustainability paradigm. It is assumed that increasing women's access to micro-finance services will in itself lead to individual economic empowerment through enabling women's decisions about savings and credit use, enabling women to set up micro-enterprise, increasing incomes under their control. It is then assumed that this increased economic empowerment will lead to increased well-being of women and also to social and political empowerment. The financial sustainability and feminist empowerment paradigms emphasize women's own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption.
- 2) *Well-being improvements* are the prime focus of poverty reduction paradigm. The assumption is that increasing women's access to micro-finance will enable women to make a greater contribution to household income and this, together with other interventions to increase household well-being, will translate into improved well-being for women and enable women to bring about wider changes in gender inequality.
- 3) *Women's social and political empowerment*: a combination of women's increased economic activity and control over income resulting from access to micro-finance is expected to improve women's skills, mobility, access to knowledge and support networks – further leading to enhanced status for all women within the community and wider changes in women's roles. These changes are expected to be reinforced by group formation, leading to wider movements for social and political change. The financial self-sustainability paradigm and the poverty alleviation paradigm assume that this social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels.



AMNA
Trader in colour TVs
LEAP, Sudan



Amna is from the Beja tribe. She is about 35 years of age and married with four young children. She studied to Class 6 and has recently started studying again to learn more. She chose her husband because ' It is my life, I have to choose '.

Her first business was soap-making which she started with a PASED loan in 1993. She has been borrowing regularly every six months and repaying since then.

In 1999 she started a furniture business. Now she also deals in colour and satellite televisions. She earns about SL 2 million a month and has over 200 current clients. She only sells to women because she says women are more trustworthy than men. She varies the repayment period depending on her assessment of the client's ability to repay.

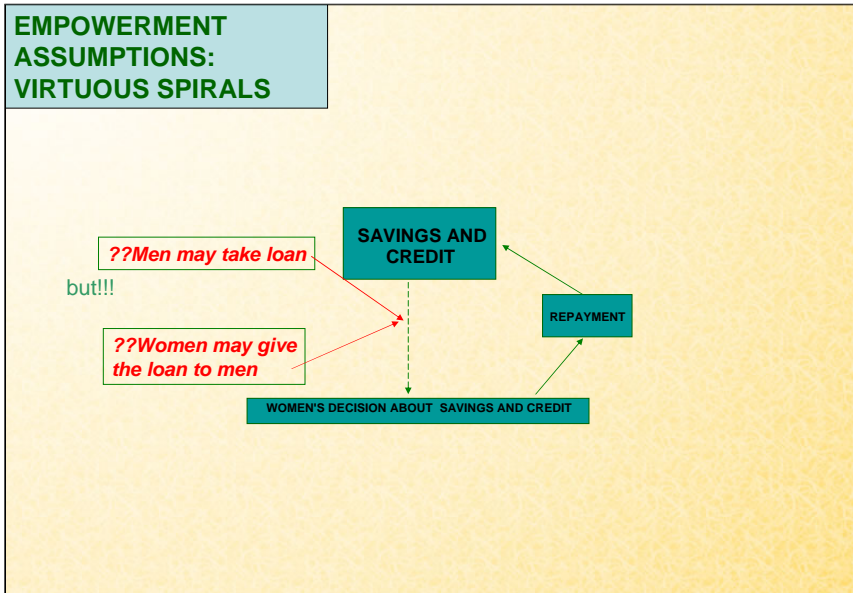
She has built her own house in her own name, spending SL8 million. Her husband gives her all his income for the household. He goes to the market and helps her with her business.

SOME SUCCESSFUL CASES

There are a lot of glowing qualitative and anecdotal case studies used to justify expansion of micro-finance. But there has been no systematic cross-cultural or inter-organisational comparison of relative gender impacts of different models or strategies of micro-finance.

