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## Micro-finance: Missed Opportunities in Empowerment?

### Issue editor: Irmi Hanak

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"women's empowerment" or "poverty alleviation" with the priority of "financial sustainability". Tensions arising from this paradigm shift are visible in current loan delivery practices. These include inflexible repayment schedules, high interest rates, bureaucratic time-consuming procedures and cuts in complementary services such as business training. As Mayoux shows, some of these practices exclude or disadvantage women instead of empowering them.

An overview over micro-finance institutions' performance in the context of Tanzania is offered by Marcellina Chijoriga. Despite growing numbers of clients of micro-finance institutions, among them a majority of women, she finds that with few exceptions, overall performance of micro-finance institutions in Tanzania is poor. Unclear mission statements, donor dependence and insufficient management and accounting practices are some of the shortcomings diagnosed for the majority of organizations. Chijoriga argues for a clear separation of commercial and anti-poverty objectives. "*Micro-finance institutions should clearly distinguish between poverty alleviation which is a development focus and profit making which is a commercial focus*" (Chijoriga, this volume). She further argues for the necessity of diligently adapting micro-finance institutions to the respective socio-economic environment, the economic needs of the clients and the cultural setting. Chijoriga also remarks that micro-finance institutions frequently ignore unequal gender relations, with the result that in some cases women's dependence on husbands or other family members is exacerbated.

Irmi Hanak discusses the role of empowerment or poverty alleviation objectives in the context of two micro-finance institutions in Uganda. Based on a research on two organizations with positive financial sustainability records, she documents their failure to be just as committed and successful in regard to their social development objectives i.e. poverty alleviation and women's empowerment. While both organizations rely on assumptions about poverty, existing gender relations, and the anticipated impact of micro-credit programs on them, they do not bother to test or assess these. The absence of concern for working and living conditions of "beneficiaries" reflects an aid relationship that does not consider accountability to beneficiaries a priority.

Pointing to the importance of financial development for economic growth, Reinhard Schmidt and Adalbert Winkler discuss the requirements of successful financial institution building. According to their analysis, three factors explain "*why there are so few successful micro- and small business institutions operating worldwide*" (Schmidt and Winkler, this volume): unrealistic expectations on the part of donors or partner institutions, lack of awareness of the importance of governance and ownership issues, as well as adverse financial regulation by the host country.

*Irmi Hanak*

### Reference

Rahman, Aminur. 1999. Micro-credit initiatives for equitable and sustainable development: who pays? World Development 27 (1999) 1, pp. 67–82.



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*Linda Mayoux*

## From Access to Empowerment: Widening the Debate on Gender and Sustainable Micro-Finance

### 1. Introduction

Micro-finance programmes targeting women became a major plank of donor poverty alleviation strategies in the 1990s and funding is set to further increase in this century under initiatives by CGAP and member donor agencies[1]. This expansion is dominated by the 'financial self-sustainability paradigm' aimed at developing programmes which will ultimately be independent of donor funds. 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. Increasing women's access to micro-finance is assumed to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. 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 themselves benefit women (Everett and Savara 1991; Goetz and Sen Gupta 1996; Mayoux 1995). Some argue strongly that current models of micro-finance where the overriding concern is financial sustainability divert resources from other more effective strategies for empowerment (Ebdon 1995) and/or poverty alleviation (Rogaly 1996; Johnson and Rogaly 1996).

This paper discusses evidence of positive and negative interlinkages between women's empowerment and policies currently advocated and/or implemented to increase financial sustainability. It focuses particularly on the author's preliminary research and secondary sources on 10 programmes: Community Development Centre (CODEC) in Bangladesh, Professional Assistance for Development Action (PRADAN) in India, Zambuko Trust and Self-Help Development Fund (SHDF) in Zimbabwe, Small Enterprise Foundation (SEF) in South Africa, CARE-PULSE and CARE-PROSPECT in Zambia and Cameroon Gatsby Trust (CGT) and its partner organizations Mbonweh and CIPCRE in Cameroon. Summary details of these programmes are given in the Appendix. It also draws on secondary sources and discussions with staff from other programmes involved in a series of regional workshops facilitated by the author and staff in donor agencies[2].

It is argued that although micro-finance programmes do have a significant potential contribution to women's empowerment, this is not an automatic consequence of women's access to savings and credit alone. Empowerment aims need to be explicitly prioritised and innovative thinking is needed on how they can be achieved. Section 1 of the paper gives an overview of the development and underlying assumptions of the financial self-sustainability paradigm in relation to gender impact. Section 2 gives an overview of evidence from Africa and South Asia which challenges many of the assumptions of beneficial impacts of women's access to micro-finance per se, reinforcing the concerns of earlier studies in Bangladesh. Section 3 discusses some possible cost-effective ways forward for making micro-finance programmes more empowering for women based on this evidence and some recent innovative initiatives. Section 4 argues that there is a need to move away from blueprints and to develop a range of types of programme which address the needs of particular women, particular contexts and particular strengths of the organizations concerned. This will entail a more participatory approach to programme management and organizational learning in order to ensure contextual relevance and prioritisation of the needs of members. It will also require linking grassroots groups with other movements for change in gender relations at the micro-and macro-levels. Supporting a more participatory empowerment approach will also involve a significant shift in current donor priorities and procedures in relation to the micro-finance programmes themselves and to macro level economic and social policy.

## 2. Women's Empowerment and Micro-Finance: Underlying Assumptions in the Financial Self-Sustainability Paradigm

Concern with women's access to credit and assumptions about contributions to women's empowerment are neither new nor are they a Northern imposition. From the early 1970s women's movements in a number of countries became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women. 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 manuals for women's credit provision (IWTC 1981). In India a number of organizations like SEWA, Annapurna Mahila Mandal and Working Women's Forum 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. The 1980s saw a mushrooming of government and NGO-sponsored income-generation programmes for women which included a range of different types of credit and savings components, particularly in the wake of the Nairobi International Women's Conference in 1985 (Mayoux 1995).

