

Gender and rural microfinance: Reaching and empowering women

Guide for practitioners



Enabling poor rural people to overcome poverty



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Cover:

Innovative ways of saving, such as making collective deposits to increase returns, can make a significant contribution to women's empowerment. Powerguda, India

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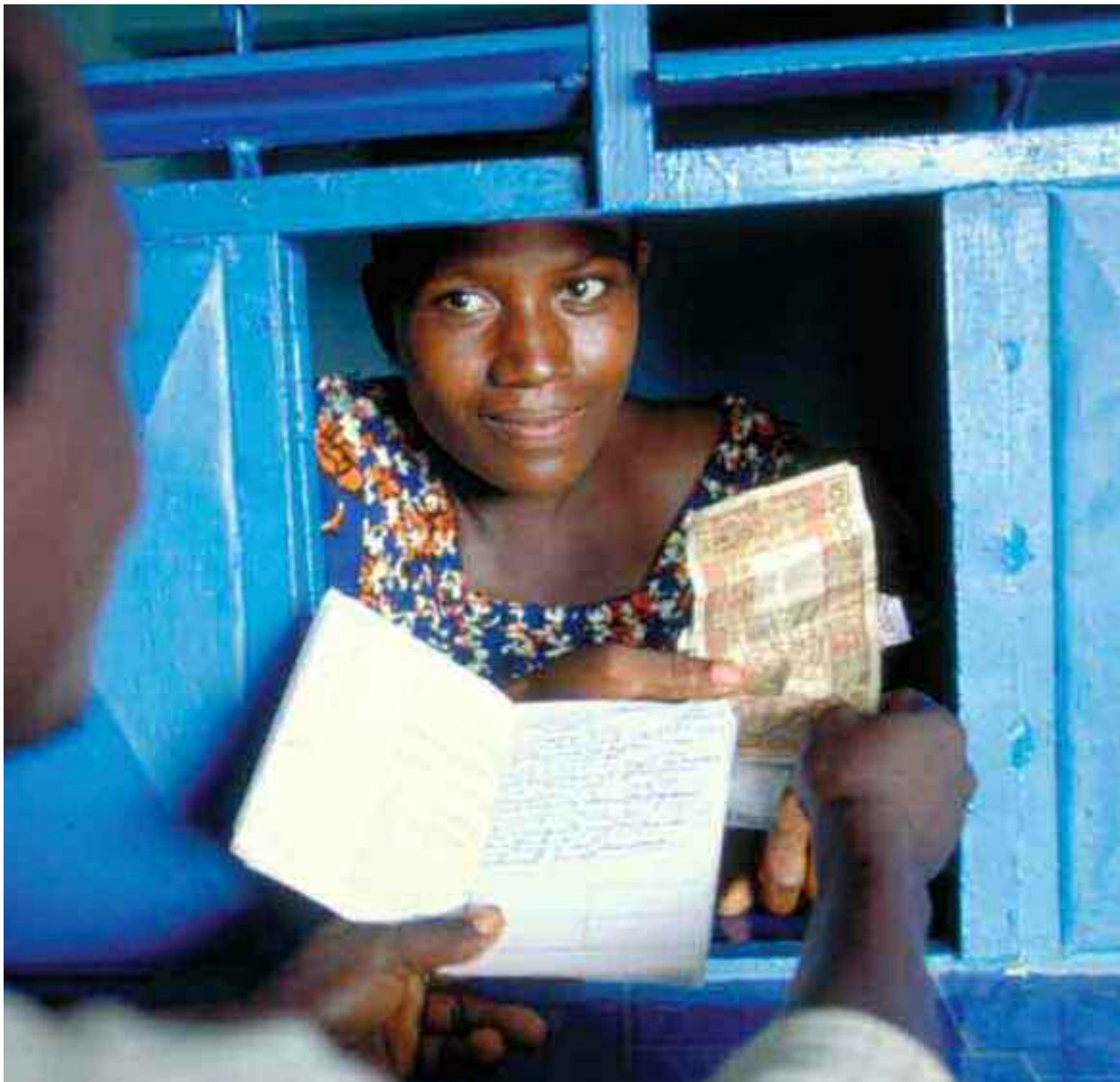
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Acronyms

ACORD	Agency for Cooperation and Research in Development
ANANDI	Area Networking and Development Initiative
BRAC	Bangladesh Rural Advancement Committee
CGAP	Consultative Group to Assist the Poor
DFID	Department for International Development (UK)
FAO	Food and Agriculture Organization of the United Nations
FINCA	Foundation for International Community Assistance
GALS	Gender Action Learning System
ILO	International Labour Organization
INSTRAW	United Nations International Research and Training Institute for the Advancement of Women (Dominican Republic)
LEAP	Learning for Empowerment Against Poverty
MFI	microfinance institution
ROSCA	rotating savings-and-credit association
SEWA	Self-Employed Women's Association
SHG	self-help group
SPM	social performance management
UNDP	United Nations Development Programme



Women often require larger loans than they are typically offered in order to diversify out of 'female' activities or to expand their range of products for selling on local markets.

Fronan, Côte d'Ivoire

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Introduction

IFAD's overarching goal is to ensure that **"Poor rural women and men are empowered to achieve higher incomes and improved food security"**. Since its inception, support for rural finance systems has been a central strategy for achieving this goal, and IFAD has become one of the world's largest lenders for poverty reduction.¹ Because of this poverty focus, the organization's main emphasis is on rural microfinance – that is, financial services that are accessible to poor and low-income households and individuals in rural areas.

Innovations in financial services, particularly in microfinance, have enabled millions of women and men in rural areas – formerly excluded from the financial sector – to gain access to these services on an ongoing basis. There are currently different organizational models, ranging from community-based, self-managed savings and credit, through non-governmental organizations (NGOs) and specialist microfinance institutions (MFIs), to agricultural and commercial banks that are increasingly reaching out to rural areas. Financial services include not only credit, but savings, leasing, insurance and remittance transfers. Recently, rapid technological development has offered new opportunities for expansion and product development through mobile banking and more sophisticated information systems.

Serious challenges remain:

- Most microfinance is overwhelmingly concentrated in urban areas. Effective and sustainable models for delivery of

financial services to poor rural people are still being developed.

- There remain serious questions about the extent to which financially sustainable services can reach extremely poor people and the poorest rural areas.
- Systems must ensure that increased access to financial services benefits clients and does not lead to overindebtedness or diversion of scarce resources from investment or consumption to interest repayments, savings and insurance premiums.
- Financial services must be linked to the wider sustainable development process, so that increased access to finance also contributes to the development of markets, value chains and the strengthening of local and national economies.

Both the opportunities and the challenges have gender dimensions that need to be taken into account in the current process of innovation and expansion.

If rural microfinance aims to contribute to pro-poor development and economic growth, and particularly to IFAD's strategic goal of empowering poor rural women and men, gender mainstreaming² and women's empowerment must be integral to rural finance interventions:

1 IFAD is the fourth largest funder (in committed amounts) of 54 donors and investors, according to CGAP (2008).

2 In the interests of brevity, 'gender mainstreaming' is used to refer to the mainstreaming of gender issues or equity.

- **Women comprise at least half the population** in rural areas, and their number is significantly higher in those rural areas with high levels of male outmigration and households headed by women. Women are generally poorer than men and hence form the overwhelming majority of the target group for poverty-targeted microfinance.³ Any development strategy that fails to include and directly benefit such large numbers of people is obviously only a very partial strategy.
- **Poverty reduction.** Specific attention to women in poor households is essential if the Millennium Development Goals for poverty reduction are to be achieved. Not only are women the overwhelming majority of poor people, but research has shown that women are also more likely to invest additional earnings in the health and nutritional status of the household and in children's schooling. This means that the targeting of women has a greater positive impact on child and household poverty reduction, measured in terms of nutrition, consumption and well-being.⁴
- **Economic growth.** Gender equality is an essential component of economic growth, enabling women to become more effective economic actors (Klasen 2002). The negative impacts of gender inequality on agricultural productivity and investment are well documented (Blackden and Bhanu 1999; World Bank 2006). While the number of women entrepreneurs is growing at a faster rate than that of men in many countries, numerous constraints seriously hamper the growth of women's incomes.⁵
- **Financial sustainability of microfinance providers.** Women have not only often proved to be better repayers of loans, but also better savers than men, and more willing to form

effective groups to collect savings and decrease the delivery costs of many small loans. Women at all levels of society are an underserved and underdeveloped market and – apart from extremely poor women – a potentially profitable market (Cheston 2006). Women – like men – who are confident, make good livelihood and household decisions, have control of resources and can use larger loans effectively to increase their incomes are potentially very good long-term clients. They can accumulate substantial savings and use a range of insurance and other financial products. They can also pay for services that benefit them.

Aims of the guide

This guide is intended as an overview of gender issues for rural finance practitioners. It highlights the questions that need to be asked and addressed in gender mainstreaming. It will also be useful to gender experts wishing to increase their understanding of specific gender issues in rural finance. The guide focuses on rural *microfinance*, defined as “all financial services that are accessible to poor and low-income rural households and individuals”.⁶ IFAD's focus, as well, is on such poverty-targeted microfinance. The delivery of other types of rural finance involves different challenges

3 The United Nations Development Programme (UNDP 1995) estimated that 70 per cent of the 1.3 billion people living on less than a dollar a day are women. More recent national statistics can be found at <http://unpac.ca/economy/wom-poverty2.html>. <http://unpac.ca/economy/wom-poverty2.html>.

4 A number of studies in Africa, Latin America and South Asia have shown that women spend a greater proportion of their income than men on household well-being. For discussions of studies of the relationship between women's assets and household well-being, see Chant (2003); Gammage (2006); and Quisumbing and McClafferty (2006).

5 See, for example, Kantor (2000); Mayoux (2000); Hofstede, Contreras and Mayta (2003); and Richardson, Howarth and Finnegan (2004).

6 'Micro' refers to the provision of financial services to people with low incomes in rural areas for both farm and off-farm activities, and 'rural' to the location of the person who accesses the services; see "Defining rural finance" in IFAD (2009).

and issues, and, currently, a lack of reliable information on gender issues in these other types makes any conclusions difficult.

The guide's intended users include IFAD's country programme managers and staff, technical partners and microfinance institutions, gender practitioners working in rural microfinance, and academic researchers in the fields of gender and microfinance.

The guide complements other IFAD documents on rural finance (IFAD n.d., 2008a, 2009) and IFAD's gender framework (IFAD 2008b).⁷ It draws on and complements other publications and overviews by the author in which many of the innovations and issues raised are discussed in more detail.⁸

⁷ See also World Bank, FAO and IFAD (2008, Module 3: Gender and rural finance).

⁸ Much of the discussion is also based on training and resource materials on the Genfinance website (www.genfinance.info), as well as numerous informal discussions with microfinance practitioners in the course of evaluations; at least 150 organizations participating in eight regional stakeholder workshops in Africa, Asia and Latin America; and meetings at Microcredit Summit Campaign events on gender and microfinance since 1997. Although by no means a scientific sample, this in many cases included consultation of their internal impact assessments and interviews with a cross section of their clients.

I. Why is gender mainstreaming important for women? Potential gender impacts

A concern with gender issues in financial services is not new. Nor can it be dismissed as a Western or donor-imposed agenda. From the early 1970s, women's movements in a number of countries, notably India, became increasingly interested in the degree to which women were able to gain access to and benefit from poverty-focused credit programmes and credit cooperatives.

The problem of women's access to credit was highlighted at the first International Women's Conference in Mexico in 1975, leading to the setting up of the Women's World Banking network. In the wake of the second International Women's Conference in Nairobi in 1985, there was a mushrooming of government and NGO-sponsored income-generating programmes for women, many of which included savings and credit. Then, in the 1990s, microfinance programmes such as the Grameen Bank and some affiliates of the Foundation for International Community Assistance (FINCA) and ACCION International increasingly began to target women, not only as part of their poverty mandate, but also because they found women's repayment rates to be significantly higher than men's.

Potential benefits of rural microfinance: Virtuous spirals

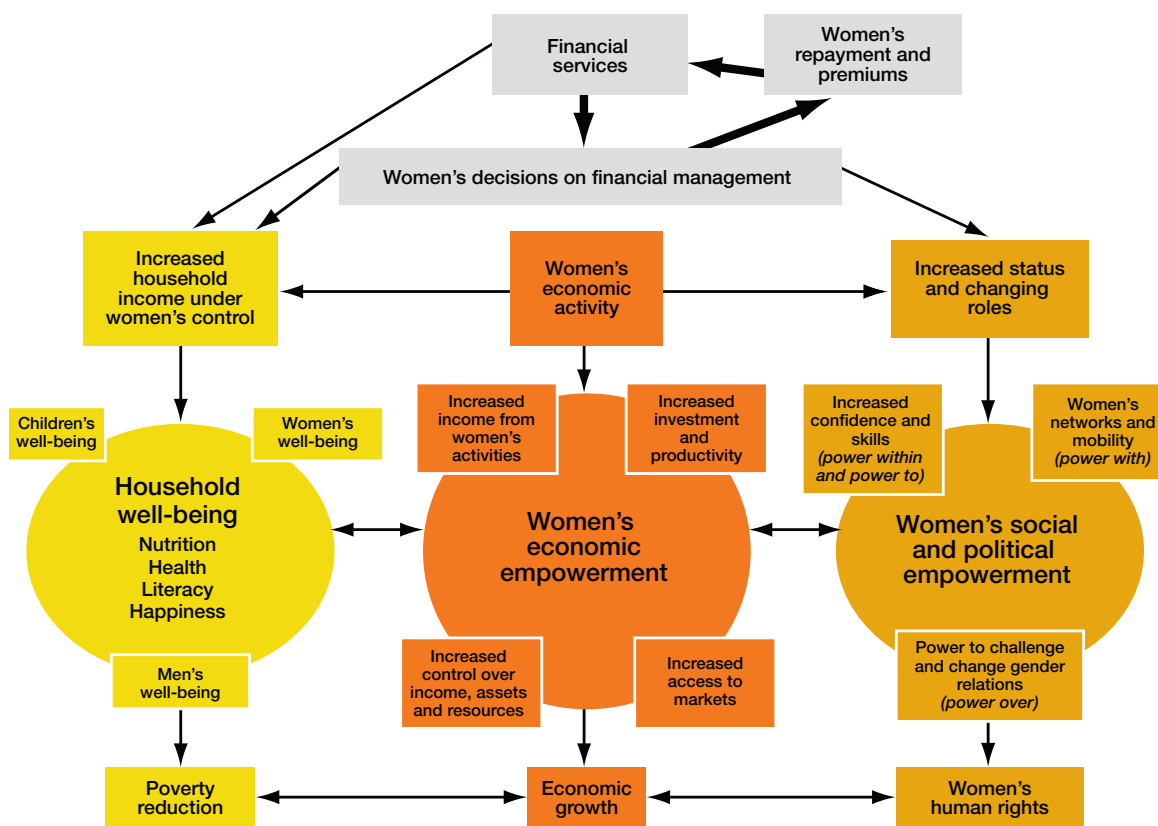
The expansion of microfinance since the 1990s has significantly increased women's access to facilities for small loans and savings. This increased access to

microfinance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment. Some of the dimensions of and interlinkages among the various virtuous impact spirals identified in the literature are shown in figure 1. These form the basis of the impact-assessment checklist in annex D.