- The most detailed studies have been done in Bangladesh and these are currently contested on conceptual, methodological and analytical grounds.
- Most studies in Latin America, where there is any consideration of gender at all, confine themselves to questions of access or more rarely to go to sleep the activities in which women are involved.
- The CGAP-sponsored AIMS studies do not currently contain detailed information on women's empowerment, despite the commissioning of Chen's framework and some use of participatory techniques.
- Most other documented studies are short gender-impact assessments commissioned by NGOs and donors which use a diversity of indicators.
- Most contain limited information on empowerment beyond questions about increased confidence, control over loans, loan use and more rarely control over income in the household.
- In Pakistan there is very little evidence (See Tables 1 and 3 and pages 14-17 in 'Approaches and Evidence from Pakistan'). Rural financial market studies give gender disaggregated data on reasons for not borrowing and borrowers of large loans. For Orangi Trust there are gender disaggregated data on increase in standard of living. Kashf: Intra-household gender relations, decision-making, self-perception, perception of daughters' future, obstacles to women's growth and development and another study gives social capital generated through women's participation in Kashf's micro-finance program. PPAF gives gender disaggregated data on control over resources, decision making and social status. Gallup Pakistan gives information on empowerment in terms of social capital, financial benefits, identity, information and skills, leadership and conflict, practical and strategic needs, intra-household gender relations and also gender disaggregated data on increase in standard of living.

There are undoubtedly some successful case studies. Most programme have case studies of some women who started from poverty, started economic activity, improved well-being and became more involved in local community activities. For example, Amna from LEAP in Sudan (See slide).



QUESTIONING EQUALITY OF ACCESS

Nevertheless, and despite the shortcomings of the information available, what the evidence does show is that *all the assumed linkages between access and empowerment need to be questioned.*

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

In Pakistan women continue to be the minority of both borrowers and savers. While Most MFIs maintain that they do not discriminate against women and offer the same accessibility to women as they do to men, there is a wide divergence in the number and amount of loans that have actually been given to women. Furthermore, MFIs increasingly prefer to look at households as their client and do not like to distinguish between men and women. Some, like Kashf and the First Women's Bank, while targeting households give loans only through women. Others, like the Orangi Charitable Trust, prefer to talk about entrepreneurs and the working poor and have found it preferable to work with men. OCT has no gender-specific policy of lending or quotas regarding the distribution of loans to men or women. Still others like SRSP and the Khushali Bank of Pakistan have established targets about the proportion of loans that must be given through women.

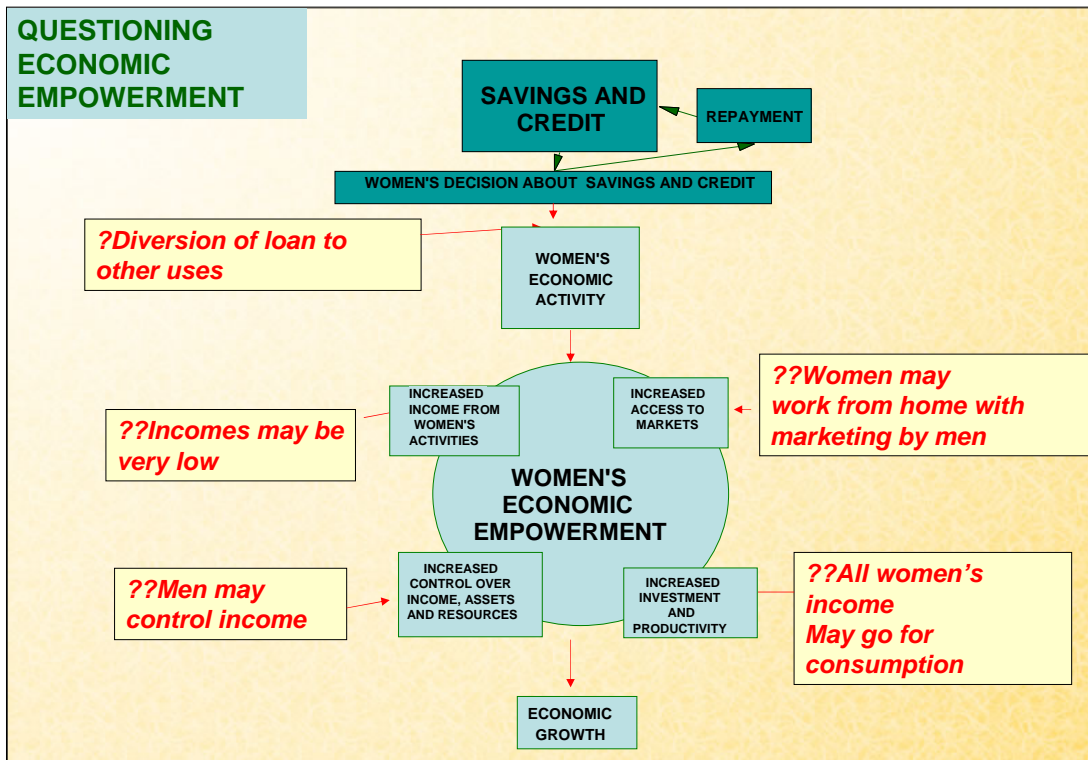
In the case of small NGOs a review of loan figures indicated that some of the larger NGOs like NRSP and SRSP were only giving a small fraction of their loans to women. For example, NRSP had given loans to 50,651 women by the end of June 2003 but women constituted only 19% of their total borrowers. Moreover, in terms of the actual loan amount, women were given just under 13% of the total loan amount of Rs 4 billion disbursed by NRSP. PRSP has a somewhat better record than the other RSP's as it has benefited 58,134 women and 33% of its loans and 29% of the total loan amount has gone to women. Female borrowers of SRSP constituted 28% of the total in terms of both the loan amount and loan numbers. All of Kashf's 53,797 borrowers were women. AKRSP has a relatively good record of lending to women. However, like in the other RSP's women constitute a small proportion of their overall borrowers. The internal lending programme initiated by many Women's Organisations spawned by AKRSP in the Northern Areas and Chitral have appeared to be a very good source of micro-credit for women run by women.