The rapid expansion in the1990s was dominated by principles of best practice informed by a 'financial self-sustainability paradigm' (often referred to as financial systems approach or sustainability approach). The most detailed articulation of this paradigm is given in Rhyne and Otero 1994, and echoed in publications by



USAID, DFID, World Bank, UNDP and increasingly by other members of CGAP (World Bank 1995, UNDP 1997). This paradigm is also the dominant inspiration behind the Micro-credit Summit Campaign inaugurated in 1997. The paradigm attempts to address perceived inefficiencies and lack of impact of both government poverty alleviation programmes (particularly social funds with savings and credit components) and small-scale charitable NGO credit and savings projects. As discussed in detail by the author elsewhere this paradigm contrasts with two earlier and parallel paradigms with different aims underlying programme design: the poverty alleviation paradigm and the feminist empowerment paradigm (Mayoux 1998a).

It is the result of a confluence of a number of different strands of thought which developed largely as an attempt to insert poverty alleviation and empowerment concerns into the neoliberal agenda of the 1980s and early 1990s. Firstly the work of economists at Ohio State University who argued for privatisation of credit delivery, challenging the established view of the inherently exploitative role of informal sector providers like moneylenders and pointing to the flexibility and efficiency of many indigenous systems like Rotating Savings and Credit Associations. Secondly 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 argued that such lending could be profitable as part of an attempt to mainstream such services within donor agency economic programmes. More recently arguments about profitability have been used in attempts to attract large-scale private sector finance.

The main aim is to increase access of large numbers of poor people, including women, to financially self-sustainable micro-finance services to enable them to increase their incomes. 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. 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 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. Recent guidelines for CGAP funding and best practice focus on assessments of institutional capacity and production of a 'financial sustainability index' which charts progress of programmes in covering costs from incomes.

Consonant with the concern for financial sustainability, accumulating evidence of women's higher repayment rates (see below) has led many programmes to target women. This evidence has been used by gender lobbies within the major aid agencies to justify arguments for female targetting and an emphasis on facilitating women's access to micro-finance programmes. This follows from earlier lobbying by gender advocates within major aid agencies for incorporating gender into micro-enterprise strategies as an important strategy for increasing economic growth and also increasing female employment (eg. Downing 1990). 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. The guidelines produced by UNIFEM (1993, 1995) and EEC (Binns 1998) for increasing women's access to micro-finance are also explicitly intended for application within financially self-sustainable programmes.

The paradigm itself has a relatively consistent internal logic in relating programme design to the underlying prioritisation of financial sustainability. There are a number of commonly agreed principles of best practice which currently underlie funding decisions by major donors as summarised in Box 1. However the paradigm is not monolithic. A range of models from banking to self-managed mutualist models are advocated, although there is often an implicit assumption of a banking model in many CGAP publications. There is also considerable debate about matters of detail, and degree to which policy details can or should be altered to address emerging inherent tensions and tensions with poverty targeting (Hulme and Moseley eds 1996, Johnson and Rogaly 1996). As discussed there are also ways in which policies introduced for financial sustainability could be more compatible with empowerment aims.

## 3. Questionning Virtuous Spirals: Overview of Evidence on Gender Impact

Alongside the focus on increasing women's access to micro-finance, the term 'empowerment' is frequently used in promotional literature. Increasing women's access to micro-finance services is seen as initiating a process of interlinked and mutually reinforcing 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. For example in the Draft 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. Targetting 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, p. 8)



*Box 1: Financial Self-Sustainability Best Practice*

**increasing programme income**
- high interest rates and service charges to cover costs of delivery
- provision of savings facilities
- sale of shares

**increasing repayment levels**
- 'the stick' coercion: programme penalties for non-repayment, group peer pressure
- 'the carrot' encouragement: promise of repeat loans in increasing amounts
- market relevance in service delivery
- provision of insurance facilities as protection against default

**reducing programme costs**
- rapid programme growth to benefit from economies of scale
- reducing staff and staff costs through narrow focus on micro-finance
- simplified application procedures to decrease administration costs
- reducing complementary services
- use of 'voluntary' contributions of clients and groups to identify eligible borrowers, ensure repayment and decrease costs of service delivery

**Management Information Systems**
- monitoring of repayment and performance on financial sustainability parameters
- client impact assessment based on demand for credit and levels of repayment and more recently poverty targetting

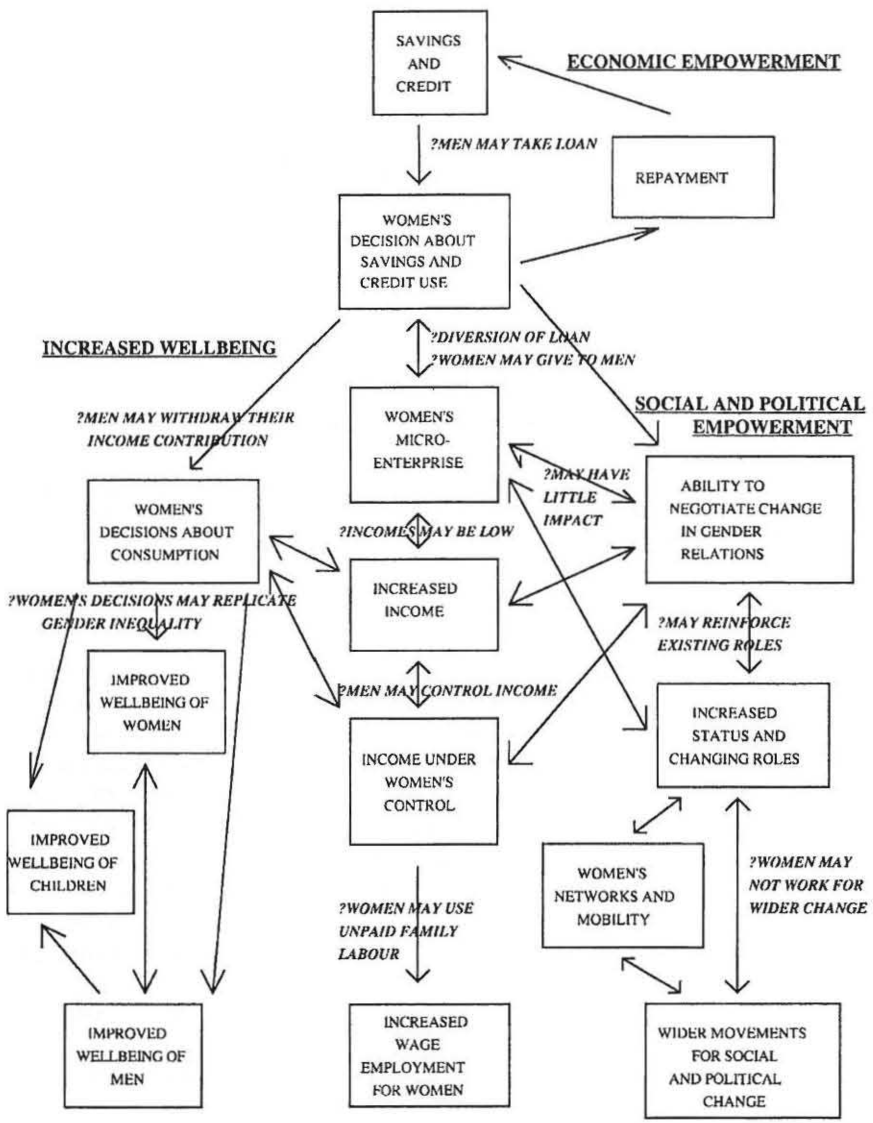
Source: adapted from points made in Otero and Rhyne 1994; World Bank 1995.