First, increasing women's access to microfinance services can lead to their **economic empowerment** (the linkages in the centre of the figure). Women's roles in household financial management may improve, in some cases enabling them to access significant amounts of money in their own right for the first time. This might enable women to start their own economic activities, invest more in existing activities, acquire assets or raise their status in household economic activities through their visible capital contribution. Increased participation in economic activities may raise women's incomes or their control of their own and household income. This, in turn, may enable them to increase longer-term investment in and productivity of their economic activities, as well as their engagement in the market.

Second, increasing women's access to microfinance can increase **household well-being** (the linkages on the left in the figure). This is partly the result of economic

FIGURE 1
Microfinance and women's empowerment: virtuous spirals



empowerment, but may occur even where women use microfinance services for the activities of other household members, for example husbands or children. Even where women are not directly engaged in income-earning activities, channelling credit or savings options to households *through women* may enable them to play a more active role in intrahousehold decision-making, decrease their own and household vulnerability, and increase investment in family welfare. This situation may benefit children through increasing expenditure on their nutrition and education, particularly for girls. It can also lead to improved well-being for women and enable them to bring about changes in gender inequalities in the household. It is also likely to benefit men as a result of the increased household income.

Third, a combination of women's increased economic activity and increased decision-making in the household can lead

to wider **social and political empowerment** (the linkages on the right in the figure). Women, themselves, often value the opportunity to make a greater contribution to household well-being – giving them greater confidence and sense of self-worth. The positive effects on women's confidence and skills, their expanded knowledge and the formation of support networks through group activity and market access can lead to enhanced status for all women in a community. In some societies where women's mobility has been very circumscribed and women previously had little opportunity to meet women outside their immediate family, there have been very significant changes. Individual women who gain respect in their households may then act as role models for others, leading to a wider process of change in community perceptions and men's increased willingness to accept change.

Most microfinance providers can cite case studies of women who have benefited substantially from their services – both economically and socially. Some women who were very poor before entering the programme have started an economic activity with a loan and have built up savings, thereby improving their own and household well-being, as well as relationships in the household, and becoming more involved in local community activities.⁹ Some women, and many women in some contexts, show enormous resourcefulness and initiative when provided with a loan or given the chance to save without interference from family members. Impact studies that differentiate by poverty level generally find benefits to be particularly significant for the ‘better-off poor’, who have some education and contacts on which to build in conducting a successful enterprise.¹⁰

Finally, women’s **economic empowerment at the individual level** (the linkages across the bottom of the figure) can make potentially significant contributions at the macro level through increasing women’s visibility as agents of economic growth and their voices as economic actors in policy decisions. This, together with their greater ability to meet the needs of household well-being, in turn increases their effectiveness as agents of poverty reduction. Microfinance groups may take collective action to address gender inequalities within the community, including such issues as gender violence and access to resources and local decision-making. Higher-level organization may further reinforce these local changes, leading to wider movements for social and political change and promotion of women’s human rights at the macro level. Some NGOs have used microfinance strategically as an entry point for wider social and political mobilization of women around gender issues. Savings-and-credit groups have at times become the basis for mobilizing women’s political participation (see “Participation and collective action” in chapter IV).

Moreover, these three dimensions of economic empowerment, well-being and social and political empowerment are potentially mutually reinforcing ‘virtuous spirals’, both for individual women and at the household, community and macro level.

Importance of gender mainstreaming: Potential vicious circles

Despite the potential contribution of microfinance to women’s empowerment and well-being, there is a long way to go before women have equal access to financial services in rural areas or are able to fully benefit from them. This is partly because of contextual differences in the gender division of labour. Although there are significant differences among and within regions in the types of crops and other economic activities in which they are involved, women tend to be restricted to subsistence food crops and the marketing of lower-profit goods. Although there are significant differences in household, family and kinship structures, women are also almost universally disadvantaged in access to and control of incomes (from their own or household economic activities) and assets (particularly land). These differences and inequalities affect the types of financial services they need and also the ways in which they are able to use and benefit from them.

This does not mean that microfinance should cease attempting to target women – they have a right to access all types of financial services and to the removal of all forms of gender discrimination among financial service providers. The right of women to equality is enshrined in agreements and conventions on women’s human rights signed by most governments.

9 For an overview of the literature on women’s benefits from microfinance, see Cheston and Kuhn (2002); Kabeer (1998, 2001); and Rajagopalan (2009).

10 Gender impact assessments rarely distinguish among women by poverty level, but see, for example, the study of Pact’s Women’s Empowerment Program in Nepal in Ashe and Parrott (2001).

Rather, these gender differences and inequalities mean that gender-blind product design and service delivery are not enough, and that gender dimensions must be as integral to financial service provision as are poverty and financial sustainability concerns. Most of what follows is based on the evidence for credit. For implications for other types of products, see chapter III.

Despite some advances, women's access to microfinance is still unequal. Statistics on client or membership numbers, even when gender disaggregated, say very little about the quality of the services accessed by women compared with those for men. Women generally receive lower loan amounts, and this cannot be completely accounted for by demand factors. Some women have extremely good business ideas requiring larger loans, but they face discrimination in accessing such loans, with the result that their businesses collapse because they are forced to purchase inferior equipment or materials. Most programmes to which women have access do not give them sufficiently large loans to purchase assets such as land and housing. Many require assets as collateral or the signature of a 'male guardian'. In many rural village banks and credit-and-savings cooperatives, women are the majority of savers, but men receive the majority of loans. The exceptions are women-only organizations or those having an effective gender policy. Because men form the majority in decision-making bodies, the interest rates are fixed in favour of borrowers, leading to lower levels of financial sustainability.

In some cases, and particularly for poor women, microfinance may undermine existing informal systems, such as crisis funds in rotating savings-and-credit associations (ROSCAs), if better-off women divert ROSCA funds as loan-interest payments to MFIs (Mayoux 2001a). Availability of credit may also reduce the willingness of patrons and relatives to give interest-free loans or access to more charitable forms of credit from traders.

Moreover, a recent study has found that women's access to loans decreases compared with that of men as NGOs transform into formal institutions and become more profitable and 'mature' (Cheston 2006; Frank, Lynch and Schneider-Moretto 2008).

The degree to which women are able to benefit from minimalist financial services that do not take gender explicitly into account depends largely on context and individual situation, and may also change over time. However, none of the expected linkages between women's access to financial services and empowerment can be assumed to occur automatically.

First, 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 participation even in decisions about loan applications. Men may take the loans from women or directly negotiate loans in women's names with male credit officers, as an easier way of getting access to credit.¹¹ Loans may be repaid from men's earnings, through women forgoing their own consumption, or from income or borrowing from other sources.¹² High demand for loans by women may be more a sign of social pressure to access outside resources for in-laws or husbands than of empowerment.

Second, the contribution of financial services to increased income varies widely. Evidence suggests that, particularly in South Asia and parts of Latin America, most women use loans for their husband's

11 In Harper's study of the Aga Khan Rural Support Programme, out of 31 microenterprise loan-takers interviewed, only seven loans were controlled by women and 16 by men, and women had not been involved in the loan process. In a further eight cases, women did not even know the loan had been taken out (Harper 1995). Appropriation of loans by men was also noted in Port Sudan (Amin 1993) and three Agency for Cooperation and Research in Development (ACORD)-Uganda programmes (ACORD 1996).

12 In the Bangladesh Rural Advancement Committee (BRAC), 10 per cent of women respondents reported no personal income. The women relied on family and friends for weekly cash repayments (Montgomery, Bhattacharya and Hulme 1996).

activities.¹³ Even where they use loans for their own activities, women's choice of activity and the ability to increase their incomes are seriously constrained by gender inequalities in access to other, supplementary resources for investment; responsibility for household subsistence expenditure; lack of time due to unpaid domestic work; low levels of mobility; and vulnerability – all of which limit women's access to profitable markets in many cultures. The rapid expansion of loans for poor women may saturate the market for 'female' activities or products and cause profits to plummet, affecting even more those poorer women with no access to credit.

The degree to which credit contributes to increased incomes for women (as well as for men) also depends largely on how well the delivery of credit is adapted to the economic activities being financed. Agricultural loans that arrive late or are not large enough to pay for inputs may simply burden a woman with debt that she cannot repay from the proceeds of the activity she wished to finance. Compulsory savings and insurance premiums may constitute a further drain on resources for investment, unless they are designed in the interests of the borrower and not just to limit risk and increase financial sustainability for the financial institution.

Third, women's increased contribution to household income does not ensure that women necessarily benefit or that there is any change in gender relations within the household. Although women do, indeed, often feel more in control and have a greater sense of self-worth, these subjective perceptions are not necessarily translated into actual changes in well-being, benefits or gender relations in the household.¹⁴ Although in some contexts women may seek to increase their influence within joint decision-making processes, rather than seek independent control of income, neither of these outcomes can be assumed to occur. Evidence indicates that, in response to women's increased (but still low) incomes,

men may withhold more of their contribution to the household budget for their own luxury expenditure.¹⁵ Men are often very enthusiastic about women's savings-and-credit programmes because their wives no longer 'nag' them for money.¹⁶

Small increases in access to income may come at the cost of heavier workloads, increased stress and diminished health. Women's expenditure patterns may replicate rather than counter gender inequalities, and may continue to disadvantage girls. Without substitute care for small children, the elderly and the disabled, and services to reduce domestic work, many organizations report that women's outside work adversely affects children and the elderly. Daughters, in particular, may be withdrawn from school to assist their mothers. Although, in many cases, women's increased contribution to household well-being has considerably improved domestic relations, in others it has intensified tensions. This problem affects not only poor women, but women from all economic backgrounds, indicating

13 Goetz and Sengupta's study of 275 women in Bangladesh found that women had full control of loans in only 17.8 per cent of cases, and in as many as 21.7 per cent they had no control. A survey of 26 women in Samajtantrik Chhatra Front (SCF)-Bangladesh found that 68 per cent of loans had been used by the husbands or sons – and all, except one, were first-time loans (Basnet 1995). Similar patterns of use of loans by men (and sometimes even higher proportions) were reported by most programmes attending the South Asia and Latin America regional workshops facilitated by the author, even where women are explicitly targeted.

14 Kabeer (1998) has discussed this ambiguity in detail for Bangladesh. In Pakistan, a recent respected impact assessment found that, for all six organizations studied, there was actually a significant decrease in women's empowerment in the household across a whole range of indicators of decision-making. The reasons for this are unclear (Zaidi et al. 2007).

15 The impact of microfinancing to women on men's contributions to the household has not been part of most research questioning. However, this is a frequent finding of in-depth, qualitative interviewing by the author in gender evaluations of microfinance in all contexts. That this is occurring on a relatively large scale is confirmed by anecdotal evidence from practitioners at workshops in Africa, Asia and Latin America. In some cases, this other expenditure includes the costs of marriage to second and third wives or upkeep of families from other relationships. Because of the significant implications for poverty creation and intensification, this is an area in which much more research is needed.

16 See Mayoux (1999). This problem was reported on a significant scale by many programmes in all the regional workshops facilitated by the author.

that the empowerment process must have effective strategies to work with men on changing attitudes and behaviours.¹⁷

Fourth, the economic empowerment of individual women and their participation in group-based microfinance programmes are not necessarily linked to social and political empowerment. Earning an income and finding time to attend group meetings for savings-and-credit transactions may take women away from other social and political activities – and experience suggests that where meetings focus only on such transactions, women commonly want to decrease the length and frequency of group meetings over time. Women’s existing networks may come under serious strain if their own or others’ loan-repayment or savings contributions become a problem (Rahman 1999). The contribution of financial services to women’s social and political empowerment depends very much on other factors, such as staff attitudes in interacting with women and men, the types and effectiveness of core training (for savings, credit and group formation) and other capacity-building, the types of non-financial support services or collaboration with other organizations.

Where women are not able to significantly increase incomes under their control or negotiate changes in intrahousehold and community gender inequalities, they may become dependent on loans to continue in very low-paid occupations with heavier workloads while enjoying little benefit. For some women, microfinance has been positively disempowering:

- **Credit is also debt.** If credit is badly designed and used, the consequences for individuals and programmes can be serious. Debt may lead to severe impoverishment or abandonment and put serious strains on networks with other women.
- **Savings and pension instalments are forgone consumption and investment.**

In many contexts, particularly where inflation is high, depositing cash with financial institutions may not be the

best use of poor peoples’ resources, compared with investing in other assets or directly in livelihoods.

- **Insurance premiums**, in addition to representing forgone consumption and investment, may be lost when a crisis prevents poor people from continuing payments.
- **Remittance transfers reduce the funds available to migrants** in the host country, and may distort local markets and consumption patterns in the recipient country without leading to local economic development.

The contribution of microfinance alone appears to be most limited for the poorest and most disadvantaged women (Ashe and Parrott 2001). Where repayment is the prime consideration or where the main emphasis of programmes is on existing microentrepreneurs, all the evidence suggests that these women are the most likely to be explicitly excluded by programmes and peer groups.¹⁸

Finally, very little research has been done on the gender impact of financial services for men. Any financial intervention available to any household member has the potential to reinforce or challenge existing inequalities in ways that may contribute to or undermine the poverty and potential of other household members. As noted earlier, research suggests that financial services targeted at men contribute less to household well-being and food security. When financial services automatically treat men as heads of household, they may reinforce what are often only informal rights that men have over household assets, labour and income. In other words, they may seriously undermine women’s informal rights. As in other areas of

¹⁷ Again, these outcomes were reported on a significant scale by many programmes in all the regional workshops facilitated by the author.

¹⁸ The exclusionary practices of groups and their impacts on social capital are discussed in detail in Pairaudeau (1996) and Van Bastelaer (1999). Women’s exclusion of particularly disadvantaged women is described in Pairaudeau, and this is often an explicit policy of MFIs in client selection.

development, such outcomes may have consequences not only for the women and households involved, but for the effectiveness of the intervention and the sustainability of the institutions.