The Rural Financial Markets Study found that of the borrowing individuals, 78 percent were men which means that on average, men have over 3.5 times higher access to credit than women in rural Pakistan. Men on the whole borrowed 91 percent of the total large loans. The average loan size given to women was Rs 8,050 compared with Rs 19,382 per loan borrowed by the men.

Moreover financial indicators of access: women's programme membership, numbers and size of loans and repayment data cannot be used as indicators of actual access or proxy indicators of empowerment. Registration of loans in women's names does not necessarily mean even participation in decisions about loan application. Men may simply negotiate loans with male programme staff as an easier way of getting access to credit. In Harper's early study of AKRSP out of 31 micro-enterprise loans issued for women interviews found that in 8 cases women did not even know the loan had been taken (Harper, 1995).

Even high repayment levels by women do not of themselves indicate that women have used the loans themselves. Men may take the loans from women. In Harper's study of AKRSP of the 31 micro-enterprise loans issued for women interviews found that even where women knew about the loan, only 7 loans were controlled by women. The majority - 16 were used by men and although women knew about the loan, they had not been involved in the loan-taking process. (Harper, 1995).

Even where men do not actively appropriate loans, women may themselves choose to invest the loans in men's activities. Loans may be repaid from male earnings, through women forgoing own consumption, or from income or borrowing from other sources. In Bangladesh one study found that approximately 50% of loans taken by women were used for men's productive activities, while another significant proportion were used for activities where control was ambiguous such as consumption or stocking and resale of goods or on-lending for interest (White, 1995). In Goetz and Sengupta's study of 275 women they found that women had full control of loans in only 17.8% of cases and in as many as 21.7% they had no control. A survey of 26 women in SCF Bangladesh found that 68% of loans had been used by the husbands or the sons and all except 1 first time loan (Basnet, 1995). In BRAC 10% female respondents reported no personal income and the women relied on family and friends for weekly cash repayments. (Montgomery et al 1996) Male appropriation of loans was also noted for Port Sudan (Amin, 1993) and three ACORD-Uganda programmes (ACORD, 1996). Similar patterns were reported by micro-finance participants at a central America workshop.



QUESTIONING ECONOMIC EMPOWERMENT

All the assumed linkages along the chain of women's economic empowerment need to be questioned.