As indicated by the arrows in Figure 1, it is assumed that increasing women's access to micro-finance, particularly credit, will enable women to make decisions about its use. It is further assumed that micro-finance will be used by women to increase their 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 because of evidence of women's higher levels of expenditure on children and household welfare.

Participation in micro-finance groups is also seen as contributing to broader social and political changes through developing and strengthening women's networks. This building of 'social capital' is then seen as potentially leading to women's collective empowerment. For example Sebstad, Neill, Barnes and Chen write:

> 'An important aspect of development at the community level involves the building of social capital, whereby members of the community mutually encourage each other ... The transfer of information helps to establish a common belief system and a code of behaviour upon which individual and institutional reputations are built ... In some contexts, social networks are able to take on an added political role as well. Where individuals have organised themselves to address a particular problem or concern, the social network may serve as a means of political mobilization.' (Sebstad et al. 1995, pp. 16–17 my emphasis)

*Figure 1: Virtuous Spirals: Questioning Assumptions*




Source: Linda Mayoux



The underlying assumption is that these mutually reinforcing spirals of empowerment can occur following women's access to micro-finance without explicit support for women to increase their incomes, to defend their interests within the household or for wider social and political changes in gender or class relations. Attempts to mobilise women around feminist concerns are frequently explicitly dismissed as both unnecessary and 'maternalistic'.

Definitions of empowerment are inherently problematic and there has been no systematic cross-cultural or inter-organisational comparison of relative 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 (Kabeer 1998, 1999 and Mayoux 1998c, 1999c). What follows summarises findings of a very diverse secondary source and largely unpublished literature and findings of the authors own exploratory research and/or detailed reports on 10 programmes in Asia and Africa.[3] As indicated by the questions in italics in Figure 1, despite its shortcomings the evidence indicates that 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.

Firstly it is clear that financial indicators of access: women's programme membership, numbers and size of loans and repayment data, cannot be used as indicators of actual access or proxy indicators of empowerment. Registration of loans in women's names does not necessarily mean even participation in decisions about loan application as men may simply negotiate loans with male programme staff as an easier way of getting access to credit. There is no clear relationship between women's access to loans, 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, whether or not they are involved in the activity for which it is given or control the income from this. Women's decisions about loan use are the result of a complex calculus of benefits, costs and risks in the context of gendered norms of intra-household resource allocation and decision-making and perceptions of potential for change (Mayoux 1999c). Even where women do not invest in their own or joint activities loans may be repaid from male earnings, through women forgoing own consumption from income or borrowing from other sources. 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.

Secondly 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. Some of these women were poor, or even very poor, before receiving a series of loans (Noponen 1990, Hadjipateras 1996, Marx et al. 1997). However even in these studies impacts for over 50% borrowers are small or negative and other studies of women borrowers (eg. Everett and Savara 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. Measurement of impact is problematic and for many very poor women decreases in vulnerability may not have been captured in the studies and may be as important and actual increases in income. Nevertheless, 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 and constraints on sexuality 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.

Thirdly women's contribution to increased income going into households does not ensure that women necessarily benefit or that there is any challenge to gender inequalities within the household. Women 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. However, 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 outcomes can be assumed. In response to women's increased incomes evidence indicates that men may be withdrawing more of their own contribution for their own luxury expenditure. Small increases in access to income may be at the cost of heavier work loads. 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 (Mayoux 1999a, 1999b; Mayoux and Johnson 1997; USAID 1999). Although in many cases, women's increased contribution to household well-being has considerably improved domestic relations, in other cases it intensifies tensions.

Fourthly 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 role, as well as changes at the individual level. However there is little contextualisation of these trends and we do not know for how many women these changes are occurring. There have been significant changes even in societies where women's role has been very circumscribed and women previously had little opportunity to meet women outside their immediate family. 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). In some programmes, particularly SEWA and WWF in India, CODEC in Bangladesh and CIPCRE in Cameroon, micro-finance has formed a basis for organization against other issues like domestic violence, male alcohol abuse and dowry. 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 some 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 support networks if repayment becomes a problem.

It is clear that there is a very complex interplay between women's individual aspirations, capacities and strategies, contextual opportunities and constraints and programme design. Micro-finance programmes can make a contribution to all dimensions of women's empowerment, and have done so in many programmes for some women. Micro-finance services have enabled some women to increase their incomes and these women have then been able to negotiate improvements in their position in the family and community, even without non-financial interventions. In some programmes women have been able to use their organization in micro-finance groups to organize around other issues even when contribution to incomes has not been significant. Micro-finance has also been strategically used by some NGOs as an entry point for wider social and political mobilisation of women around gender issues.

Nevertheless, beneficial impacts of micro-finance *per se* on women cannot be assumed and current complacency in this regard is misplaced. For some women micro-finance has been positively disempowering. 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. In some cases credit may lead to severe impoverishment, abandonment and put serious strains on networks with other women. The contribution of micro-finance alone appears to be most limited for the poorest and most disadvantaged women.