There is a need for much greater understanding of the ways in which different types of products and services affect women and men from different backgrounds and in various contexts. The generic question 'Does microfinance empower women?' is not very useful or meaningful. The identification and weighting of standardized SMART indicators (specific, measurable, attainable, realistic, timely) can be controversial because of the complexity of empowerment itself and the frequent trade-offs between its various dimensions, e.g. between levels of income earned and time available for other activities, and between women's autonomy and the effort they have to put into changing abusive relationships. Women's own goals and preferences vary significantly with context and between women even within the same context.

The main justification for in-depth impact assessment is to improve practice, and this requires careful attention to the high degree of variation in financial services and the institutions delivering them. Which particular aspects of the products and services or institution delivering them can contribute to which dimension of empowerment? In many contexts, information is likely to be unreliable because of the clients' incentives to alter their responses depending on the actual or perceived consequences of those responses for their future access to credit. The gender of both the respondent and interviewer affect responses even from members of the same household (Cloke 2001). Given the costs of credible research and impact assessment, it is the view of the author that more systematic market research that includes information on impact is the most useful approach, though current methodologies need to be more effectively

designed in terms of their ability to collect qualitative and quantitative information on empowerment, particularly the dimensions important to clients.¹⁹

¹⁹ For an overview of key issues in microfinance impact assessment, see, for example, Hulme (2000). For a discussion of empowerment frameworks and research in Bangladesh, see Kabeer (2000). For a proposed methodology for empowerment market research that can also yield qualitative and quantitative information on empowerment impact, see Mayoux (2009 forthcoming).



Organizational culture plays an important role in reaching out to microfinance clients and includes equal opportunity policies and promotion of diversity.

Malé, Maldives

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II. Mainstreaming gender equality and empowerment: Institutional implications

Elements of a gender strategy

Achieving gender equality and empowerment goals depends not on expanding financial services, per se, but on the specific types of financial services that are delivered in various contexts to women from different backgrounds and by different types of institutions or programmes. Given the contextual and institutional constraints, gender mainstreaming in rural finance entails more than increasing women's access to small savings, loan and microinsurance programmes or to a few products designed specifically for women. It calls for effective methodologies for product design, structural and cultural changes in organizations providing financial services at all levels, appropriate linkage with non-financial services of various types and mainstreaming gender in policies at the macro level.

Addressing gender issues will thus require not only a strategy to mainstream gender equality of access, but also strategies to ensure that this access then translates into empowerment and improved well-being, rather than merely feminization of debt or capturing women's savings for programme financial sustainability. Even in minimalist microfinance institutions, there are other measures that can be taken to increase the contribution of microfinance services to gender equality and women's empowerment (box 1).

At the core is a mainstreaming of women's needs, concerns and language: not as a marginal concern, but as a central

and resourced element in planning and implementation at all levels. This methodology implies looking beyond the purely economic and market concerns to issues of non-market work and activities, power relations and underlying forms of social, cultural and political gender discrimination.

Organizational gender mainstreaming

A range of different types of institutions currently provide rural financial services. Some target women mainly or exclusively, or have a written or informal gender policy. The variations among organizational models can significantly influence gender outcomes and have implications for the most effective ways in which gender can be mainstreamed.

In all types of institutions, the most cost-effective means of maximizing contributions to gender equality and empowerment is to develop an institutional structure and culture that is woman-friendly and empowering, and that manifests these traits in all interactions with clients. A full discussion of frameworks and methodologies for institutional gender mainstreaming is outside the scope of this guide.²⁰ Some key elements that could be included in microfinance organizations of all types are given in box 2, and a checklist can be found in annex A.

²⁰ See, for example, Groverman and Gurung (2001); Groverman, Lebesech and Bunmi (2008); ILO (2007); and MacDonald, Sprenger and Dubel (1997).

BOX 1

Mainstreaming gender: Elements of a strategy in minimalist rural microfinance institutions

Mainstreaming women's language

Conceptually – in terms of understanding and valuing women's activities, strategies, priorities and challenges and mainstreaming these understandings throughout the organization's practice.

Literally – in terms of making all information accessible in local languages and visual forms that women are more likely to speak and understand.

'Walking the talk': Organizational gender policy

Ensure that the staff of the organization, women and men, are able to interact with women on the basis of respect and equality and also promote a vision of women's empowerment in their interactions with men (see chapter II).

Participatory market research

Design products from the client perspective through participatory market research (see chapter III).

Gender mainstreaming in non-financial services

Ensure that women have equality of access to all non-financial services. Even very basic staff interactions with clients, such as application processes, can promote a vision of gender equality and empowerment (see "Integration and inter-organizational collaboration to provide non-financial services" in chapter IV).

Building on group activities for action learning

Core group mobilization for savings and credit can integrate gender issues and also lay a basis for participatory action learning, which the groups can continue themselves (see "Participation and collective action" in chapter IV).

Macro-level focus and advocacy

Many organizations, even banks, are increasingly interested in value chain finance and specialize in financing particular types of businesses or sectors. These can include activities in which women are concentrated, with the organizations studying ways to develop such activities through marketing and supply chains. A particular area for further investigation is promotion in service markets used by women, for example child care or domestic services.

Microfinance organizations are also often involved in networks that advocate for members' interests. These can include promotion of women's property rights and protection of the informal sector, essential to increasing the sustainability of their clients' livelihoods (see "Promoting an enabling environment for gender-equitable rural microfinance" in chapter IV).

BOX 2

Organizational mainstreaming: Some key strategies for financially sustainable organizations

Vision and institutional culture

Institutional culture is expressed in the way an organization chooses to promote itself. What sorts of messages does it send through the images in its offices, through its advertising, and through the consistency of its gender aims in the community with its internal gender policy? The institution's routinely issued promotional leaflets, calendars and advertising are a very powerful means of presenting alternative models and challenging stereotypes. These can be made available for clients to view while they are waiting to see staff. There should be no extra cost in ensuring that promotional materials achieve these goals. It is just a question of vision – and of ensuring that the designers of the materials understand and share that vision.

Equal opportunity policies for staff

As a human rights issue, such policies set an appropriate example for programme participants and increase programme effectiveness in reaching and empowering women. They require family-friendly working practices for women and men, and ensuring that women's specific contributions to the job are fully valued (e.g. their better understanding of women, multitasking abilities), and their specific constraints due to contextual factors (e.g. greater vulnerability to violence) are taken into consideration in job requirements, facilities and pay.

Recruitment, training and promotion policies

Gender awareness and sensitivity are criteria for recruitment, as essential requirements of a professional service.

Gender sensitivity is an integral part of all staff training.

Performance on gender equity is recognized in criteria for promotion.

A gender focal point is appointed and other staff time allocated to work on gender issues. Failing this, the consultant services of a gender expert should be sought to fully institutionalize these basic principles.

Information systems

Gender and empowerment indicators are integrated into existing programme management information systems, including 'social performance management'.

Gender disaggregation and gender analysis are done for all studies.

Information on women is maintained and disseminated both to staff and outside the organization.

Using forms of communication accessible to women

All information is accessible in local languages, together with visual information accessible to those many women who cannot read or write.

It is possible for these changes in institutional culture and structure to be integrated into *all forms* of rural financial services *in some way*, including commercial and state banks as well as MFIs, membership-based financial organizations and integrated development programmes. The changes are consistent with financial sustainability. Many of these strategies cost little, for example recruitment, promotion and sexual harassment policies. In fact, mainstream banks are sometimes way ahead of NGOs in implementing staff gender policies (examples include Barclays in Kenya – dating back to the 1980s – and Khushali Bank in Pakistan). Commercial banks increasingly have gender or equal opportunity policies to encourage and retain skilled women staff. Some offer child care facilities and have implemented proactive promotion policies for women to attain greater diversity in the organization and better develop new market niches.

The promotion of diversity, of which gender is one dimension, is a key element of best business practice in the West.²¹ In many social settings, increasing the number of women on the staff is essential if the number of women clients is to be increased.

Although a gender policy may entail some costs (for example, parental leave and better transport for women staff members to increase security), they are likely to be compensated by higher levels of staff commitment, efficiency and retention. Unhappy and harassed staff members are inefficient and change jobs frequently, and training new staff is costly.

This is not to say that there are no serious challenges, potential tensions or costs. Mere formal change is not enough. Real change requires

- a change in organizational culture and systems. This requirement raises the issue of staff participation in decision-making – a key tenet of best business practice;
- a shift in the norms of behaviour for women and men;

- willingness and support for change at all levels, among field staff, mid-level staff, senior management and donors.

It is also important to incorporate gender indicators into information systems, so that institutions are aware of the status of gender equality in access and benefits. The extent and type of gender-based information will obviously differ from institution to institution, depending on the nature of the information systems. The recent advances in 'social performance management' (SPM)²² offer a particularly important opening in relation to gender. Although current SPM systems are often gender-blind, and there is no specific requirement to include gender indicators, some writers have proposed gender impact indicators similar to those in box 3. These could easily be integrated into SPM and other information systems, provided the application, follow-up, and in particular, repeat loan and exit assessments are properly conducted in the interests of client understanding, not just rapid institutional expansion.

21 An interesting study by Fortune magazine of the most profitable businesses found that these had a good representation of women in high management positions (Cheston 2006).

22 See, for example, IFAD (2006a) and the website of the Social Performance Management Consortium, <http://spmconsortium.ning.com>.

BOX 3

Possible gender indicators for insertion into social performance management

Client level

1. Percentage of women clients who know and understand the terms of the MFI's services, including the range of products available, the cost of credit (interest rate, declining interest), interest paid on savings, premium paid on insurance, and terms of payout;
2. In mixed-sex programmes, percentage of women accessing larger loans and higher-level services; percentage of women in leadership positions;
3. Percentage of women clients with enterprise loans who are themselves working in the economic activity for which the credit is used (by themselves or jointly with husband in a household enterprise – disaggregated).

Staff level

4. Percentage of senior staff who are women, and gender equality of pay;
5. Existence of a written gender policy produced through a participatory process with staff; staff aware of its contents and mechanisms for implementation.

Source: 1-3 from Frances Sinha, Indicators related to gender – for social rating. Unpublished draft for Micro-Credit Ratings International Ltd. (M-CRIL).

III. From access to empowerment: Designing financial products

The outcomes of programmes to provide financial services depend greatly on whether products are designed for particular client groups and contexts, on how products are delivered, and on the organization responsible for delivery. Product design is rarely gender neutral, and inevitably affects household and community relations – for good or ill. It may either reinforce or challenge the prevailing gender inequalities that shape women’s needs and priorities, their access to different types of services, and the degree to which they benefit.

Women have fewer and different resources for accessing financial products. Their different balance of opportunities and constraints affects how and how much they benefit from various products. Women’s gender role and gendered expectations affect their expressed short-term practical needs, as well as their longer-term strategic needs to build assets, access markets, decrease vulnerability, and increase information and organization. Finally, as discussed previously, products accessed mainly by men may reinforce or challenge gender inequalities through the implicit or explicit assumptions made about male and female roles and power relations within households and communities. This affects the products’ potential contributions to poverty reduction and local economic growth.

Research on women’s access to finance in the 1970s and 1980s focused mainly on lack of credit as a constraint to economic activity. In the 1990s, with the rise of microfinance, most debates on product design focused on issues of financial sustainability: interest rates on loans, the desirability of mobilizing

savings, and the need for insurance products to reduce the risk to organizations of default. A widespread consensus developed about how to increase women’s access to financial services, based on poor women’s access to resources and power and the particular physical and social assets they could contribute to programmes (box 4). Products were very limited to simplify management for field staff, generate predictable cash flows for programme managers, and be comprehensible to clients. Many programmes had only one loan product, with compulsory savings as a condition for accessing loans²³ and, in some cases, compulsory insurance for the assets.

These measures increased women’s access to financial services, but often had limited impact on incomes. Loans were too small, and repayment schedules inappropriate, for activities that had a time lag between investment and returns. Although suited to trade in urban areas and small-livestock enterprises, the loans were ill adapted to agriculture, large-livestock enterprises, or new and more risky economic activities. Where savings and insurance payments were compulsory, these not only often failed to benefit clients, but also created problems with household financial management.

Poor women, like the rest of society, have a variety of financial needs, which they seek to address through diverse types of financial provision. Rural microfinance now covers a range of different products including the following

²³ This was the case with MFIs and those NGOs legally permitted to collect savings.



Saving towards pensions can be a key component of empowerment, because pensions offer women security for old age, reduce their vulnerability in the home and influence decisions about family size.

Masaka, Uganda

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BOX 4

Increasing women's access to financial services: Early recommendations

Loans

Offer small loans that women can invest in small assets or in income-generating activities that yield quick returns because of women's aversion to risk, inexperience with large-scale income generation, and time constraints.

Target loans to productive activity.

Initiate regular repayments as soon after loan disbursement as possible in order to instil financial discipline.

Relax collateral requirements to include social collateral or women's property (jewelry) or identify other forms of collateral substitutes and allow cash-flow-based lending.

Make services accessible – locate them in places that women frequent.

Set interest rates high enough to cover costs. Such rates are still beneficial because they are lower than rates charged by moneylenders and by women's savings and other groups.

Savings

Design savings-led programmes to increase thrift and women's financial management in the household, asset-building and risk mitigation.

Insurance

Reduce the risks associated with livestock and other types of loans.

Group-based

Reduce costs and increase empowerment through group-based delivery.

Source: adapted from Otero and Rhyne (1994).

- loans of varying amounts, time frames and conditions for a range of livelihood activities (including both agricultural and off-farm activities), asset-building and consumption;
- leasing arrangements for assets;
- savings services of different types to meet different needs, from day-to-day household cash-flow management to long-term asset-building;
- pensions to reduce long-term vulnerability;
- insurance to reduce risk and vulnerability to crises;
- remittance transfer services to enable migrants to send more of their earnings home for investment in livelihoods and asset-building, as well as for consumption and to reduce the vulnerability of family members left behind.

External interventions to increase access to financial services must first understand existing financial systems, including

- informal financial mechanisms: ROSCAs and accumulating savings-and-credit associations (ASCAs); burial societies for death insurance; cash or kind advances or savings arrangements with relatives and patrons; retail stores offering consumer goods on credit or hire purchase; moneylenders, pawnbrokers and informal deposit collectors;
- private-sector linkages: large-scale farmers, traders, processors and employers providing credit as part of sharecropping or leasing agreements; subcontracting and outsourcing systems; market transactions or employment arrangements; shopkeepers and traders offering credit for purchases.

Many of these may be extremely expensive options for clients. They may also exclude and discriminate against women, particularly poor women. It is crucial that financial service providers understand these systems and complement them, increasing the range of financial choices that can benefit people, rather than undermining existing systems.