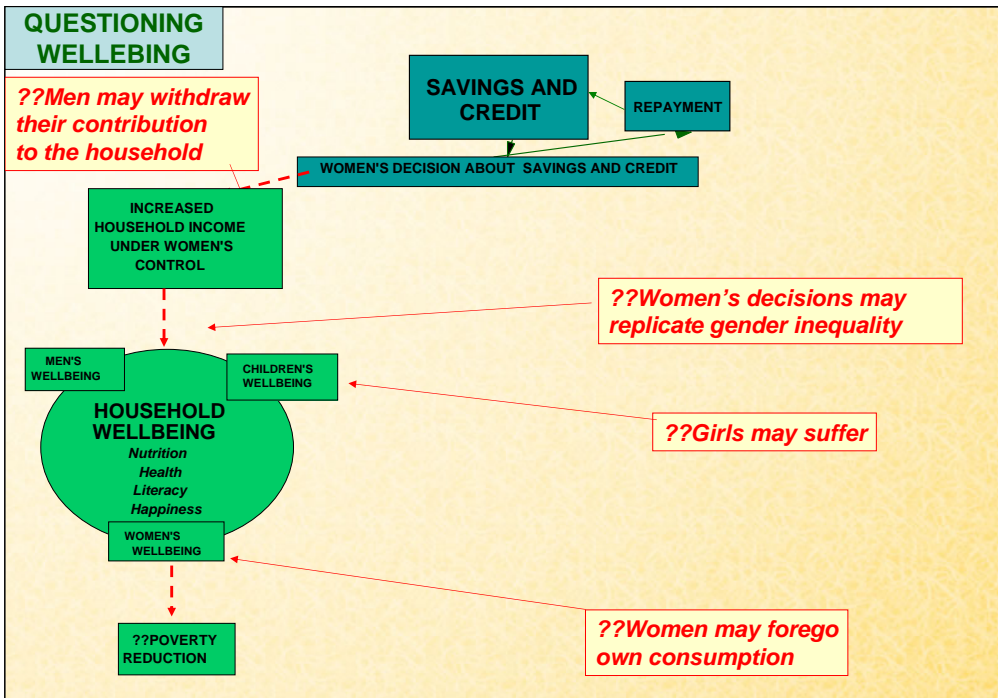
High demand for loans by women may be more a sign of social pressure to access outside resources for in-laws or husbands than empowerment.

Even where women control the loans, impact on incomes is widely variable. In some cases increases in incomes have been significant and there are numerous case studies of successful women entrepreneurs. Most programmes include at least one or two cases in their promotional literature. Some of these women were poor, or even very poor, before receiving a series of loans (Noponen 1990, Hadjipateras 1996, Marx et al 1997). In Pakistan the AKF study (2002) found that Kashf 's women clients 'have become more economically productive both within and outside the home'. Economic independence and self-confidence was highest among women who had invested in their own business and lowest among borrowers who had passed the loan on to male relatives. About 38 per cent claimed that they invested the loan directly. This conflicts with Akbar Zaidi's finding in recent research on Kashf which shows that 90 per cent of the loans taken have been passed on to male relatives. The OCT study also examined the response of women with reference to whether their standard of living had improved as a result of the OCT loan. The study found that women with small sized businesses in all cases reported an unambiguous increase in their living standard compared with women running very small businesses (24%) and those with medium sized (17%) or large businesses (50%). But due to the small sample size, results are reported to be far less conclusive and merely indicative. The findings with respect to women were quite the opposite of the response elicited from the men.

However all studies find that for the majority of borrowers income increases are small, and in some cases negative (see also Everett and Savara 1991; Hulme and Montgomery, 1994; Montgomery et al, 1996).

All the evidence suggests that most women invest in existing 'female' activities which are low profit and insecure and/or in their husband's activities. In many programmes and contexts it is only in a minority of cases that women can develop lucrative activities of their own through credit and savings alone. Although for many very poor women decreases in household vulnerability may not have been captured in the studies and may be as important as actual increases in income, many women interviewed by the author were aiming for significant increases in their own income.

It is clear that women's choices about activity and their ability to increase incomes are seriously constrained by gender inequalities in access to other resources for investment, responsibility for household subsistence expenditure, lack of time because of unpaid domestic work and low levels of mobility, constraints on sexuality and sexual violence which limit access to markets in many cultures. These gender constraints are in addition to market constraints on expansion of the informal sector and resource and skill constraints on the ability of poor men as well as women to move up from survival activities to expanding businesses. There are signs, particularly in some urban markets like Harare and Lusaka, that the rapid expansion of micro-finance programmes may be contributing to market saturation in 'female' activities and hence declining profits. This hits those even poorer women dependent on these markets but who do not even have access to micro-finance.



QUESTIONING IMPROVED WELLBEING

Women's contribution to increased income going into households does not ensure that women necessarily benefit or that there is any challenge to gender inequalities within the household.

Savings does provide women with a means of building up an asset base and women themselves also often value the opportunity to be seen to be making a greater contribution to household well-being giving them greater confidence and sense of self-worth.