## 4. From Access to Empowerment: Some Ways Forward for Gender Policy

The lack of systematic policy-related research on micro-finance and women's empowerment makes any conclusions about the relative merits of different models of micro-finance inevitably tentative at this stage. Nevertheless, despite the inevitable complexities, evidence does suggest critical elements of a gender policy which would be more empowering through:

- significantly increasing incomes from women's own activities
- enabling women to control (have a choice over use of) income from loans and activities generated by loans

- enabling women to negotiate improvements in their well-being within the household
- giving women access to support networks which enable them to protect their individual and collective interests at the local and macro-levels

Evidence also suggests adverse impacts on empowerment of some policies introduced for financial sustainability. At the same time some innovative strategies in some programmes, including those attempting to be financially self-sustainable, also point to ways in which some of these tensions can be resolved if strategic attempts are made to develop ways of addressing empowerment issues. Possible ways forward are summarised in Box 2 based on programmes with whom the author has direct experience. It is likely that there are many more programmes developing innovative approaches to empowerment which are yet to be documented.

*Box 2: Financial Sustainabilty and Empowerment: Potential Ways Forward for Gender Policy*

**conditions of micro-finance delivery to support empowerment**

- repayment schedules and interest rates to maximise impact on incomes
- registration of assets used as collateral or purchased with loans in women's names or in joint names
- incorporating clear strategies for women's graduation to larger loans
- 'multiple choice' options based on participatory consultation including loans for new activities, health, education, housing etc.
- range of savings facilities which include higher interest deposits with more restricted access

**reducing costs of complementary services**

- initiating and supporting collective mutual learning on economic issues (eg. skills, marketing, business development), other service provision (eg. literacy, childcare) and social/political empowerment (eg. legal rights) by clients/members
- linking with and supporting other organizations working for change in gender relations
- cross-subsidy from charging better-off clients for some services and/or charging all clients for some services once they have reached a certain level of income

**mainstreaming gender policy**

- review of norms and regulations from a gender perspective
- integrating gender equitable policies into services for men
- empowerment indicators as integral part of Management Information Systems
- fully integrating gender and empowerment issues into all client/member and staff training, conditions of staff recruitment and staff incentives

Source: Linda Mayoux



### 4.1 Conditions of micro-finance delivery

Levels of income and control over income are partly dependent on individual capacities and contextual opportunities and constraints which are not responsive to changes in conditions of micro-finance delivery *per se* (though they may be influenced by other programme features as discussed below). Levels of income are influenced by the skills and experience of individual women and market conditions. Levels of control over income by individual patterns of relationship between household members and by gendered norms of intra-household decision-making. Nevertheless evidence indicates that women's ability to use micro-finance to increase incomes and control these incomes are also affected by details of the conditions of micro-finance delivery. Current debates have been pre-occupied with the issue of interest rates and the necessity to cover costs of service delivery and with access questions. Very little attention has been given to empowerment questions or ways in which both empowerment and sustainability aims may be accommodated. However, as indicated in Box 3 conditions of delivery advocated for financial self-sustainability may or may not be the same as those which facilitate access and these in turn may or may not be the same as those which contribute more to the dimensions of empowerment discussed here.

In relation to interest rates and repayment schedules research indicates that impact on income and women's control over income may vary depending on details of design and may vary between contexts. The degree to which actual levels of interest charged are important depends on who is perceived as benefiting from high interest rates. Interest rates charged by women's groups like ROSCAs on their own funds are frequently higher than those charged by NGOs, but the profits remain at the disposal of the group. The importance of interest rates also depends on degree of profitability of local enterprises. Contrary to current assertions in much of the literature, research by the author in Bangladesh where profitability of women's enterprises is low indicates that levels of interest rate are significant in deterring many poor women from taking loans. The current complacency about the levels of interest which may be charged is therefore misplaced, particularly in programmes accessing development funds claiming to maximise contribution to poverty alleviation and empowerment. Failure to take into account impact on incomes also has potentially adverse implications for both repayment and outreach, and hence also for financial sustainability.

Equally as important as levels of interest are repayment schedules and methods of interest calculation. The precise methods preferred however varies between context and type of programme. In CODEC in Bangladesh fishworker women preferred declining balance repayments because it enabled them to immediately pay back any money they earned and prevent this being diverted into other purposes by their husbands. Interest rates were calculated by programme staff whom they trusted. In CGT in Cameroon however women preferred fixed rate interest which they could calculate themselves as they were more familiar with fixed rate interest in their own ROSCAs and groups were expected to take on the burden of loan repayment without individual staff supervision. In CGT case studies of patterns of loan use and profits indicated that inflexible disbursement procedures and repayment schedules had an adverse effect on profits from women's activities. Again this also has potentially adverse implications for repayment rates.

*Box 3: Questionning Conditions of Micro-Finance Delivery*

**Interest rates and repayment schedules**

- *financial sustainability question:* do levels of interest cover costs of delivery? do repayment schedules maximise likelihood and predictability of repayment? tension between flexibility to client need and fixed schedules for predictability and ease of accounting
- *access question:* are interest rates and repayment schedules appropriate to levels of profit which can be earned and women's ability to understand calculations? favours fixed interest rates and flexible repayment schedules
- *empowerment question:* do interest rates and repayment schedules enable women to significantly increase their incomes and control over income? favours declining balance interest rates and flexible repayment schedules

**Eligibility and collateral requirements**

- *financial sustainability question:* do collateral requirements reduce risk? likely to favour physical collateral, group mutual guarantees or mortgaging of assets obtained through the loan
- *access question:* do collateral requirements accept female-owned assets eg jewelry, utensils?
- *empowerment question:* do collateral requirements treat women as autonomous agents rather than dependents? do they encourage registration of assets in women's or joint names?

**Application procedures**

- *financial sustainability question:* do application procedures take up large amounts of staff time? are they an adequate assessment of risk? inherent trade-off between staff time and risk-avoidance.
- *access question:* do 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?
- *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?