The financial products available in rural areas are likely to change significantly over the next few years, owing to technological advances, innovations in information and delivery technologies, and the increasing entry of commercial banks into microfinance. Improved financial information and planning systems permit greater product diversification and client-centred product development. This is particularly the case where clients also have some experience of financial services, and an increasingly sophisticated understanding of their financial needs and of financial management (see section below on “Demand-driven product development: market research and financial literacy”).

Technological advances such as computerized services, automated teller machines (ATMs) and mobile banking through phones, mobile phones and mobile units make service delivery less dependent on expensive infrastructure, able to reach into increasingly remote areas, and promise increasingly accessible and accountable services in rural areas. Banks such as ICICI Bank in India currently aim to give universal access to loan products and other services. This strategy would consist of a number of elements: rolling out credit cards and ATMs in villages to give everyone individual access; building and maintaining individual credit histories through credit bureaux; basing credit decisions on scoring models (risk-based lending); moving from group-based to individual lending; and tracking clients through their life cycle to offer customized products for life cycle needs. These developments could significantly increase the scale of outreach. They promise credit and other services on terms far better than

any currently offered by MFIs, owing to economies of scale arising from their large investment in technology.

The extent to which women will have equitable access to and benefits from these services remains to be seen. Technological advances have considerable potential to make financial services accessible to women even in remote and conservative areas. Women’s groups can manage mobile banking; communications enterprises can be set up in villages (for example, Grameen’s mobile phone initiatives); computer programmes and material can be made accessible to people who cannot read or write. There are, however, also developments that may make women’s access more difficult:

- Women enjoy less ownership of and access to technology, including mobile phones.
- It may be harder for women to build up credit histories, because either they do not have the sort of financial history required (e.g. they may not pay domestic bills) or their credit history may be linked to that of other family members, particularly husbands.
- ATMs may be set up in public areas for men, rather than in places easily accessed by women.

In this new climate of rapid expansion and commercialization, it will be particularly important to ensure that products both are accessible to women and benefit them. This will require consideration of collateral requirements and ways in which credit histories can be built up. It is also important to locate the machines strategically – e.g. near the beerhouse (men’s space) or near a grocery shop (women’s space) – and to determine who gets access to mobile phones and to ensure that they are of a suitable design. Otherwise, the rapid expansion of rural microfinance may further entrench existing gender inequalities within households and communities, either through leaving women behind or offering products that make them further indebted and overburdened.

The following sections discuss gender issues that need to be taken into account in designing the various types of products. A checklist for assessing gender dimensions of product design based on these discussions can be found in annex B.

Credit

As indicated by research on patterns of credit use among poor women and men, and by the experience of numerous clients after many loan cycles, women's credit needs are very varied:

- Women need longer-term credit or leasing arrangements to build assets – to construct houses, buy land, and lease land, either under their own names or at least jointly. They also need credit to purchase 'female assets' such as jewellery, or redeem them from pawnbrokers and moneylenders, thereby transferring general household wealth into assets they can easily access and control, and which grow in value and provide some security.
- Women need access to credit for investment in a variety of viable, profitable activities, including off-farm activities. Women often require larger amounts than are usually offered to them in order to diversify out of 'female' activities or to expand their range of products, especially where local markets are saturated with such products and skills.
- Households that sell their agricultural labour, as well as farming households, need consumption loans to avoid resorting to moneylenders in slack and 'hungry' seasons. Other than being needed in themselves, these loans may free up significant amounts of money spent on high-interest payments to moneylenders for investment in production at other times of the year. Providing such loans to men as well as women would reduce the worrying trend of men taking less responsibility

for household well-being when they perceive that women have access to additional cash.

- Households need loans to pay for children's education and to meet social obligations that are essential in maintaining social capital and the well-being of children, particularly daughters after marriage. Again, giving men as well as women access to such loans would strengthen men's responsibility for children and not place the entire burden on women.

Until recently, debates about credit have focused mainly on issues of interest rates.

However, designing loan products that benefit clients also involves many other decisions, which can significantly affect the degree to which clients are able to use and benefit from loans. These include

- eligibility and collateral requirements (who is eligible and the risks involved);
- application procedures (complexity), repayment schedules (grace periods and whether interest calculation is fixed rate or declining balance);
- loan size and appropriateness to the levels of investment needed;
- design of loan products for specific purposes or activities.

Each of these decisions has gender dimensions relating to women's gender-specific activities and power relations within the household. Specific questions to address in designing loan products for women are listed in annex B and discussed in more detail elsewhere (Mayoux 2000).

Some very interesting innovations in loan products have been introduced recently (box 5), but given the variety in women's preferences and requirements, the particular product that should be offered in a given context should be decided on the basis of market research. Nor do the innovations listed in box 5 represent the only directions that innovations could take in responding to the gender questions outlined in annex B.

BOX 5

Innovation in loan products

Client-focused loans (Bangladesh)

Most loans for Grameen Bank members previously had a standard one-year term with a fixed weekly repayment schedule. Under Grameen II, loans are now available with varying terms and schedules. They can be 'topped up' part-way through the term or paid off early. There is a new flexibility in rescheduling troubled loans. Although loans are given for business use, in practice members use them for what they wish, which helps stabilize fragile livelihoods.

Loans for assets registered in women's names (Bangladesh)

The Grameen Bank offers large, longer-term loans to buy housing and land. House sites and land must be registered in women's names, both as security for the loan and to increase women's control of assets. This gives women more security, improves repayment rates, and also decreases divorce and abandonment of women.

Large loans for bigger profits (India)

The South Indian Federation of Fishermen Societies (SIFFS) introduced a new loan product for women who travel in groups to distant markets, buy large quantities of fish for drying, and then sell the fish locally during the lean season. This enterprise requires a large initial investment, and returns arrive only after four months. SIFFS offers a loan of 10,000–20,000 rupees on which the interest is paid monthly and the principal is repaid at the end of five months.

Loans for adolescent girls and changing the dowry system (India)

Some organizations involved in the Credit and Savings Household Enterprise (CASHE) project in India decided to pilot a loan product for adolescent girls. The loan, available for both parents, enables the girls to purchase a productive asset to help them earn an income, delay marriage, bring the asset to their in-laws' house when they do marry, and reduce the dowry required.

Loans for services benefitting women (The Sudan)

Members of the women's centres developed by PASED's Learning for Empowerment Against Poverty (LEAP) project^a identify their needs for services and are encouraged to set up viable businesses that can benefit other women, such as day-care centres. Loans have also been given for smokeless stoves, which have health, labour-saving and environmental benefits. The financial services provider is required to seek out potentially profitable services and assets for which viable repayment schedules can be devised; once that is done, the loan products are financially sustainable.

Loan targeting of vulnerable, very poor women (United Republic of Tanzania)

These are people who have very small economic activities (e.g. small retailers whose products are mainly drop-off products from the wholesale market) and cannot afford to pay the entrance fee and share to join an MFI. The product is targeted at groups of five individuals in this category, who get a loan to support their investment. In time, the profits of the investment will allow the individuals to become full members with shares, savings and deposits.

Consumption loans for men, as well as women (India)

The Area Networking and Development Initiative's (ANANDI's) savings-and-credit groups make consumption loans available to both men and women to reduce the burden on women. Women have access to asset- and leisure-related loans. The groups themselves ensure that a household has the repayment capacity.

a. The Port Sudan Association for Small Enterprise Development (PASED), Port Sudan, Red Sea State, was formally established as an independent NGO in 2000. Prior to that, the organization existed as an autonomous programme of ACORD-Sudan. The first phase of the project, LEAP I, ran from January 2004 through December 2006. LEAP II runs from January 2007 through 2009.

The loan products available in rural areas are likely to change significantly over the next few years, with advances in technology and the increasing entry of commercial banks into microfinance. It is important to ensure that gender issues are mainstreamed in the current debates about larger-scale rural finance and leasing arrangements for agricultural development and value-chain upgrading. Questions similar to those in annex B must be answered for all loan and leasing products. Enabling women to have equal access to such products also requires attention to women's property rights (see "Participation and collective action" in chapter IV).

Savings

Debates on extending the reach of microfinance to the very poorest people increasingly focus on savings facilities. For many women, including very poor women, savings facilities are essential in increasing the amount of income under their control and in building assets. In remote areas, mobilization and intermediation of member savings may be crucial first steps before accessing external loan funds. A number of studies have observed that savings-led groups perform better than credit-led ones (Allen 2005; Murray and Rosenberg 2006; Ritchie 2007; Ashe and Parrott 2001; Valley Research Group and Mayoux 2008).

Women may already have effective ways of saving, and women's lack of interest in saving with any one particular institution may be less a sign of 'lack of thrift or savings culture' and more a rational response to bad savings products or a wish to diversify where they entrust their resources. Common modes of saving include ROSCAs and other mutual savings arrangements, burial societies and also investment in assets such as livestock that can be sold in times of need.²⁴ Savings schemes offered by financial service providers may be less efficient for women, particularly if savings are a condition of loans. Savings programmes may also divert resources from indigenous savings groups,

which often provide a safety net for very poor women. In Cameroon and other parts of Africa, for instance, some revolving savings associations maintain a 'trouble fund' for times of crisis (Mayoux 2001a).

Savings also have to come from *somewhere* – often from forgone investment or consumption. Badly designed savings products, particularly compulsory savings, may thus harm women's ability to increase profits and, among very poor women, their nutrition and health. Savings facilities may increase women's control of household income, but, as mentioned, when savings are regarded as 'a women's affair', men's sense of responsibility for the household may decline.

In designing savings facilities, a number of key issues must be considered, including whether savings are compulsory or voluntary, the level of initial deposit required, ease of withdrawal, confidentiality, accessibility of the provider, and interest rates. All of these have gender dimensions, and it is likely that many women will require a range of different types of savings provision. For example, compulsory savings systems are one of the few ways for some women to protect income against the demands of husbands and other family members. If savings are only voluntary, women may be less able to oppose the demands of other family members to withdraw them. At the same time, they are likely to need some access to liquid cash for emergencies from a provider who is easily accessible. In many parts of Africa, for example, where in-laws are likely to take the wife's as well as the husband's property when he dies, women's ability to have confidential savings accounts may be a crucial and necessary means of security for the future. Confidentiality may also be important to avoid witchcraft or the jealousy of other women. On the other hand, public knowledge of savings may in some circumstances increase social status and access to credit.

24 For a detailed study of different forms of women's savings in Zimbabwe, see Lacoste (2001).

Several recent innovations in savings products can make a significant contribution to women's empowerment (box 6). Pensions – which are essentially a long-term savings product – have received far less attention than other instruments such as insurance. However, pensions are potentially a key component of empowerment, because they offer women security for their old age and have many other implications (for example, reducing women's vulnerability in the household or influencing family-size decisions). Some pension products for women exist in India, but pensions are an area in which much more needs to be done. In Bangladesh, the Income Generation for Vulnerable Groups Development Programme (Bangladesh Rural Advancement Committee [BRAC]) and the Tangail Infrastructure Development Project (German Agency for Technical Cooperation [GTZ]) are examples of how grant-based or employment-based approaches and financial services can be complementary.

Insurance

Although savings-and-loan products from financial service providers can reduce vulnerability to crises and shocks, they generally do not enable people to accumulate sufficient funds to cope with major crises. Over the last decade, an increasing number of MFIs have developed microinsurance products to address various sources of vulnerability. These products include compulsory insurance against loan defaults, and health, life, livestock, property and index-based weather insurance. Microinsurance is one of the most rapidly moving areas of innovation. A full technical discussion of different types of insurance provision is outside the scope of this paper. Important advances have been made in agricultural and health financing, as well, particularly in some membership-based financial organizations. This is particularly the case with the 'agent/partner' model that combines the strengths of a private insurer, in terms of scale and financial expertise, and of an MFI, in

terms of poverty depth of outreach and experience with its clientele.²⁵

Despite the clear need for insurance products and their great potential to contribute to the development of the rural sector, the viability and desirability of specialized microinsurance institutions for poor people have been questioned. Most people engage in various forms of 'self-insurance', such as diversifying their livelihood strategies, savings of different types, building of assets, and investing in social capital that can be called on in times of hardship. Some communities have collective forms of informal insurance such as burial societies. As with savings, it is crucial that microinsurance products from financial institutions complement rather than undermine such systems.

Much concern has been expressed over badly designed microinsurance products that are being foisted on vulnerable people, particularly as a condition of loans in order to reduce risk for the institution. In some cases, microinsurance providers have collapsed, taking all the premiums with them. Several private insurers, particularly in parts of Africa, have become profitable by selling a substantial volume of policies to poor households. In many cases, the new policyholders did not understand what they were purchasing or how to make a claim, and they did not benefit (Brown 2001). Wider questions emerge over whether poor people can or should be expected to spend scarce resources insuring themselves against all the risks of poverty caused by bad governance, poor state health systems, and environmental disasters arising from climate change and global warming. There is an inevitable mismatch between the range of hazards against which poor people need insurance and the level of premiums they are able to pay, which undermines the potential of insurance provision (Brown 2001).

25 For the most recent information, see the MicroFinance Gateway (www.microfinancegateway.org) and the International Labour Organization (www.ilo.org). For a compendium of case studies, see Churchill (2006).

BOX 6

Savings products

Examples of product innovation

Diversification of products, Grameen Phase II

Grameen Phase II has diversified its savings products. The personal savings account is a liquid passbook account into which members can make deposits or withdrawals in any amount each week. The account helps members manage money on a daily basis, including the payments on their Grameen Bank loans. The commitment or contractual savings account, also referred to as the Grameen Pension Savings, or GPS, is a 5- or 10-year account with a minimum monthly deposit of less than US\$1. These accounts help build savings steadily over the longer term.

Flexible individual savings

SafeSave Cooperative in Bangladesh has developed a methodology for completely flexible individual savings and loans for very poor women.

Children's savings card

In Mexico, parents typically give allowances to children at the beginning of each week. Integrated Services to Women Entrepreneurs (Servicios Integrales a Mujeres Emprendedoras – SIEMBRA) has introduced a stored value card to encourage a culture of saving among children, including girls. Funds may be withdrawn only at the beginning of the school year and Christmas, and usually are used to meet school needs.

BRAC'S income-generating programme

The Income Generation for Vulnerable Groups Development (IGVGD) Programme has helped nearly 10 million destitute rural women make the transition from absolute poverty to economic independence. The programme begins with an 18-month commitment of free food to those at greatest immediate risk (supported by the World Food Programme and the Bangladesh government). Participants learn the skills to pursue such income-generating activities as poultry production and silkworm-rearing. The very poorest participants also gain access to BRAC's Essential Health Care services to break the vicious cycle of poor productivity and poor health. During this period, BRAC helps participants learn to build an economic nest egg for future investment and protection. Most participants then progress to individual income-earning activities, using the new livelihood skills they have learned.