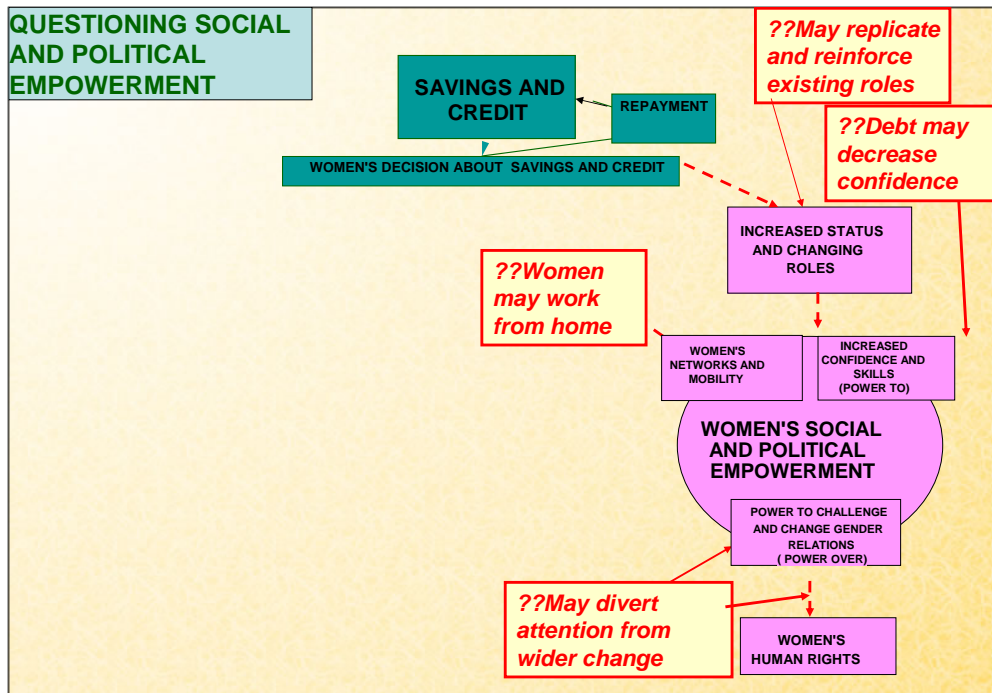
However firstly micro-finance programmes are often only one of a number of savings facilities which women use.

Moreover, as discussed in detail in the feminist literature, women's perceptions of value and self-worth are not necessarily translated into actual well-being benefits or change in gender relations in the household (Sen 1990, Kandiyoti 1999). Although in some contexts women may be seeking to increase their influence within joint decision-making processes rather than independent control over income (Kabeer 1998), neither of these beneficial outcomes for women can be assumed.

In Pakistan the evidence appears to be more positive than where gender inequality was initially less marked, but still shows variable impact and conflicting data. *Kashf's* Impact Assessment Study (1998) reported that 40 per cent of the respondents said that there were less domestic fights since income had increased due to loans taken – but there is no indication of what happened to the majority 60%. The AKF study (2002) for members of AKRSP noted that the savings program played a vital role in empowering women. The majority of survey respondents both male and female said that husbands and wives now jointly discuss domestic, financial and other issues. This does however seem to conflict with information from the *Kashf* empowerment diamonds where (assuming some of the figures refer to clients) sizeable numbers of women still suffer from serious problems of violence. In the *Gallup* study women reported an increase in social status (60%), increase in importance regarding decision about children's marriage (46%), education of children (40%), resolving family disputes (20%), importance of opinion in business decisions (48%), purchase and sale of household items (31%) and opinion in purchase and sale of property (22%). However, it is not clear what 'increase' actually means and the pattern of control over income showed no appreciable change during the period under study.

Worryingly, in response to women's increased (but still low) incomes evidence indicates that men may be withdrawing more of their own contribution for their own luxury expenditure. Men are often very enthusiastic about women's credit programmes, and other income generation out programmes, for this reason because their wives no longer 'nag' them for money (Mayoux 1999a). Small increases in access to income may be at the cost of heavier work loads for women, increased stress and their health. Women's expenditure patterns may replicate rather than counter gender inequalities and continue to disadvantage girls. Without substitute care for small children, the elderly and disabled, and provision of services to reduce domestic work many programmes reported adverse effects of women's outside work on children and the elderly. Daughters in particular may be withdrawn from school to assist their mothers (Mayoux 1999a,b; Mayoux and Johnson, 1997; USAID 1999).