**Large versus small loans**

- *financial sustainability question:* are loan amounts such that they bring in the maximum interest income for the minimum administration cost? likely to favour large loans.
- *access question:* are loan amounts small enough to give women the confidence to apply?
- *empowerment question:* are loan amounts large enough to enable women to significantly increase incomes and control over assets?



**Directed versus non-directed loans**

- *financial sustainability question:* do loan purposes encourage use for activities which yield an income to contribute to repayment but which do not entail costs in monitoring? likely to favour loans for production but not specified loan packages
- *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
- *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

**Voluntary versus compulsory savings**

- *financial sustainability question:* do savings facilities increase programme income on a secure basis? likely to favour compulsory savings
- *access question:* are savings facilities flexible to women's patterns of access to income?
- *empowerment question:* do savings facilities give women reasons and authority to increase control over own income and/or access male income? likely to favour compulsory savings

Source: Linda Mayoux

One of the central emphases in proposals for best practice in the financial sustainability approach to facilitate poverty-targetting and increasing women's access has been changes in collateral requirements. This has included acceptance of female-owned assets and 'social collateral' in the form of women's group guarantees as discussed below. Some who have been influential in organizations promoting the financial self-sustainability approach advocate macro-level 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). Changes in collateral requirements to facilitate women's access to micro-finance are also explicitly mentioned in CGAP recommendations. However the issue of female ownership of assets has so far received little attention in practice. In some programmes women continue to need their husband's signature to apply for loans, and in some cases by contrast men are able to cite their wife's property as collateral for male loans without their wife's consent. Registration of assets used as collateral and/or purchased with loan in either joint names or women's names would both reduce loan default and increase women's control over resources, thus combining financial sustainability and empowerment aims. This was the practice in CODEC and PRADAN and had had a significant impact on women's awareness of their rights within the household.

The question of loan size has received considerable attention in the literature. It is generally asserted that women need smaller loans, and this is certainly true for initial access and for poor women. However there is a danger of ghettoizing women in small loans and there is also evidence of prejudice by male staff against granting larger loans to women. Larger loans which enable women to enter more lucrative activities are cheaper to administer. An effective loan graduation programme for women would therefore have financial sustainability benefits. Case studies collected by the author in CODEC, CARE-PULSE and CGT indicated that many women, once they had gained sufficient confidence, wanted access to larger loans and were capable of managing these. Such loans could again possibly be made conditional on registration of assets in women's or joint names and evidence of women's involvement in the loan activity, including marketing and accounting.

Within the financial self-sustainability approach there is some disagreement about the degree to which loans can or should be directed towards particular purposes. Although the general opinion is that loans should be used for production, experience has shown that many attempts by programmes to direct loans are ineffective. For poor people distinctions between production and consumption expenditure are frequently blurred as for example, health and nutrition expenditure is necessary for them to work at all, investment in house improvements may enable house-based production and so on. However research by the author in CODEC in Bangladesh where women were carefully guided in their activities in initial stages of programme membership said that without such support they would be unable to use loans for their own activities and were very against any moves (advocated in guidelines fo Best Practice of the donor) to reduce this monitoring. Such close monitoring may not be necessary in programmes targetting existing female entrepreneurs and where gender norms give women control over much of their own income because of responsibility for household subsistence, as was the case with most of the African programmes studied. Nevertheless, even here the author's research showed a need for women to be assisted in gaining experience of different avenues of income earning.

Raising programme income from savings and shares is also advocated within the financial sustainability paradigm. For many women, including very poor women, savings facilities are as important in increasing amounts of income under their control as are loans. In some contexts women appear to prefer compulsory to voluntary savings as a means of ensuring their ability to protect incomes against the demands of husbands.

Different packages of micro-finance services could be developed which combine more expensive services like small loans to increase initial access and poverty reach with larger loans. Within many programmes different interest rates are frequently set for different types of savings or loan provision. However conditions of delivery are often set arbitrarily by programme staff rather than based on consultation with clients, and empowerment concerns were not included in the factors taken into account. As a result clients frequently have problems with repayment and limited benefit because of inappropriate loan conditions. Participatory consultation could therefore increase both financial sustainability and empowerment and consultations had been conducted in a number of programmes, particularly in response to repayment problems, but questions asked had not included issues of control over income.



### 4.2 Complementary services

Financial sustainability requirements of cutting costs to a minimum has led many programmes to seriously cut complementary services. In the past some support services in some programmes, including business training and gender awareness, have been both expensive and had minimal impact. However this does not mean that complementary services are not needed or would not make a substantial contribution to both all aspects of empowerment and repayment rates if they were better designed. In particular there is a need for training and other support to enable women to enter more lucrative activities, gender awareness and women's rights training for women and men, legal and other support for women with particularly difficult household situations and macro-level lobbying and advocacy to change mainstream banking practices and legal inequalities. There is also a need for a range of other services to increase women's ability to use credit: literacy, health, support to decrease the burden of unpaid domestic work and so on which have generally been part of integrated development programmes. All these, if well designed and integrated with effective micro-finance services, increase the contribution of micro-finance itself to empowerment. The question therefore for any programme is how to assure most effective and cost-effective access to such services. Experience of some of the programmes studied by the author indicates a number of ways forward.

Firstly there needs to be a change of emphasis from viewing groups simply as a repayment mechanism to looking at ways of 'building on social capital' (Mayoux 1999b) using groups as an entry point for wider empowerment interventions. SEWA and WWF in India have both effectively linked women in micro-finance groups to wider organizations for lobbying and advocacy. There is also an important role for groups as a forum for information exchange and mutual learning between women. This includes for example successful women entrepreneurs within programmes sharing their experiences with others, skills exchange. Both Small Enterprise Foundation in South Africa and CARE-PROSPECT in Zambia were developing ways of using PLA methods to facilitate information exchange. In CGT for example interviews with groups found that many women would be prepared to help train other women and groups would be prepared to pay for such training. It also includes discussion of empowerment strategies. For example women's groups in Zambuko had spontaneously invited a woman to give talks on 'how to manage your husband and mother-in-law'. This would require programmes to play a facilitating role eg collecting information on training needs and training skills as part of programme registration and compiling this into a register in the MIS.