Within two years of starting this process, about 80 per cent of participants make the transition – through their small income-earning activities and accumulated savings – into BRAC's mainstream microfinance programme as borrowers. The progression of support services – from grants, through training, to saving and self-employment – appears sufficient to break down the barriers of extreme poverty, social isolation, lack of productive skills, and poor self-esteem that previously kept this population from self-employment. The IGVGD Programme is an excellent example of what can be done to help destitute rural women raise themselves out of poverty.

Source: Hashemi 2001, cited in World Bank (2003).

Tangail Infrastructure Development Project

The women's development component of GTZ's Tangail Infrastructure Development Project (TIDP) in Bangladesh began in 2000. Participants were first given temporary employment in road maintenance, with only the poorest women involved. Compulsory savings were deducted from their earnings and deposited in the bank. The women were given training in income generation, and subsequently used their savings to set up income-generating activities. Some women accessed credit from other sources. A rigorous assessment in 2002 concluded that the project had successfully enabled very poor and previously destitute women to engage in a diversity of income-generating projects and to increase their livelihood security. Women have also improved their status in the household and become much more active in the community.

Source: Adam (2003).

Debates about insurance also have specific gender dimensions: women are vulnerable in different ways. Gender inequality affects how women relate to institutions of all types, and women also face specific risks because of gender discrimination or cultural norms:

- Unequal control of property makes women extremely vulnerable in cases of divorce or widowhood.
- Gender differences in crops grown make women's crop and weather insurance needs different from those of men.
- Women's lower incomes make them less able to invest in risk-reducing technology or services, such as disease-resistant strains of livestock, reliable equipment or veterinary care.
- Women's responsibility to care for the sick means that the ill health of their children and partners affects their own ability to earn.
- Women are more susceptible to certain diseases, including AIDS, and to the complications of pregnancy and childbirth.
- Women's physical vulnerability makes their property particularly vulnerable to theft and crime.
- Women's prevalence in informal-sector enterprises makes them particularly vulnerable to harassment by the authorities (for example, their property may be confiscated and market stalls destroyed).

All these risks point to the need for insurance products that decrease the vulnerabilities women face.

At the same time, they also face gender-specific constraints that present particular challenges for providers:

- Women's lower incomes make them less able to afford insurance payments. While it may be very important for women to contribute to life and health insurance schemes for themselves and their husbands, insurance may not be the best solution where marriages are unstable. Women pay premiums, maybe out of

their own consumption and investment funds, maybe to insure loans that men use, and they risk forfeiting these premiums if they cannot maintain payments following divorce, or if they make unsuccessful claims following the death of their former partners.

- In many cultures, women are less literate and physically less mobile than men. Unless these factors are taken into consideration, they may be less able to understand policy conditions and pursue claims. They may be deceived into taking up schemes that are not to their advantage and may be less able to take advantage even of good insurance schemes without considerable follow-up by providers.
- Insurance policies often explicitly exclude health concerns that apply to large numbers of women (pregnancy is one example), because they present too great a risk for insurers.²⁶
- There are also gender challenges in insurance for men. For example, in polygamous households, which of the spouses should receive or pay for a husband's life insurance, and which spouse would benefit from his health insurance, or other types of insurance husbands may take out on household property.

These gender challenges point to the need for detailed market research to develop products that both respond to women's needs and are available at a price they can pay. Insurance should not be seen as a panacea, but part of a broader programme to address the underlying causes of risk and vulnerability facing poor women and men. While insurance is in high demand and some programmes have been successful among the better-off poor, it is doubtful that insurance

26 There are some exceptions, and this is an area in which some MFIs are beginning to innovate. For example, the health insurance provided by SKS Microfinance to self-help group (SHG) members in Andhra Pradesh, India – soon to go national – does provide coverage for maternal health and pregnancy (see www.sksindia.com).

BOX 7

Insurance programmes for women

Learning for Empowerment Against Poverty (LEAP): Linking women's groups to state health insurance in the Sudan

During organizational training with the LEAP women's centres, health insurance was identified as a key need. The Sudan Ministry of Health runs a heavily subsidized health insurance programme that salaried people access through their employers. Poor people cannot participate in the programme, because access by an individual has to be arranged and a large yearly payment is required. LEAP staff, together with representatives of the women's centres, established an agreement with the Health Insurance Department under which the women's centres provide the institutional channel for the yearly payment, and individuals repay the centres in smaller monthly installments.

Area Networking and Development Initiative (ANANDI): Linking emergency loans for health care to state health services in India

Village self-help groups (SHGs) have set up a fund that provides emergency loans for members to obtain health care services. Members obtain the funds at low or no interest on condition that they access services at a public facility staffed by trained medical practitioners, who charge little or nothing to treat poor people. These are usually government-run secondary and tertiary health care facilities, which may be from 50 to 300 kilometres from the village. The loans help members pay for the patient's and caregiver's transport costs, food, medicine and lodging.

can focus only on the needs of very poor people and remain financially sustainable. There is an inevitable trade-off between comprehensiveness of coverage and levels of premiums. The keys to success are the scale of outreach and attention to the diversity of clients and risks across the rural population. Some programmes, rather than attempting to provide insurance themselves, have linked with state insurance providers and the private sector, and have lobbied within the larger system for provision for poor people. Others are looking to group funds that provide emergency loans, linked to specific agreements with health care services (box 7). Depending on the context, these may provide a better option for very poor women, or part of a basket of options, in addressing some of the vulnerabilities they face.

Remittances

Remittance transfer services can contribute very significantly to poverty reduction and livelihood development. Remittances from migrant labourers between regions within

countries and internationally have become a force for wealth creation, particularly in poorer regions. In 2006 it was estimated that at least US\$300 billion (Orozco 2007) would be sent home globally by some 200 million international migrants, both men and women. This sum is three times the amount of official development assistance (ODA) and superior to foreign direct investment. Even these high figures understate the importance of remittances, because they do not estimate such remittances sent through informal channels – which may be at least twice or three times the stated figures for some remittance corridors – and disregard domestic remittances. Nor are they an accurate predictor of what potential remittances might be if safe and cost-effective remittance services were available.

It is very important to develop cost-effective, formal services to transfer remittances through secure channels such as banks and other financial intermediaries. The remittance industry consists of formal and informal fund transfer agents. These range from a few global players, such as



In many rural credit-and-savings cooperatives, women save the most money but men receive the majority of loans. The exceptions are women-only organizations or those with an effective gender policy.

Fronan, Côte d'Ivoire

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large money transfer operators (Western Union, MoneyGram) and commercial banks (Bank of America and ICICI Bank in India), to credit unions (including the World Council of Credit Unions) and hundreds of smaller agencies serving niche markets in specific geographic remittance corridors. Costs per transfer vary widely and often greatly surpass actual transfer costs in markets with little competition.

Various measures have been proposed or implemented to improve remittance services by money transfer operators, banks and others. Microfinance and other smaller institutions generally have to enter into relationships with commercial banks because of regulatory constraints – for example, on transactions involving foreign exchange and access to national payment systems. However, no such constraints exist for remittances among areas in the same country. In India, for example, MFIs and NGOs have developed a number of remittance arrangements. Technological advances such as mobile phones also make cost-effective remittance services for poor people more possible.

Remittance flows are not gender neutral. Women are an increasing proportion of migrants, and in specific destination countries their numbers are growing faster than those of men. A recent study by the United Nations International Research and Training Institute for the Advancement of Women (INSTRAW) found that women represented almost half of the international migrant population (Ramírez, Domínguez and Morais 2005). Women constitute 70–80 per cent of all migrants from some countries, notably the Philippines. The amount of money sent to households by migrant women and men, how it is sent and, specifically, how it is used are determined not only by the market, but also by the gendered power relations within households and economies.

Migration by women may bring about positive changes in gender inequalities. In some countries, women have better chances than men for good jobs in such sectors as

service and health care. When women migrants send remittances home, they may significantly improve their individual standing in their families and communities, and men in the families left behind may be forced to take on women's care and work roles. When migration in a community is predominantly by women, this may also lead to communitywide changes in perceptions of women's roles.

There are also gender differences in the effects of migration, and under other aspects women may benefit less than men. Women often have fewer employment options in the host country, are often limited to badly paid 'female' jobs, and thus are likely to earn lower incomes than men and have lower levels of remittances to send home. Some families place considerable pressure on women to migrate to support them, which, coupled with limited employment opportunities, can lead to abuses like sex trafficking and domestic slavery. Even where spouses both migrate, they frequently send remittances independently and for different purposes. Although this is not universally the case, women migrants (particularly independent ones) direct most of their remittances to their families' basic needs, while men spend more on personal expenditures.

Migration by men may increase women's decision-making power in the families and communities left behind. Women may become acting heads of households, with greatly increased control of household resources and decisions, and, in most cases, assume productive roles previously carried out by men. However, some women left behind may be highly dependent on male earnings and face high levels of material and emotional insecurity, as well as an increased workload. Women may have a very limited voice in, or be completely excluded from, decisions about how to invest community migrant funds. Negotiations between remitting and recipient wives and husbands may place a major strain on relationships. Security may

also be a particular issue for women trying to access remittance payments if this involves travelling alone with large amounts of cash.

These gender differences for both migrants and recipients need to be taken into account in the design of remittance services that enable women to send money specifically to the people they wish to send it to (e.g. directly to children) or to safely access remittances sent to them. Development agencies working with migrants may set up microfinance services in the recipient communities to enable women to better use remittances for productive and economic activities, rather than for consumption. It will always be important for migrant associations to ensure that they do not discriminate against women and fully consult with them, as well as with men, in the design of services.

Demand-driven product development: Market research and financial literacy

There have been useful innovations in product design that promise to make products that are both more adapted to needs and more likely to benefit clients – and in a way that is financially sustainable. Recently, in recognition of some of the risks and benefits of the rapid expansion of financial services, there has been increasing emphasis on participatory market research to develop appropriate products. It is now generally accepted that such research and ‘knowing your clients’ is good business practice. The Self-Employed Women’s Association (SEWA) in India has always consulted members on product development. Indeed, it originated in a participatory survey of women workers in the informal sector (Rose 1992). The Grameen Bank has just undergone a four-year reassessment and redesign based on extensive client research, which has significantly increased its outreach and sustainability (Dowla and Barua 2006). ICICI Bank conducts participatory market research and also funds in-depth research on the needs of

microfinance clients through the Centre for Microfinance Research in Chennai.

Of particular note has been the development of participatory market research tools by the capacity-building organization Microsave.²⁷ Many microfinance organizations have been trained in and use variants of these tools. However, although they can be adapted to address gender issues and identify differences between women and men, this has not so far been done. For gender analysis, outcomes obviously must be disaggregated by gender. Disaggregation by other dimensions such as poverty level, ethnic background, age and marital status would render an even better idea of differences among women and among men. In many cultures, it is likely that women facilitators would be needed to work with women. Moreover, there is insufficient emphasis on the need to differentiate between designing products that vulnerable clients can be persuaded to buy and those that would really benefit them.

A critical part of ensuring that good product design and consumer protection principles become a reality is to promote financial literacy, so that clients are able to make an informed input into product development, know their rights, and understand the information provided. A number of financial literacy courses and methodologies have been developed. Other methodologies are shown in box 8. So far, financial literacy programmes have been developed mostly for women. However, financial literacy training for men could contribute significantly to changing men’s attitudes and behaviour. If such training were a condition of access to loans, it is more likely that men would attend such courses rather than generic gender training.

Oxfam Novib – with partners LEAP, in the Sudan, and GreenHome and Bukonzo Joint Savings, in Uganda – is developing an innovative, combined market research and financial literacy methodology (box 9).

²⁷ See the MicroSave website, www.microsave.org.

BOX 8

Financial literacy

Self-Employed Women's Association (SEWA), India

SEWA training uses visual methods to explain its products and how to choose among them for various purposes. The training covers an introduction to financial planning, daily money management practices, planning for future events, borrowing and loan management, insurance and risk management, and making a financial plan.

Source: [http://coady.stfx.ca/resources/abcd/SEWA Financial Literacy Manual.pdf](http://coady.stfx.ca/resources/abcd/SEWA%20Financial%20Literacy%20Manual.pdf).

Women's Empowerment Programme (WEP), Nepal

WEP delivers training in literacy and financial literacy, and business and village banking services, in addition to its savings-and-credit services. The related manuals, based on appreciative enquiry and participatory methods, have enabled women to improve their livelihoods.

Sources: Ashe and Parrott (2001); Valley Research Group and Mayoux (2008).

Financial Education for the Poor Project

Microfinance Opportunities and Freedom from Hunger, with support from the Citigroup Foundation, developed a financial education curriculum for low-income households in developing countries. The Financial Education for the Poor Project has partnered with a number of organizations including: Pro Mujer (Bolivia), Teba Bank (South Africa), Al Amana (Morocco), CARD Bank (the Philippines) and the Microfinance Centre (Poland). The curriculum consists of modules on budgeting, savings, debt management, bank services and financial negotiations. Each module has a basic overview of the topic, a trainer's guide with step-by-step instructions, and a training of trainers manual to prepare financial education trainers.

Source: Financial Education for the Poor, see www.microfinanceopportunities.org or www.ffh.org.

Based on experience with the Gender Action Learning System (GALS)²⁸ for working with people who cannot read and write, the underlying idea is that these tools can be used both as part of any organization's market research process or on an ongoing basis by microfinance groups, themselves, as a continual process of participatory product development. At the same time, the tools are designed to increase participants' understanding of their situation and financial literacy and hence are an empowerment process in itself.

The 'livelihood road journeys' and 'trees' can be used as business plans and loan contracts with MFIs or even banks. In India, the Sudan and Uganda, groups now use some of these tools – with very little external supervision – to increase the poverty inclusion of their groups and develop their own livelihood plans. Individuals are also

teaching the individual planning tools to others in their households and communities. Thus the methodology has the potential to be self-replicating and, once established, instead of being a cost to the organization, could be an effective means of recruiting reliable new clients able to credibly communicate their own financial needs.

28 For details of the GALS tools, see www.palsnetwork.info and PALSNetwork@yahoo.com. An early draft manual for some of the tools in box 9 as used in the Sudan can be found at www.lindaswebs.org.uk/Page3_Orglearning/PALS/PALSIntro.htm.

BOX 9

Financial action learning system

The tools are flexible and can be adapted and combined in many different ways on two levels:

Group-based market research

Diamonds

Diamond diagrams offer a rapid way of generating local indicators: generic poverty or empowerment indicators or specific indicators, for example for food security, property ownership or decision-making. The indicators are grouped in 3-5 levels to rank the population into such classifications as rich, poor, and very poor. Participants then rank themselves or people in their community according to the levels or the indicators. They can also compare their current positions with their situations before they joined a programme, or their target positions after one year or a specified period of time. Participants identify ways to help those in the most disadvantaged category obtain access to services and move from one level to the next. Indicators can form part of 'visions' on livelihood road journeys (see page 37).