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



QUESTIONING SOCIAL AND POLITICAL EMPOWERMENT

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

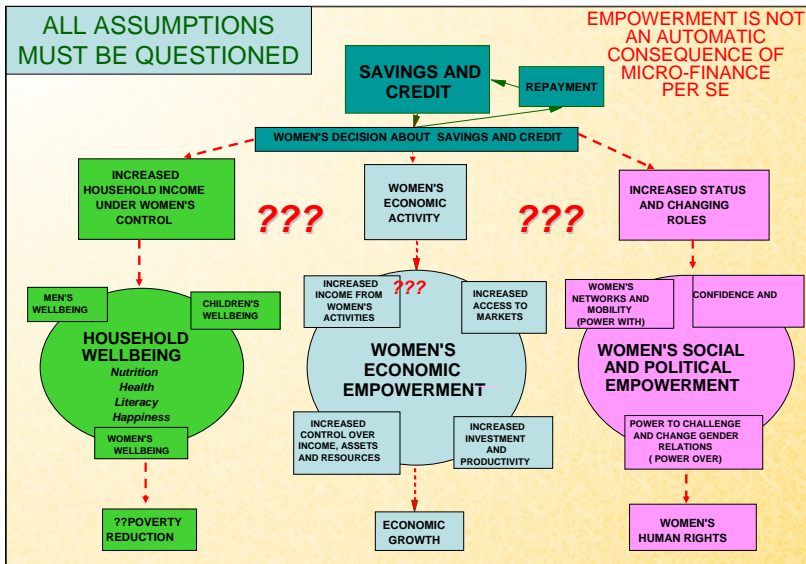
There have been positive changes in household and community perceptions of women's productive role, as well as changes at the individual level. In societies like Sudan and Bangladesh where women's role has been very circumscribed and women previously had little opportunity to meet women outside their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

In Pakistan the Kashf impact study (1999) looked at social capital and found that micro-finance clients acknowledge and experience enhanced trust, solidarity and social interaction through the *Kashf* network. Gaining contacts for good will and support was the single most important advantage emerging from Kashf's center-based approach (81%). This was followed by clients appreciating the existence of a support system (57%) and a space for women (31%). Women demonstrated great satisfaction in owning a place where they could come every fortnight leaving the "troubles of every-day life behind." Women also reported an increased level of confidence and self-esteem. Over 80% of the clients indicated that their opinions of themselves had completely changed and they now felt more in control of their lives than before. Kashf clients demonstrated a significant feeling of self-pride in being able to access financial resources as against having to borrow from family, relatives and neighbours. Non-clients did not record feelings of such a positive self-image or optimism. The AKF study (2002) found that for AKRSP's women's group members, savings on a wider scale and credit on a smaller scale has played a critical role in the development of social capital. It has led to opportunities for meeting and gathering with other women. Pooled savings have promoted trust and cooperative behaviour. Credit has strengthened interpersonal relationships through joint venture in business or joint income generating activities. Many women's organizations have a heightened awareness of development issues and greater ownership of community development efforts.

However these changes may be somewhat limited. The Kashf study also conducted a detailed assessment of attitudes and mindset to assess perceptions regarding child rearing responsibility, earning a living, education of children, girls working outside the house, age of marriage of girls and girls consent at time of marriage. The study did not find any appreciable difference between the two groups and concluded that socio-cultural limitations had a strong bearing on all women and change in mindset was a long-term process. According to the AKF study for Kashf, a much younger MFI, whose micro-finance program began in 1996, the impact of micro-credit on social capital is not so discernible. Seventy-one per cent of the respondents said that their social interaction with other members had increased since group formation. However in times of crisis, 95 per cent said they would turn to help to their families and only 5 per cent said they would ask other group members. Sixty-two per cent said they were uncomfortable sharing household problems with group and centre members. In some cases access to micro-finance may decrease women's activities outside the home. Several women interviewed by the author in Damen, Lahore said they invested their loans in micro-enterprise so that they did not have to go out to work and thus avoided disapproval of society.

Micro-finance has been strategically used by some NGOs as an entry point for wider social and political mobilisation of women around gender issues. For example SEWA in India, CODEC in Bangladesh and CIPCRE in Cameroon, indicate the potential of micro-finance to form a basis for organization against other issues like domestic violence, male alcohol abuse and dowry. The Kashf impact study also looked at social issues awareness which included issues like the rights and responsibilities of women, role of women in a household, etc. About 96% of the clients reported that their awareness of social issues had improved compared with 47% of non-clients. In the Gallup Study the percentage of men borrowers who participated in local politics (6%) was double that of the women who participated (3%) but the proportion of winners was interestingly higher for women (50%) as opposed to men (38 per cent).