Inter-organizational collaboration is also a way of reducing costs of developing new strategies and services. For example development of training courses could be done by pooling the resources of several programmes. Programmes could also link with other specialist providers of other types of service. This could take the form of advertising availability of other services eg advice and information about legal rights from local women's movements, refering clients or programme/group/individual payment for particular services. It could at a minimum entail drawing up a list of such organizations and agreeing to keep their publicity material at loan disbursal points, or making a list of possible speakers available to groups. This would both increase impact of micro-finance at minimum cost and give service providers ready access to a sizeable and organized constituency of poor women, which would in turn also contribute to their sustainability.

Finally there are ways in which costs could be reduced through cross-subsidy and/or charging for some services, particularly for business services, registration and so on. For example in Port Sudan some women's centres became able to function virtually independently providing a wide range of training courses aimed at individual and group capacity-building, such as credit and business management, leadership, group organisation and vocational skills and including help with fundraising, establishing links with other relevant institutions, advocacy, referrals and informal advice. Since the programme decision to reduce the level of community development activities, direct ACORD support for women's centre activities has been gradually phased out. However, as a result of the indirect support provided by ACORD, many of these activities are now being provided by local NGOs in co-operation with local community structures and/or individual women community leaders (Hadjipateras 1996).

### 4.3 Gender mainstreaming

Alongside these strategies for women clients/members there is also a need to mainstream gender and empowerment concerns throughout all the activities of a programme. There was a clear qualitative difference in the programmes studied by the author between programmes where staff were gender aware and empowerment issues were raised as a routine part of all interactions between staff and clients, and those where staff belittled gender issues and failed to question gender stereotypes or suggest ways in which women could overcome gender-based problems. This is supported by evidence from other programmes which also indicates a clear linkage between contribution to women's empowerment, and even women's access to micro-finance, and levels of female staff. For example low levels of success of AKRSP in Pakistan 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). Gender mainstreaming is currently a highly complex and contentious issue and a full discussion of debates is outside the scope of this paper[4]. This includes mainstreaming gender in policies affecting men, and policies at the organisational level. in the long run one of the most effective ways of increasing programme impact. Although there would be initial costs, these would be minimal once mainstreaming had been effectively implemented.

Gender mainstreaming is not necessarily achieved by women-only programmes, and these do not necessarily have greatest contribution to empowerment. 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 particularly in parts of Africa (Mayoux 1999a). 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 Sengupta 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.

Importantly, there are definite benefits to mixed-sex programmes where male staff are also working on gender issues with men and women are able to take their concerns before a male organization. Some mixed sex programmes like CODEC in Bangladesh and CIPCRE one of the partner organisations of CGT had been very effective in organising men alongside women to address issues of domestic violence and abandonment of women. Gender awareness training for men integrated into other training programmes around credit is a key strategy for decreasing conflict surrounding gender policy.

Ensuring gender mainstreaming in mixed-sex programmes is however not just a question of employment of female staff. 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. 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. Importantly gender mainstreaming is not only a question of staff training and recruitment, but also of having concrete incentives for achievement of empowerment objectives, in the same way as these are given for repayment and outreach targets.

Achieving financial sustainability and fulfilling donor accounting procedures requires sophisticated management information systems. However are costly to introduce, require skilled staff to maintain and are only used to collect and manipulate financial data. The introduction of MIS however offers an opportunity to also introduce systematic impact monitoring which can be used in both programme planning and staff management. SEF in South Africa has been looking at cost-effective ways of doing this for poverty (Simanowitz 1998, 1999) and these methodologies could also be further developed to include empowerment indicators (Mayoux 1998b).

Although in the longer term gender mainstreaming has significant contributions to both sustainability and empowerment, the current emphasis on rapid growth and outreach threatens to seriously undermine the exploration of innovative ways forward. Pressures for rapid growth decreases the quality of interactions between programme staff and both female and male clients and threatens to sideline any attention to gender awareness. Growth into large specialised micro-finance programmes is also seen as requiring professional, and hence costly, banking expertise on a permanent basis. Where skilled female staff with these skills are not easily available this may lead to a progressive male bias within programmes unless there are clear gender guidelines in staff recruitment and promotion.

## 5. Beyond Blueprints: Widening the Debate

Thus there are a range of ways in which empowerment can be more fully integrated even into programmes whose main concern is financial self-sustainability. Even within existing models not all strategies for increasing financial sustainability necessarily conflict with empowerment aims, but potential interlinkages and tensions need to be strategically addressed rather than ignored. Furthermore, at the risk of resorting to instrumentalist arguments for women's empowerment as well as access, empowerment itself has a number of important potential contributions to financial sustainability. Economic empowerment (increased income, control over income and access to resources) decreases default as women are more able to repay. Increased well-being means women have more skills (eg. literacy), time (eg. less time lost through ill-health of themselves and children, ability to afford labour-saving devices) and resources to contribute to the programme and to groups. Social and political empowerment enhances economic empowerment and well-being and enables women to be more active in their involvement (eg. because of decreased restrictions on their movements and contacts with men, greater organizational skill and network



contacts). Importantly failure to consider programme contribution to empowerment seriously affects the quality of relations between programmes and clients and staff motivation with the result that programmes are more likely to be seen as exploitative and programmes are forced to spend more time and resources on simple loan recovery.

There are however, no blueprint models. It has been indicated at a number of points above that increasing client/member participation could resolve some of the tensions between financial sustainability and empowerment. However the term participation has many meanings and cannot be assumed in itself to be empowering (see eg Mayoux 1998b, 1999, 1999b, 1999c). The attitude towards participation in the financial sustainability paradigm is extremely ambivalent. On the one hand there is a concern with 'market relevance' as an important factor in outreach and repayment and an emphasis on using 'social capital' to minimise service delivery costs. However such an instrumental approach misses an important opportunity to ensure, rather than assume, that such participation increases empowerment. 'Market relevance' should also be concerned with making services have maximum contribution to increase incomes and control over income. Micro-finance groups and networks of both men and women have considerable potential as a forced for organized change in gender relations. Setting up systems for participatory 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 (Mayoux 1998b).