Microfinance providers and groups can use diamonds to identify the poorest and most vulnerable people; rapidly assess poverty reach and upward mobility; examine the socio-economic characteristics of people who choose to join (or not join) the MFI – and also those who leave or whose accounts become dormant – and develop more inclusive products in collaboration with clients or potential clients.

Seasonality calendars

These calendars provide more detailed, gendered analysis of seasonality in different dimensions of livelihoods. In this way it is possible to establish, for example, seasonality in cash or food availability, slack times of the year when extra income generation is feasible, or when cash is likely to be needed because of sickness or school fees, for example. The calendars can be used at group or organizational levels to model client cash flow or savings targets, to design specific savings or loan products, or to indicate grace periods or periods when cash is available and so on. Individual calendars can be added to livelihood road journeys (see page 37).

Relationship/empowerment circle mapping

Circle maps analyse intra- and interhousehold support networks and power relationships in order to increase understanding of the dynamics of households and communities. For clients they can be very useful in identifying and sharing ways of strengthening intrahousehold relationships and support networks and developing strategies for reducing power inequalities. For MFIs, they can be quantified to estimate, for example, the incidence of polygamy or of households headed by women, and to test assumptions about 'normal' household composition and relationships – often not the 'one husband, one wife, two children' model underlying many questionnaires and regulations. They can also be used to look at complexities of access to and control of different types of property, to understand which relationships are important to women, and to examine how groups can be addressed to strengthen rather than undermine friendships and social networks. Circle maps can be particularly useful in analysing migration and the links between migrants and those left behind.

Financial access mapping

Financial access mapping uses the same circle diagram tool to brainstorm ideas about where women and men may get or save cash (family and relatives, informal providers, ROSCAs, employers, traders, moneylenders, banks, post offices, MFIs and banks), the rates they charge/offer, and other conditions. This includes discussion of the differences in preferences and experience between women and men. Such guided conversations may reveal where women are

discriminated against, or where they might be particularly vulnerable to sexual harassment or violence. They can also indicate trends, such as the increasing or decreasing importance of certain institutions. This analysis increases understanding of which services are the most important for whom, criteria for selection, and barriers to access. It also provides insights into how poor women's and men's perceptions of financial services sometimes vary substantially from the actual terms and conditions being offered, and reveals the gaps in their knowledge.

The process helps clients share information on various financial institutions and make informed choices. It gives MFIs a good understanding of their context and competition and the particular preferences and needs they might seek to meet, and of how services can be improved.

Individual analysis and planning for financial literacy and livelihood development

Livelihood road journeys

These are of two types:

'Livelihood vision journeys' identify people's future livelihood ambitions in the long term and where they are, currently, in relation to these, and establish time-bound targets based on an analysis of gender and other relevant risks and opportunities. This process then permits identification of month-by-month targets and strategies. Seasonality and cash-flow calendars or life cycle changes can also be integrated along the 'road'.

'Livelihood achievement journeys' look at experiences in the past – opportunities seized, how livelihoods have been built up from multiple strategies and opportunities, crises that have occurred, and how they were dealt with. They also look at gender-based opportunities and risks that will need to be taken into account in future planning or product design, such as life cycle events, violence, health crises, and education.

Both journeys contribute to client learning about which products and financial strategies would benefit them most, so they can make informed choices and negotiate with financial institutions. Information from maps, 'trees' and calendars can be summarized and incorporated for very detailed analysis of particular products – how they relate to cash flows, seasonal opportunities and risks – and of the relationship between loans, savings and insurance premiums.

For MFIs, road journeys complement market research by providing quantifiable insights into the various livelihood strategies used by clients in different economic activities and from different backgrounds. This helps identify how client strategies can best be supported to take advantage of opportunities and address risks, and which products are likely to give maximum benefit. Road journeys can also be used as a basis for loan applications and loan contracts.

Livelihood income/expenditure or contribution/benefit trees

Trees can facilitate more detailed analysis of the sources of household market and non-market income, the labour contribution of various household members, and differences in expenditure and benefit. Income and expenditure can be analysed by gender on separate sides of the tree and used to identify 'how far the tree leans and towards whom' in patterns of inequality in contributions and in access to or control of income within the household. Trees also include analysis of potential or actual loan use, savings and reinvestment. They can be used to identify particular areas of consumption in which loans or savings products might be useful, sources of repayment, and how women's control can be increased.

For MFIs, trees can be quantified and used to complement or substitute for road journeys as a basis for loan applications and loan contracts.

Source: Adapted from Mayoux (2009 forthcoming).

IV. Increasing empowerment: Rural microfinance, non-financial services, participation and macro-level strategies

Integration and inter-organizational collaboration to provide non-financial services

For some women, well-designed financial products delivered by a gender-aware organization may be sufficient to significantly improve their livelihoods and help them change the gender inequalities that constrain achievement of their aspirations for themselves and their families. Evidence suggests that this is particularly the case for 'better-off' poor women and those in reasonably dynamic market contexts, where access to capital or safe savings facilities is the main constraint on economic activity, and where the political context is supportive of gender equality.

For many others, particularly poorer women, and even for women exporters and large-scale entrepreneurs, this is not the case (World Bank 2006). Even if rural finance increases women's access to financial services on a large scale, markets may become distorted or saturated with a narrow range of economic activities, and indebtedness may be high. Unless women's incomes increase, they are unlikely to find sufficient money for savings, insurance or other financial services. Unless there are investment opportunities in the local economy, women will probably not use remittance transfers to invest in local economic activities.

This means that rural microfinance services need to look beyond product design to find ways of increasing women's livelihood skills and empowerment. This does not necessarily

mean adding on 'empowerment components' such as non-financial services and organizational development, although these also have their place, as discussed in this section and the following one on "Participation and collective action". Even in minimalist organizations, there are ways of mainstreaming a gender equality and empowerment vision into existing core activities (box 10) – again, at minimal cost beyond those of the initial design and an inception phase.

There has recently been renewed interest in the provision of other complementary services ('credit-plus', as it is often called).²⁹ Rural microfinance is a cost-efficient means of delivering, or at least linking, a wide range of development interventions, as well as enhancing client – and hence organizational – financial sustainability. Apart from their savings-and-credit initiatives, many NGOs and an increasing number of MFIs provide a range of other, separately funded interventions for women and men. Box 11 gives examples of some innovations in other services currently being effectively integrated with rural microfinance: for example literacy and education programmes, and health- and HIV/AIDS-awareness interventions. None of these recent developments is necessarily gender sensitive, yet there are ways in which

²⁹ For a discussion of the complementarities between microfinance and other development interventions, see, for example, Magner (2007).

BOX 10

Mainstreaming empowerment in core activities

Application process for products

The application process for products or other services involves asking questions about the applicant's background and capacities. Without increasing the time needed to answer these questions, they could be reworded or adapted to promote a vision of empowerment and to challenge assumptions about power and control in the household for both women and men. For example, the wording can treat women as individuals capable of making their own decisions, eliminating references to – and automatic, often erroneous assumptions about – male heads of households. Some microfinance institutions that require husbands' signatures for their wives' loans also require wives' signatures for their husbands' loans. Others do not require a spouse's signature for any loan and accept women as well as men guarantors.

The sequencing of questions, types of detail required and manner in which the interview is conducted can help applicants think through their financial planning, their capacity to repay loans and save, and the types of financial services and insurance they may need – rather than treating the application process as a policing exercise for the institution. An alternative would be to use a methodology such as the Financial Action Learning System outlined in box 9.

Basic savings-and-credit training and group mobilization

It is possible to integrate empowerment concerns without increasing the costs of core training. Many issues within the household and community need to be discussed, so that women may anticipate problems with repayment, with continuing membership, and so on. Discussions need to equip women to devise solutions that also address the underlying gender inequalities that cause the problems in the first place. Men, including some progressive male leaders, can also be invited to these meetings.

Extension services and business advice sections

These services can recruit staff members capable of working with women as well as men, and thus can increase women's participation even in activities that men normally dominate.

they can take gender dimensions into account. It is crucial to integrate women fully into training, extension and other interventions, regardless of whether such interventions are conventionally viewed as being of interest only to men – especially technical training for new agricultural crops and technology and other livelihood development programmes.

There are a number of ways in which cost-efficient complementary services could be offered more effectively and sustainably:

- Mutual learning and information exchange within groups could meet many basic training needs if systems are properly set up and funded initially. This training does not substitute for professional (and expensive) training,

but it enables such training to be targeted to those areas where it is really needed, and it builds peoples' capacities to absorb, benefit from, and disseminate such training.

- Implement a cross-subsidy: charge better-off clients (including men) for some services, such as business services and business registration, or charge clients for more advanced training after they have taken subsidized basic courses. GALS is made sustainable in Uganda through funding from cooperative funds.
- Encourage loans for service provision by microfinance clients or larger private firms. Examples include loans to midwives and health practitioners to

BOX 11

Innovations in integrating financial and non-financial services

Microfinance and literacy

In the Sudan, women's centres operated through the LEAP project identified literacy as a key need of members and have developed links with government literacy programmes.

Microfinance and health- and HIV/AIDS-awareness

Rural HIV/AIDS Impact Mitigation Project (RHIMP), United Republic of Tanzania

Implemented by World Vision and funded by IFAD, this project includes training on HIV/AIDS, as well as training of men, women and orphans in livelihood options and land rights. Many participants felt that these were the most important elements of the project, which has reduced livelihood insecurity and been effective in reaching out to extremely marginal households.

Rural Financial Services Programme, United Republic of Tanzania

This IFAD-supported government programme supports capacity-building of rural MFIs in awareness training on gender and HIV/AIDS; preventive measures and legal rights; provision of services to the sick; support for home-based care; discouragement of stigmatization; and the facilitation of a loan insurance fund to cover the remaining balance of a loanholder in case of death.

The IMAGE Project, South Africa

The Intervention with Microfinance for AIDS & Gender Equity (IMAGE) Project was developed by the Small Enterprise Foundation (SEF) and the Rural AIDS and Development Action Research (RADAR) Programme to be integrated into an existing microfinance programme. IMAGE added ten one-hour participatory sessions to client centre meetings, followed by a community mobilization phase. A rigorous impact assessment found that the project's impact on women's empowerment and their interactions with partners, including sexual behaviour, was impressive. The intervention also demonstrated significant economic benefits: increased assets, income, savings, housing and access to basic goods (Pronyk et al. 2004).

buy equipment to provide better service, or loans to set up child-care facilities or waste management services on a commercial basis.

Financial institutions lacking the scope to introduce non-financial services themselves can collaborate with other service providers. By developing formal or informal links with providers of other services, microfinance programmes can increase their contribution at minimal cost and give providers of other services ready access to a sizeable, organized constituency of poor women, which would in turn contribute to the sustainability of their own services.

Inter-organizational collaboration between microfinance programmes and specialist providers of other types of services

could take several forms. A microfinance programme could advertise complementary services available from other organizations, such as advice and information on legal rights offered by local women's movements. This could be done simply through putting leaflets on the counter for clients to read, or could take a more direct form of collaboration in promotion. A microfinance programme could refer clients to other organizations or make special arrangements for programmes, groups or individuals to pay for particular services. Collaboration could also take the form of sharing the costs of developing training programmes and innovations or conducting research.

Any or all of these means could be combined to increase cost-effectiveness over time. For example, after an initial focus on



Programmes do not need to be women-only to help bring about change. Involving men reduces gender conflict and enables women to be more open about their needs in the wider community.
Jacinto, Guatemala

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identifying mutual learning possibilities, collaborating organizations could apply for donor funds to develop them. They could then introduce service charges for their better-off members or nonmembers at a later date. In other cases, although the microfinance services or programmes themselves may be financially sustainable, complementary services may need to be treated as ongoing commitments to be met through donor funding – especially when services are seeking to reach very poor women.

In many rural areas, particularly more remote areas with inadequate infrastructure, separating the delivery of financial services from other types of complementary support is not necessarily the most cost-efficient strategy, because it entails parallel sets of staff, high transport costs and duplication of other costs. The desirability or undesirability of separating functions needs to be judged on the basis of the particular context, the level of expertise required for the types of financial and non-financial services needed, and the capacity of particular organizations and staff. It is also possible to separate the costs of delivering different services without separating their operational delivery.

In all the above, it is vital to stress that gender equality of access and women's empowerment are not 'complementary' or 'credit-plus' as are literacy or business training. They are cross-cutting strategies that must be mainstreamed through the delivery of financial services themselves and other complementary interventions. At the same time, gender mainstreaming measures must complement rather than substitute for gender-specific services, particularly women's rights training for women (and men), as well as legal and other support for women with very difficult household situations.

Participation and collective action

In microfinance programmes targeted at reducing poverty, group-based savings and credit have been seen as key innovations, combining efficiency with empowerment

(Otero and Rhyne 1994). Many types of group-based delivery have evolved, with varying degrees of control and function. For example, groups may be responsible for client identification, savings collection and loan disbursement, loan follow-up and repayment, mutual guarantees for loans, product design, more cost-effective service delivery, and pressuring peers to establish and maintain credit discipline. Most group-based microfinance programmes focus on women – or, conversely, most rural finance services directed at women are group-based MFIs. Rural cooperatives are an exception since membership is based on the assumption that households are headed by men. Rural financial institutions targeting men are much more likely to give loans to individuals, because experience suggests that men are generally less likely to favour group loans and group activities in general.

Although MFIs clearly benefit from providing savings-and-credit services to women's groups, the benefits for women are not so obvious (box 12). Groups can be a powerful force for change at the local level and for lobbying and advocacy at the national level, yet participation does not necessarily guarantee empowerment. Many rural finance programmes provide group-based services offering small loans, mostly to women, concurrently with services offering larger, individual loans, mostly to men. Men have other options and may not be interested in group-based finance (Cheston and Kuhn 2002). It is crucial to track gender differences in applications and subsequent approval for the whole range of financial services – and to take appropriate steps to ensure equal access for men and women if inequalities are found.

The benefits of economic collaboration should not be assumed. Collaboration needs to be based on a sound economic rationale, supported by appropriate management and technical training and assistance. Nor can it be assumed that groups add to women's networks or increase their access to information. For example, landless Arab women, often very constrained in the types

BOX 12

Savings-and-credit groups: Advantages and disadvantages for women

Potential advantages

- Groups may extend and strengthen women's support networks and decrease vulnerability.
- Groups may help develop organizational and leadership skills, especially when they acquire experience on a small scale over time and then form larger networks and federations.
- Groups may provide a forum for women to exchange information and learn from one another. For example, successful women entrepreneurs can share experiences with others. Sometimes women train other women on a voluntary basis, or groups organize and pay for training.
- Members may pool income and assets for group economic activity and access new markets for activities in which collaboration is economically beneficial.
- Groups may provide a basis for collective action on gender and community development issues.