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 evidence to the contrary that micro-finance and income-earning may take women away from other social and political activities and that micro-finance groups may put severe strains on women's existing networks if repayment becomes a problem (Noponen 1990; Rahman 1999).



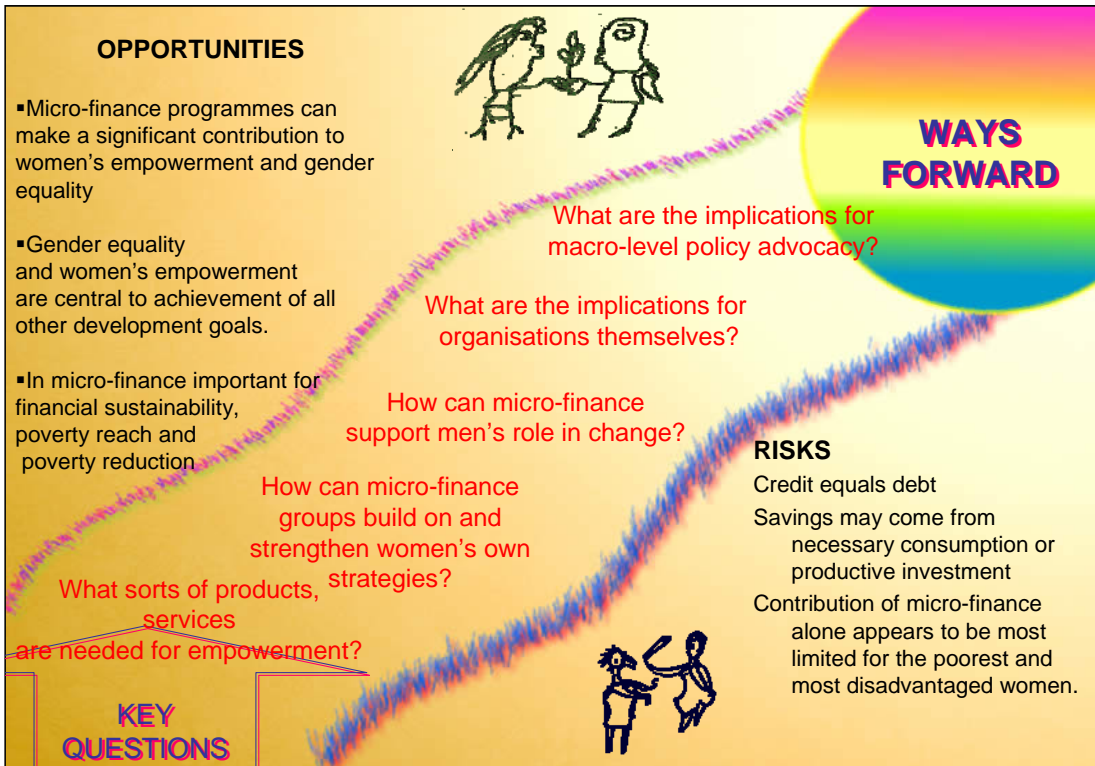
**VIRTUOUS SPIRALS
OR VICIOUS
CIRCLES?**

**ALL ASSUMPTIONS
MUST BE
QUESTIONED**

The evidence therefore indicates that all the assumed linkages between micro-finance and women's empowerment must be questioned. Notably most of those organisations for whom evidence is available have made a conscious effort to at least partially address gender issues. These, at least as much as micro-finance itself, may be responsible for the positive impacts noted – particularly in the case of Kashf Foundation.

Although there have been some positive developments for some women in some programmes, contributions of micro-finance per se to women's empowerment cannot be assumed and current complacency in this regard is misplaced. In many cases contextual constraints at all levels have prevented women from accessing programmes, increasing or controlling incomes or challenging subordination. In many cases contextual constraints are compounded by gender discriminatory or gender blind policies which undermine any potentially positive contribution.

EMPOWERMENT IS NOT AN AUTOMATIC CONSEQUENCE OF MICRO-FINANCE PER SE



WAYS FORWARD: KEY QUESTIONS

There are serious risks and potentially negative effects from micro-finance. For some women micro-finance has not only had no positive impact, but has been positively disempowering, as indicated by the cases in Box 2 in the Background paper which are far from isolated examples.