There are thus serious arguments for a more comprehensive approach to participatory programme management which would address also some of the shortcomings of existing systems of participation. An empowerment approach would need to include:

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

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 already have access to lucrative sources of income, other organizations for support and wish to be socially and politically active in other fora may not wish to contribute time and energy to micro-finance group activities or decision-making. In order to maximise contribution to empowerment however there is a need for programmes to have a greater openness to member participation and a willingness to prioritise longer term organisational sustainability over short-term financial expediency.

There is also an urgent need to reconsider the most cost-effective ways of integrating micro-finance with other development interventions, rather than imposing a separation of micro-finance. Micro-finance services can be a very useful part of integrated empowerment and poverty alleviation interventions, and this is the case in SEWA, WWF, CODEC and CIPCRE (see also Chen ed. 1996). Meetings for savings and credit can, if well integrated with services like gender awareness, provide a very powerful way of providing women with opportunities for meeting together on a regular basis and an organizational structure which can mobilise for other purposes as the need arises. This separation has been based on perceptions of a role conflict for staff between 'hard-nosed' debt collection and 'soft' social development functions, and the need to separate these functions in order to calculate the financial sustainability index required by CGAP. However where repayment incentives are inbuilt into credit delivery, there is a useful complementarity of micro-finance and other human development and empowerment interventions. This was the experience of CODEC and CIPCRE where separating credit and savings delivery from human development activities would have been more costly and had less impact, at least in initial stages of group development. It is therefore debatable whether cost-effectiveness should be sacrificed for ease of accounting, and in any case separate accounting is possible without separation of functions. Ways of building on such complementarity need to be developed rather than undermined as is happening in many programmes at present. This will however require an explicit recognition that certain empowerment strategies and services will needed to be treated as acceptable costs which are not included in the financial sustainability equation.

Realising the full potential of micro-finance programmes in relation to women's empowerment will require changes in donor prioritities, practices and organisational relationships. There is a need to include empowerment questions in mainstream guidelines for Best Practice and for new thinking and action research to devise effective ways forward on a number of issues (see Box 4). In many donor agencies there is a significant division between staff involved in micro-finance (firm followers of financial self-sustainability) and those concerned with human development, including gender (generally with more sympathy for the poverty alleviation and/or feminist empowerment paradigms). This is manifested in contradictions between micro-finance guidelines (dominated by the financial self-sustainability paradigm) and general gender policy (generally more sympathetic to feminist empowerment concerns) and human development policies (generally with emphasis on participation and integrated development). These divisions frequently impede real debate about ways forward. Preliminary research by the author on a number of donor agencies has revealed a lack of comprehension between departments, and at times intense personal animosity. Overcoming these splits will require both training and attention to organizational learning, participatory decision-making and networking within donor agencies themselves.



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. Many donors are increasing funding for large micro-finance programmes without demonstrated impact on poverty alleviation and empowerment in response to ever decreasing Northern aid budgets. The focus on efficiency arguments for targeting women means that any potential conflicts between policies introduced for financial sustainability reasons and empowerment are glossed over[5]. In response to donor funding guidelines which only include financial sustainability criteria many programmes are expanding their micro-finance programmes rapidly and decreasing other services. Large micro-finance programmes are also undermining the work of smaller integrated programmes, able to offer larger amounts of credit because of their leverage with donors, but decreasing costs by using the groups already formed by other organizations (Ebdon 1995 and findings of author's own preliminary research). This promotion of micro-finance has happened in the context of structural adjustment policies which seriously disadvantage women, decrease public sector availability of complementary services and remove any existing welfare nets for the very poor.

There is therefore a serious danger that rather than creating 'virtuous spirals of empowerment' the current enthusiasm for micro-finance will relegate gender to a series of ever deepening 'black holes'. The enthusiastic assumptions of automatic beneficial impacts of micro-finance are being used as a pretext for withdrawing support for other empowerment and poverty alleviation measures, including support for subsidies for programmes targetting the poorest and for empowerment strategies within micro-finance programmes themselves. Then in response to mounting evidence of potentially limited contribution to poverty alleviation and empowerment donors are responding by saying that issues of empowerment and welfare need to be treated separately from micro-finance, despite the diversion of funds from these 'separate' strategies. This schizophrenia between over-optimism and over-pessimism is seriously hindering debate about ways in which the potential contribution of micro-finance can be increased.

*Box 4: Micro-Finance for Women's Empowerment: Ways Forward*

*Question checklist for donors*

**Mainstreaming gender**
- what are the underlying assumptions being made about gender difference and inequality eg in use of language, terms such as 'farmer', 'entrepreneur'?
- are gender impact and empowerment integrated into monitoring and evaluation?

**Strategies targetting women**
- are there any programme strategies explicitly targetting women?
- what are the underlying assumptions being made about gender difference and inequality?
- are these strategies likely to consign women to a 'female ghetto' or are there strategies for empowerment?
- how far and in what ways are the needs of the poorest and most disadvantaged women taken into account?

**Strategies targetting men**
- are there any programme strategies explicitly targetting men?
- what are the underlying assumptions being made about gender difference and inequality?
- are these likely to increase or decrease gender inequality?
- are there any strategies targetting men which explicitly attempt to redress gender imbalance?

**Structures for participation in decision-making**
- how far and in what ways is client participation encouraged?
- is this only in terms of client contribution and access?
- what methods are used for client consultation?
- are there strategies for organization, structures for decision-making and provision for client ownership of assets?
- who is participating?
- what measures ensure that the costs of client participation are matched by benefits?
- what measures are in place for resolving conflicts of interest?

**Inter-organizational collaboration**
- how far has the programme considered the limitations of micro-finance provision?
- what limitations have been identified?
- how far can these be addressed by inter-organizational collaboration?
- what measures has the programme taken to collaborate with these organizations?