Potential disadvantages

- Groups may undermine rather than strengthen networks through putting pressure on friendships and support networks, particularly if people do not have an equal capacity to save or repay loans.
- Groups may explicitly exclude the poorest and most vulnerable women, unless explicit measures are in place to counter this.
- Group savings-and-credit activities may take time and resources away from women's other individual and collective activities.
- Group mutual liability may put unacceptable pressure on women's existing networks. Federations and apex organizations require time and management skills. They may restrict members' ability to 'shop around' for the best products.

of activity they can undertake outside the home, may nevertheless have extensive information networks of friends and kin. The pressures of saving and of repaying loans can strain existing friendship networks and exclude more disadvantaged women. Experience suggests that savings-and-credit groups frequently exclude the poorest people or women with household problems because they are seen as too great a financial risk. Exclusion may increase when MFIs channel funds through existing groups (Mayoux 2001a).

The issue of group liability (i.e. when members guarantee each other's loans) has been the subject of much debate. Mutual liability groups, particularly the Grameen model, were once widely promoted as a good mechanism for encouraging repayment and providing social collateral. In practice this

strategy often proved counterproductive: if one member defaults and some others are unable or unwilling to cover the default, there is less incentive for any of the others to repay, because they will still not get a loan.

A programme that punishes poor people for unavoidable debt contradicts its broader development mission. It faces potentially costly social consequences, as well, in terms of negative brand image and reduced ability to attract new borrowers, particularly in competitive environments. Group liability also strengthens tendencies to exclude the poorest women. It is now widely accepted that it is better to build incentives for individuals into the design of the loan product (for example, the prospect of another loan or declining-balance interest rates) and to rely on general, social peer pressure rather than legal collective liability. Grameen itself



Empowerment impact-assessment questionnaires and other participatory tools can help highlight important issues that microfinance providers should consider when designing products and services.

Neiba, Dominican Republic

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has abandoned its original model, though it still promotes groups for other purposes (Dowla and Barua 2006).

When procedures to obtain and manage savings and credit are time-consuming, there may be little time left for the group to discuss other matters. Over time, women commonly reduce the length and frequency of group meetings to get on with other things. Groups do not automatically question gender roles and may simply replicate prevailing social hierarchies among women and between men and women.

Promoting strong, equitable and socially inclusive groups and federations requires time, energy and commitment from group members and programme staff. It requires specific skills and a careful balancing of member responsibilities with leadership. Participation and management become more difficult and complex as organizations grow in size. Women often need support, particularly in the form of information, organizational and leadership skills, and in the actual strategies they decide to employ. If all of this energy is focused on accessing financial services, little time remains for other activities and collective action.

Sometimes women are keen to develop their own financial associations, because they lack alternatives or they receive better, cheaper services than when they resort to distant, male-staffed banks. In other contexts, it may be more empowering to link women (individually or in groups) with professional, woman-friendly financial services, and free women to focus on other issues, such as women's marketing associations or women's rights organizations. In some situations, gender relations may be challenged and changed more effectively by promoting mixed-sex organizations in which women's participation and authority are high.

This cautionary message does not mean that savings-and-credit groups cannot make very valuable contributions to women's empowerment. Box 13 gives some examples of methodologies for improving participation within groups. The key is to train leaders and

members effectively in the principles of inclusion and participation and to provide effective regulation, which ensures the rotation of leadership functions and forestalls domination by particular women or by men.

Savings-and-credit groups can provide an acceptable forum for women to come together to discuss gender issues and organize for change. For example, the women's groups of Zambuko Trust in Zimbabwe spontaneously invited a woman to give talks on "how to manage your husband and mother-in-law" (Cheston and Kuhn 2002). In South Asia and Africa, microfinance groups have demonstrated their potential to promote change with respect to domestic violence, male alcohol abuse, and dowries.

A number of rural microfinance programmes have laid the basis for increasing women's ownership of land and their property rights, which are fundamental to women's ability to access and benefit from rural finance. In the financial sustainability literature, women's equal property rights are explicitly regarded as an essential part of the enabling environment for gender and microfinance (Otero and Rhyne 1994). In addition to the development of specific products, such as Grameen Bank's housing loan and land leasing products, microfinance programmes have employed a number of strategies to support improvements in women's property ownership and rights through microfinance initiatives (box 14).

Thus rural finance programmes can provide a potentially large and organized grass-roots base for developing advocacy and lobbying strategies around gender issues and for political mobilization (box 14). Women's political participation is essential in making their collective voice heard in policy formation. Women's participation in group-based rural finance programmes can increase their awareness of wider political processes and their leadership capacities for participating in politics. By increasing the participation of half the population, rural finance programmes can significantly contribute to improving local governance and developing democratic systems.

BOX 13

Participation and empowerment through microfinance groups

Collective action on domestic violence

In the microfinance programmes of the Community Development Centre (CODEC) in Bangladesh and the Cameroon Gatsby Trust (CGT), men and women form single-sex groups, which then form part of mixed-sex federations. The organizational gender policy supports women's equal representation in leadership at the federation level. The separate discussion space for women has meant that issues such as domestic violence or unjust divorce can be raised. Women's group leaders then present these cases for discussion at the mixed meetings, with support from programme staff.

Source: www.genfinance.info.

Internal learning system

In a methodology developed by Helzi Noponen in a number of microfinance programmes in India – Dhan Foundation, SEWA, Handloom Weavers' Development Society, Activists for Social Alternatives (ASA) and Professional Assistance for Development Action (PRADAN) – individuals and groups keep diaries based on simple questionnaires with symbols designed through a participatory process. These have had a strong catalytic effect in increasing women's confidence and motivation to improve their situation, especially regarding the problems of domestic violence and male alcoholism. Key information recorded in the diaries is aggregated into a system for the ongoing monitoring and evaluation of programme impact.

Source: Noponen (2003).

Gender action learning system (GALS)

The financial literacy methodology and participatory market research described in boxes 8 and 9 are applications of a more intensive community-led empowerment methodology in which women and men – particularly those who cannot read and write – are assisted in identifying and analysing their individual and collective plans for change. Using diagram tools and participatory processes, they track their plans in a learning process over time and exchange them with others to increase their impact. Annual networking events provide a focus for bringing information and ideas generated at the group level to a wider audience to formulate strategies and policies. Developed by Linda Mayoux with Kabarole Research and Resource Centre, GreenHome and Bukonzo Joint Savings in Uganda, ANANDI in India, Kashf and Taraqee Foundation in Pakistan and LEAP in the Sudan, the methodology is also currently being used by FINCA and the Movimiento Manuela Ramos in Peru.

Sources: Mayoux (2008); Mayoux and ANANDI (2005); www.palsnetwork.info; and the manuals on www.lindaswebs.org.uk/Page3_Orglearning/PALS/PALSIntro.htm.

In India, many organizations are involved in promoting women's leadership in local council bodies. SEWA, for example, promotes women's unions and organizations. Grameen Bank and other MFIs in Bangladesh disseminated voter education material to women through their organization before the last elections. In Africa, CARE-Niger has been very effective in developing women's leadership to compete in local elections.

A number of microfinance programmes have developed other innovations to put women's groups at the forefront of citizenship development in rural areas. In India, Hand in Hand, Swayam Shikshan Prayog and ANANDI developed rural information centres (box 15) to help women obtain information from the Internet and as a resource for the groups or clusters to generate income. Illiteracy no longer needs to be a barrier to using such facilities: software and technology can now make much information accessible through voice transmission, video and other formats. Despite support from numerous donors, however, many information centres remain underused for lack of community organization and training, or they are dominated by male youth (in some places for downloading pornography). When managed by women's SHGs or cluster organizations, the centres often provide effective services to the community.

More careful consideration should be given to the levels and types of decisions for which women's participation is needed in order to strengthen their empowerment, to decide who should participate, and the types of participation that can be most empowering (see following section). It is important to be clear about the potential costs and benefits for women and to have a participatory process for identifying the actual costs and benefits and the best ways forward.

Groups and programmes do not need to be women-only to help bring about change. Involving men can avoid unnecessary gender conflict and enable women to be more open about their needs and aspirations in the wider community. Male support can be

encouraged by developing new male role models and men's networks for change. There are significant opportunities for change in mixed programmes in which men staff work on gender issues with men, and women leaders bring women's concerns before a male organization. Some mixed programmes have very effectively organized men alongside women to address domestic violence and abandonment of women. In women-only programmes, men can be invited to some women's meetings, provided they do not dominate. Mixed programmes also require a participatory process to establish internal norms for promoting gender equality in leadership positions.

Participation does not need to be group-based. Many rural finance programmes use participatory tools for consulting clients and members – for example, for market research, programme design and participatory monitoring and evaluation. Especially in cooperatives and self-managed programmes, there are well-established systems for participatory decision-making. Many MFIs originally started as NGOs that saw themselves at the cutting edge of participatory methodologies. Banks and the private sector now view participation as good management practice for responding to clients in a competitive marketplace.

Contemporary management literature liberally refers to 'empowering' staff to enable them to contribute their knowledge and expertise to improve products and the organization itself. An organization that possesses strong structures enabling everyone to contribute ideas can become an efficient learning organization, capable of responding rapidly to changing market realities. A common strategy to facilitate such learning is participatory market research (see section on page 34 in chapter III on "Demand-driven product development: market research and financial literacy"). As the supply of rural finance increases, flexibility and learning will be crucial if programmes are to survive and contribute to development.

BOX 14

Supporting women's property rights in microfinance programmes

Local negotiation by women, Bangladesh

The Agricultural Development and Intensification Project (ADIP), which closed in 2004, worked with local NGOs in organizing savings-and-credit groups. The groups focused mainly on improving the prospects for income generation among landless and near-landless people, marginal and small-scale farmers; households headed by women; and destitute women. A large number of women used loans to buy assets, particularly land (45 per cent). Many women negotiated access to land with their husbands by contending that since they had borrowed the money, they had the right to register the land in their own names.

Local negotiation with leaders, Ghana

The Land Conservation and Smallholder Rehabilitation Project (LACOSREP) was a poverty-targeted, group lending project sponsored by IFAD. LACOSREP tried to empower women by improving their access to irrigated land and credit. Because traditional patterns of land use and ownership limited women's access to irrigated land, the project posed a threat to the traditional power structure. After project staff negotiated with the *tindanas* (landowners), traditional chiefs, husbands and men leaders, women's access to irrigated land changed notably, even though their plots were still about one fourth the size of men's.

Better access to capital has also improved market access and income generation. "Women were not traditionally land owners in this region, but the [water users' association] system has given them direct access to irrigated land. As a consequence, women play a much greater role in the management of irrigation, and this [change] is highly visible at meetings where they speak up to represent their own views. The [functional literacy groups] have also provided an arena for women to co-operate and organise collective income-generation. Husbands are said to be increasingly listening to their wives' views on issues concerning the household and even passing on their financial responsibilities unto their wives, as they consider them to be financially sound. Access to greater capital and means of transport, such as bicycles, has undoubtedly accelerated women's entry into the market. The livestock component, by increasing access to investments in goats, chickens and guinea-fowl, has played a similar role" (IFAD 2006b).

Direct provision of property, Nepal

The Leasehold Forestry and Livestock Programme promoted savings-and-credit groups and cooperatives among very poor people, landless people, disadvantaged and marginalized groups, and households headed by women. The project leased blocks of degraded forest land for 40 years to groups of landless households, which were granted exclusive user rights on the basis of carrying out an agreed management plan. Women promoters organized women's groups to obtain this land.

Promoting an enabling environment for gender-equitable rural microfinance: Consumer protection and gender advocacy

There are a range of potential measures that organizations such as IFAD can take at the meso and macro levels to promote an enabling environment for rural microfinance that also makes a significant contribution to gender

equality and women's empowerment. A particularly important role is the collation of information and exchange of experience on gender innovations (of the type discussed above and in box 16). Many of the more costly non-financial services, for example financial literacy, might be better offered through a network of providers, and there is a need to collect comparative information on gender access and impact from various types of

Land titling, India

The Orissa Tribal Development Project aimed to improve poor tribal people's access to land, water and forest resources to bring about sustainable improvements in their household food security and livelihoods. The project's main success was the survey and land settlement of the hill areas, which had been occupied without legal rights. Land occupied by indigenous groups became transferable to women in the form of inheritable land rights. Land titling led to major improvements in natural resource management, with the incentives derived from clear property rights for women. The project also enhanced rural financial services for women by forming and building capacity among current and new SHGs. Group members supplemented their savings through an equity capital contribution, which augmented their capital base and increased their leverage in obtaining additional capital through formal financial institutions or NGOs.

Collective action, India

A project in Orissa under the aegis of the Integrated Rural Development of Weaker Sections in India and Women-Integrated Development Agency (IRDWSI/WIDA) helped women organize savings-and-credit groups and campaign on issues of importance to them. Following campaigns for equal wages and against alcoholism, the women declared, "All women are landless" – not only tribal and low-caste women, but most others, even if the men in the household have land. The women applied to the district collector to obtain titles to land demarcated for distribution by the Government. After scrutinizing the government regulations, the collector issued individual titles to 127 women from 16 villages.

In a village called Banguruguda, a local politician claimed ownership of 42.2 acres of barren council land assigned to women because he had been cultivating the land. The women promptly agreed to relinquish ownership and asked the Government to assign them another piece of cultivable land in the vicinity. When the local council election came, the politician, who previously had always won, lost his seat. The women had voted against him. "All women are landless" became a compelling slogan and mobilizing issue among women and established women's groups as a powerful force in the area. Lobbying by landless women resulted in government allocation of more than 4,230 acres in 54 villages for collective cultivation.

Sources: For Bangladesh, see Kelkar, Nathan, and Jahan (2004); for Ghana, see www.ifad.org/english/operations/pa/gha/i503gh/index.htm and www.ifad.org/gender/learning/resource/natural/40.htm; for Nepal, see www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pi/nepal/nepal.htm; and for land titling, India, see www.ifad.org/english/operations/pi/ind/i585in/index.htm.

providers in order to assess the best strategies. It is also important that these good practices, and women's own strategies and perspectives, move from being marginal gender 'specialisms' to being an integral part of mainstream training for bankers and other staff – essential as they are to ensuring that over half the potential microfinance clients benefit from their services.