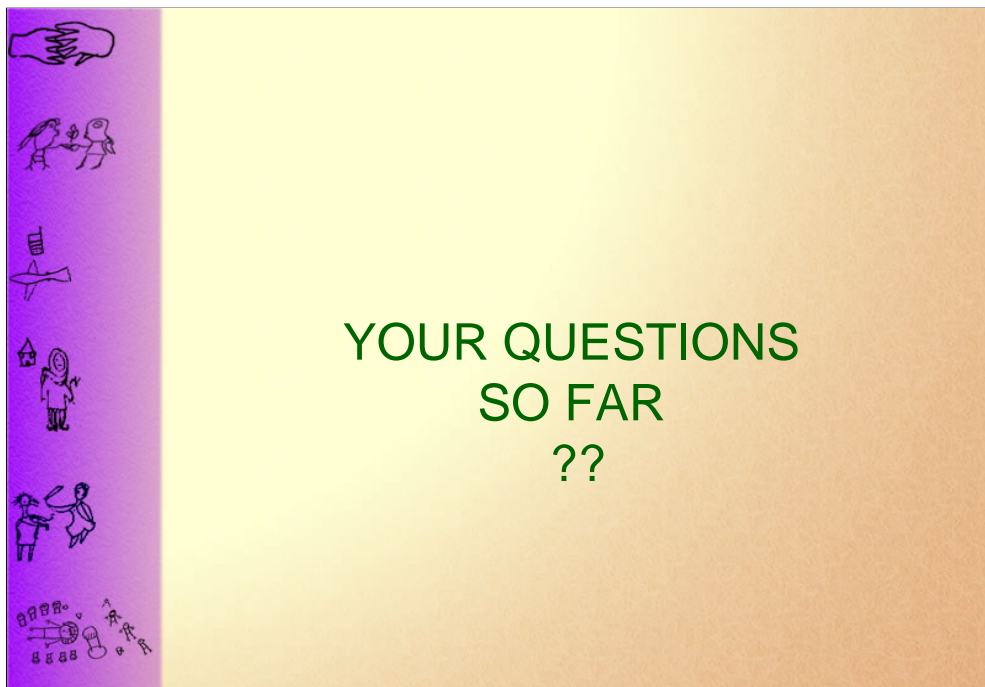
- Credit (ie debt) may lead to severe impoverishment, abandonment and put serious strains on networks with other women. Where women are not able to significantly increase incomes under their control or negotiate changes in intra-household and community gender inequalities, women may become dependent on loans to continue in very low-paid occupations with heavier workloads and enjoying little benefit.
- Pressure to save may mean women forgoing their own necessary consumption.
- The contribution of micro-finance alone appears to be most limited for the poorest and most disadvantaged women. All the evidence suggests these women are the most likely to be explicitly excluded by programmes and peer groups where repayment is the prime consideration and/or where the main emphasis of programmes is on existing micro-entrepreneurs. It also suggests that they may be particularly vulnerable to falling further into debt.

What is of concern in current debates is the way in which the use of apparently similar terminology of empowerment, participation and sustainability conceals radical differences in policy priorities. The conflation of paradigms, coupled with continuing resistance to anything more than lip-service to gender mainstreaming in most programmes and donor agencies means that although women's empowerment may be a stated aim in the rhetoric of official gender policy and program promotion, in practice it becomes subsumed in and marginalised by concerns of financial sustainability and/or poverty alleviation. This is the case even with recent moves within CGAP and the Microcredit Summit Campaign to pay more attention to poverty targeting. Accompanying the rapid increase in women's access to micro-finance has been a progressive narrowing of the definitions of empowerment and decrease in funding for explicit strategies to achieve it.

This ignores the very positive potential contribution micro-finance can make to womens' empowerment as part of a coherent gender strategy. This also ignores the central importance of gender equality to all other development goals and any argument for justification of development funding for micro-finance programmes compared to other types of intervention.

In moving forward there are a number of key questions:

- What sorts of products, services and policies are needed for empowerment?
- How can micro-finance build on and strengthen women's own aspirations and strategies?
- How can micro-finance support men's role in change?
- What are the implications for organisations themselves?
- What are the implications for macro-level policy advocacy?



QUESTIONS?