**Organizational gender policy**
- is there a gender policy?
- is there an equal opportunities policy for staff?

**Empowerment strategies requiring action research**
- methodologies for participatory impact monitoring and evaluation
- innovative structures for participatory management
- ways of devising loan packages which enable women to enter more lucrative industries, encourage diversification of activities and increase women's control over income
- innovative and cost-effective participatory training which enables women to enter more lucrative industries and encourage diversification of activities



- most effective methods of gender awareness training for men, women and staff and organization to bring about change
- most effective methods of gender lobbying, advocacy and inter-organizational networking on gender and empowerment issues
- ways of integrating micro-finance with other services eg literacy, health, girls education, infrastructure development and new technology development

Source: Linda Mayoux


## Abstract

*Die gegenwärtige wachsende Verbreitung von Kleinkreditprogrammen für Frauen ist vom Paradigma der „finanziellen Nachhaltigkeit" beherrscht, das in letzter Konsequenz auf Unabhängigkeit von der Finanzierung durch Geber abzielt. Untersuchungen aus Asien und Lateinamerika belegen, dass, obwohl „Empowerment"-Zielsetzungen in gewissem Ausmass in die „Best Practice" der finanziellen Nachhaltigkeit integriert werden können, dennoch auch schwerwiegende Spannungen vorhanden sind. Um den Beitrag der Kleinkreditprogramme zum Empowerment von Frauen zu intensivieren, ist es nötig, das Management der Programmen partizipativer zu gestalten, weiters ist die Vernetzung von Basisgruppen mit anderen Frauenorganisationen erforderlich. Das wiederum wird Veränderungen in den gegenwärtigen Prioritäten der Geber notwendig machen, sowohl im Bezug auf Kleinkreditprogramme selbst als auch im Hinblick auf die Sozial- und Wirtschaftspolitik der Makroebene.*

*The current expansion in micro-finance programmes targeting women is dominated by the 'financial self-sustainability paradigm' aimed at developing programmes which will ultimately be independent of donor funds. Evidence from Asia and Africa indicates that although to some extent empowerment aims can be integrated into financial sustainability 'Best Practice', there are also serious tensions. Increasing contribution of micro-finance to women's empowerment will require a more participatory approach to programme management and linking grassroots groups with other women's organizations. These in turn will require changes in current donor priorities and procedures both in relation to micro-finance itself and to macro-level economic and social policy.*


## Notes

1 Consultative Group to Assist the Poorest (CGAP) 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, Sweden, ILO, UNIFEM, 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). Actual amounts disbursed by individual CGAP members is however considerably higher.

2 The paper is based on the findings of a three-year project 1996–1999 funded initially by the Small Enterprise Development Fund, DFID-UK and co-ordinated by Action Aid and a steering committee of UK-based NGOs including ACORD, CAFOD, CARE-International, Christian Aid, Friends of ASSEFA, Oxfam, Opportunity Trust, Save the Children, WOMANKIND and World Vision. It involved a series of regional workshops in Africa (Ethiopia, Ghana and Zimbabwe) and Asia (India), literature review and exploratory field research. Full details are given in Mayoux 1998a. The project was subsequently funded by a research fellowship at The Open University which involved research on donor policy and the author was engaged in a series of programme-level consultancies for CODEC, Caritas and CGT. Gender and micro-finance staff in USAID, World Bank, UNDP, UNIFEM, SIDA, NORAD, DFID and EC were interviewed in 1999. All the issues discussed are further explained and elaborated in Mayoux 2001 forthcoming.

3 Detailed discussion of the evidence with annotated bibliography is given in Mayoux 1998a, for Africa in Mayoux 1999a, case studies of SHDF and Zambuko Trust (Zimbabwe) and CGT and partner organizations (Cameroon) in Mayoux 2000 and of SEWA (India) CODEC (Bangladesh), Mbonweh Women's Development Association (Cameroon), SEF (South Africa) and ACORD-Port Sudan in Mayoux 2001 forthcoming.

4 For a discussion of some of the issues see Goetz, 1992, Goetz ed. 1997; Macdonald et al. 1997; papers in Miller and Razavi eds. 1999.

5 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-targetted or micro-enterprise interventions.

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## APPENDIX: SUMMARY DETAILS OF INNOVATIVE PROGRAMMES

| Name | Country | Date | Size and target group | Programme type | Gender Policy/Innovation |
|---|---|---|---|---|---|
| ACORD-Port Sudan: Port Sudan Small-Scale Enterprise Programme | Sudan | 1984 | 15,077 clients assisted up till 1995 of whom 49% were women. Targets the poorest refugees in urban areas. | Credit and savings programme through community-based organizations. | Detailed gender policy at all levels monitored by ACORD. The programme has developed PLA methods for gender monitoring and is developing ways of making services self-financing. |
| CARE-PULSE/ PROSPECT | Zambia | 1995 | 4,987 members 68% female. Micro-entrepreneurs in peri-urban Lusaka | Group credit and savings programme. The PULSE project is aimed at exisiting entrepreneurs. The PROSPECT project is aimed at the very poor in urban areas. | General statement on gender principles. CARE-PROSPECT is developing PLA methodologies for mutual learning in grassroots groups. |
| Cameroon Gatsby Trust (CGT) and partners CIPCRE and Mbonweh | Cameroon | 1994 reg 1996 | about 4,000 women in rural and semi-urban areas | Credit programme operating through tontine groups. | No formal gender policy in CGT but in partner organization CIPCRE. Mbonweh is a fully sustainable, self-managed women's programme. CGT is currently developing Federations of women's groups and training methodologies. |
| CODEC | Bangladesh | 1985 | 40,000 fishworkers in coastal and riverine belts of whom around 50% are women | Integrated development programme with a micro-finance component developing Federations of separate women and men's groups | Formal gender policy at both programme and organizational level. Effective integration of gender training and micro-finance. |
| Professional Assistance for Development Action (PRADAN) | India | 1990 | around 20,000 poor women in rural and urban areas | Federations of self-managed savings and credit groups | No formal gender policy, but gender-aware staff and gender awareness as part of routine training. Also developing participatory methods of impact assessment. Grassroots groups assisted in lobbying at the local level for various government facilities. |
| SEF: Small Enterprise Foundation | South Africa | 1992 | 5,000 clients of whom 97% are women | Grameen model. | Gender policy being developed. Innovations with PLA poverty impact assessment and mutual learning between clients. |
| Zambuko Trust | Zimbabwe | 1992 | 80% women targetting women micro-entrepreneurs in urban areas | Savings and Credit on Trust Bank model of Opportunity International. staff. | Formal gender policy for staff. Participatory consultation with clients. |