The implication for donors such as IFAD of all these institutional possibilities is that

they will most likely need to draw on gender expertise in organizational gender audit and training if they are to help the organization identify the most efficient and effective ways of implementing strategies such as those outlined above. Ideally, this would involve a set of agreed organizational gender indicators and the introduction of a gender rating system capable of differentiating

BOX 15

Women's political participation through microfinance groups

Political mobilization – Grameen Bank, Bangladesh

By promoting discussions in microfinance groups, Grameen Bank ensured 100 per cent participation of its members in the 1991 election. The entire Grameen Centre – adults, children and infants – assembled together in the centre house and proceeded to the election site together, before anybody else had a chance to arrive. This increased the visibility of Grameen women as a voting block to be taken into consideration by politicians, rather than ignored. In 1997 they did the same, but included the women neighbours of Grameen members. Women's participation in that election was higher than that of men. In those local elections, more than 4,000 Grameen borrowers were elected, and 38 were elected heads of local government. They said, "Didn't you tell us, 'Look for the least of the devils? If you can find good people, vote for them'. Then we tried to debate, discuss, [and] we thought all were devils. Then some of us began talking. Why are we looking for them? We can run ourselves, we are good people. We are together, we all vote, and we all get elected."

Source: Mohammad Yunus in 'Empowering Women' Countdown 2005, MicroCredit Summit Campaign.

Political education networking events – Anandi, India

A particularly innovative strategy of ANANDI is to facilitate area networking through events or *melas* (fairs), which bring together representatives of their SHGs. The first *mela*, on political rights and *panchayats* (local councils) was held for three days in December 1999 in Rajkot. The 16 collaborating organizations brought together over 600 women leaders from 211 *mandals* (SHGs) and organizers from NGOs. *Melas* have proved an extremely powerful means of stimulating discussion, mutual learning and collective action among women. They have been used for leadership training, for raising awareness of the political process, and for bringing attention to other issues such as food security, ethnic diversity and culture. The focus in 2008 was on value chain development and economic advocacy.

Source: Dand (2003).

Political education in citizens' centres – Hand in Hand, India

India's Right to Information Act gives citizens the right to access information to take part in the democratic system, including basic information about the political system, fundamental citizen rights, and the powers and responsibilities of elected representatives and officials in government departments. To help poor and illiterate people obtain this information, Hand in Hand opened citizens' centres in several councils in Kancheepuran District. Of the 3,629 centre members in 2006, 41 per cent were women belonging to SHGs. Each citizens' centre is run by an instructor, who is trained in the various services offered. All services cost a small fee to cover maintenance costs and the instructor's salary.

Although all the centres offer a standard service package, each has been equipped in accordance with the needs of the specific community in which it operates. A typical centre has an information technology kiosk with one to three computers, an Internet connection, and facilities for printing, copying, scanning and faxing, as well as a small library with books and daily newspapers to encourage reading among children and adults. They offer basic and very popular computer courses to raise computer literacy among the younger generation. Apart from these facilities, the centres encourage democratic participation and increase villagers' awareness of and engagement in various socio-political issues. In the future they will provide telemedicine services and adult literacy programmes.

Source: www.hihseed.org.



Women are often keen to develop their own financial associations, either because they lack alternatives or because they receive better, cheaper services than when they resort to large banks staffed mainly by men.

Masaka, Uganda

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- partners and projects at the forefront on innovation on gender, which could provide examples to others;
- those open to change but that do not yet have capacity and thus require capacity-building;
- and those not interested in change.

Over time, a decision would need to be made as to whether to continue to fund the last, as their development contribution is likely to be far less than the other two.³⁰ The institutional checklist in annex A could provide the basis for such an audit.

Development agencies such as IFAD operate not only by promoting and supporting rural financial institutions and stakeholder participation, but also by promoting a conducive policy and regulatory environment (IFAD 2004). Enabling and promoting the above gender strategies requires gender equity to be mainstreamed at this macro level – in regulatory frameworks, the advocacy strategies of microfinance networks, and other supporting interventions.

First, if all microfinance institutions promoted by development agencies were required, or at least encouraged, to mainstream gender equity in some of the ways discussed above, this would go a long way not only towards increasing gender equality of access, but also towards facilitating a conducive environment for women's empowerment. If members of microfinance networks and banks promoted a vision of women's empowerment in promotional materials, advertising and interactions with their millions of clients, this would be a significant contribution not only to the empowerment of their clients, but also to changing attitudes towards women's economic activities and social roles in the community and internationally.³¹

Second, as products and competitors proliferate in the microfinance market, a recent concern has been consumer protection: do people know what it is they

are signing, and how can they be protected from abuse? A number of prominent microfinance networks have now agreed on consumer protection guidelines.³² These guidelines – especially by emphasizing privacy, ethical behaviour, treating consumers with respect, and even fair pricing – potentially offer substantial protection to women as well as men, particularly if guidelines are combined with gender training for staff within the organization and with the sort of market research and financial literacy processes described above. Possible guidelines for gender-equitable consumer protection are given in box 17. These would be implemented at the organizational level, but are also needed at the national level as part of the regulatory framework to ensure a level playing field for all providers.

Third, rural finance institutions and banks are increasingly concerned with their impact on local and national economies, both in terms of market distortion and environmental sustainability. There has been increasing interest in value chain finance from donors and institutions in order to better target credit to those parts of the value chain that can best promote increased production, incomes and employment.³³ Most value chain analysis and development has so far been gender blind, with the likely outcome of further marginalizing women. Thus it is crucial that gender issues are fully mainstreamed in this new development.³⁴ However, there *are* ways of doing so.

30 A similar system has been introduced by some international NGOs, including Oxfam Novib. See Mukhopadhyay, Steehouwer and Wong (2006).

31 For example, these goals have been achieved for the environment and for cultural diversity in the advertising that HSBC Bank uses to convey its international image.

32 See, for example, Sa-Dhan, www.sa-dhan.net/Inner.aspx?whatsnew.htm (click on 'Core values and code of conduct'); Microfinance Council of the Philippines, www.microfinancecouncil.org/resources.htm; Freedom from Hunger, www.fftechnical.org; and ACCION International, www.accion.org/Page.aspx?pid=1547.

33 See, for example, Shepherd (2004); Chalmers et al. (2005); and Jansen et al. (2007).

34 For ways in which this can be done, see, for example, Mayoux and Mackie (2007).

BOX 16

Measures to promote an enabling environment for gender mainstreaming

Facilitate and support collaboration among the various types of rural finance providers

in an area or country, so they can work together to promote innovation in financial services for diverse target groups and ensure that women from different economic and social backgrounds are included; reduce the costs of providing complementary support for livelihoods and gender equity strategies; and advocate and promote gender equity at local and national levels.

Promote and support monitoring and research on gender equality and empowerment:

a collection of gender-disaggregated data on access to financial services across the sector; agreement on common gender indicators and promotion of their integration into social performance management, and conducting of cross-institutional research into the reasons and potential solutions for any gender differences identified as being due to gender inequality and discrimination.

Promote learning and capacity-building networks of practitioners and gender experts that can work together to identify, develop and monitor good practices and innovations in increasing women's equal access to rural financial services and also in increasing the extent to which they benefit from these services – bearing in mind that credit is also debt and that there is danger in selling financial products inappropriately to vulnerable people.

Ensure that gender experts and women's organizations are involved in designing financial regulations and consumer protection legislation

to ensure that regulations do not inadvertently exclude women (for example, through definitions of ownership), and that all regulations comply with and promote gender equality and non-discrimination in fulfilment of international women's human rights norms. The aim must be to promote a diversified sector, spanning the range from commercial enterprises to NGOs, which caters to the needs of all women as well as men and does not impose unnecessary regulations and blueprints that favour particularly powerful finance lobbies or networks.

Appraise the national training programmes for bankers, agriculturalists, rural development staff and other government development staff, and assess and improve the integration of gender issues and participatory gender planning skills.

Promote intersectoral linkages among the financial, rural-development-planning and other agencies working for gender equity – particularly in relation to property rights and women's participation in economic decision-making.

Source: World Bank, FAO and IFAD (2008).

Finally, many microfinance networks are involved in advocacy on issues affecting the sector. Gender issues are rarely part of this advocacy – despite early recognition of the importance of changing property legislation to enable women to take real advantage of sustainable financial services (Otero and Rhyne 1994). There is a need for these networks to include lobbying and advocacy on issues such as women's property rights, informal-sector protection, and violence, which affect their clients and thus sustainability, as well as the whole development process.

BOX 17

Framework for gender equitable consumer protection

Relations with clients

- All clients will be treated with dignity and respect, without any discrimination by gender, ethnic group, poverty level, education or other dimension of inequality.
- Application processes will be free from prejudice and discrimination, and will be accessible to people who cannot read and write, people who speak minority languages, and women and men who are independent actors.
- In the application process or by other means, staff will aim to increase client understanding of financial management and of ways in which they can benefit from financial services and avoid becoming overindebted. This includes discussion of intrahousehold rights and responsibilities to ensure that women or men are not overburdened with debt assumed for their spouses' economic activities or consumption.
- Complete, accurate and understandable information in local languages will be provided to clients on their rights and responsibilities and the terms and conditions of all products and services, including the true costs of services compared with those of the main local competitors. Clients will also have ongoing transparent and rapid access to all information regarding their accounts and past, current and future transactions in a form they can readily understand.
- Explanations will be given to clients of negative decisions on applications, and there will be an appeals procedure regarding any practice or policy that can be considered discriminatory.
- Privacy of customers will be respected to prevent private customer information from reaching those not legally authorized to see it. This protection includes the right to privacy in the case of enquiries and demands by other family members, unless they are joint signatories.
- Mechanisms will exist through which customers can give feedback on service quality, and there will be a confidential procedure for personal complaints, with a guaranteed institutional response.
- Mechanisms will exist for continually monitoring the impact of products and services on vulnerable groups, particularly very poor women and minority populations.

Quality of service

- Products will be developed through consultation with clients, and potential clients, in order to maximize the accessibility and benefits of products and services. This process will include specific consultation with women clients, very poor people and other underserved groups to assess their specific requirements and as far as possible to meet them. It also includes specific consultation about the ways in which financial products can increase clients' access to and control of productive assets and resources.
- Fair pricing: rates for services will not provide excessive profits, but will be sufficient to ensure that the business can survive and grow to reach more people, particularly very poor or excluded people.
- Services will be provided in as convenient and timely a manner as possible to all clients, fulfilling contractual obligations agreed upon at the time of application.
- Mechanisms will exist to assist clients in adjusting their accounts in times of serious, proven crisis in ways that do not undermine the other operations of the institution. While debt collection practices must include energetic pursuit of defaulters, customers will be treated with dignity and will not be deprived of their basic survival capacity as a result of loan repayment. Insurance products will take into account possible difficulties in payment of premiums in times of crisis.
- Management and employees are expected to demonstrate a high ethical standard in their behaviour. Any behaviour that violates this standard (such as taking kickbacks or sexual harassment) will incur sanctions.
- Staff will receive adequate training in good customer relations and ethical practice, including gender and ethnic sensitivity and working with people who cannot read and write. People with discriminatory attitudes will not be hired, and discrimination of any type will constitute the basis for sanctions or dismissal from employment.
- The organization will seek to enhance the contribution of its financial services to a wider process of development and empowerment, as well as its own sustainability, through constructive alliances and collaboration with other organizations working on, for example, women's rights, value chain development, and protection of the informal sector.

Sources: Based on documents from Sa-Dhan, Microfinance Council of the Philippines, Freedom from Hunger, ACCION International and comments from the Genfinance (<http://finance.groups.yahoo.com/group/genfinance/>), devfinance (listserv subscription email devfinance@ag.ohio-state.edu) and MicroFinancePractice (<http://finance.groups.yahoo.com/group/MicrofinancePractice>) listserves.



Formal credit and remittance transfer services, through secure channels such as banks and other financial intermediaries, can make a significant contribution to reducing poverty and enhancing livelihoods.

Sensuntepeque, El Salvador

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Annexes: Decision checklists for gender audit

The annexes provide checklists for the various dimensions of gender mainstreaming. They can be used or adapted as part of a gender audit, building on the points in the main text:

- A. Organizational gender mainstreaming checklist
(building on discussion in chapter II)
- B. Product design checklist
(building on discussion in chapter III)
- C. Checklist for groups, participation and empowerment-building, and complementary services
(building on discussion in chapter IV)
- D. Gender impact checklist
(building on discussion in chapter I, and particularly figure 1)

How these checklists are used will depend very much on the context in which they are applied. Ideally, the points here would be fully integrated into 'mainstream checklists' rather than separate ones. It is, however, useful to have all the gender questions in one place for easy consultation by practitioners, consultants and researchers, so they can assess the gender strategy as a whole and have a reference for mainstreaming in other checklists.

A. Organizational gender policy decision checklist

Much can be achieved in relation to both gender equality and women's empowerment, even in profitable microfinance institutions, through gender mainstreaming at the organizational level. Organizational mainstreaming needs to be an integral part of institutional strengthening and capacity-building in all microfinance institutions. The checklist below, building on the discussion in chapter II, can serve as the basis for an organizational assessment, and can be complemented by more in-depth organizational gender audits.³⁵

³⁵ For details of useful sources on organizational gender audits, see Groverman and Gurung (2001); Groverman, Lebesech and Bunmi (2008); ILO (2007); and MacDonald, Sprenger and Dubel (1997).

Practice	Example
Vision/policy	<ul style="list-style-type: none">• Does the organization's vision state a clear commitment to gender equality and women's empowerment? Is this commitment reflected in the mission, objectives and activities? Is it reflected in advertising and promotion in order to attract women clients and change attitudes towards women's economic activities in the wider society?• Is there a gender policy? What is its nature and scope?• What are the underlying assumptions about gender difference and inequality (as expressed, for example, in the language or terminology used) in other organizational documents, apart from the official gender policy – for example, in operating and staff training manuals or articles of incorporation? Do these reinforce or undermine the gender policy or the commitment to equality and empowerment?
Structure and staffing	<ul style="list-style-type: none">• Does the organization have internal gender expertise?• Is there an adequately resourced gender focal point to coordinate gender policy, as well as a mainstreaming process implemented throughout the organization?• Are there guidelines for calling on external gender specialists when needed for particular contexts or dimensions of strategy? Are they followed?

Practice	Example
Recruitment and promotion	<ul style="list-style-type: none"> • Is gender awareness included in job descriptions and as a key criterion for recruitment and promotion and an integral part of requirements for professional competence? • Are employment opportunities advertised through channels likely to reach more women? • Is there an equal opportunities policy in relation to recruitment and promotion? • Are there proactive hiring and promotion strategies to recruit women into senior management positions until gender balance is reached?
Rights at work	<ul style="list-style-type: none"> • Are all norms and job descriptions reviewed from a gender perspective? • Is there equal pay for equal work? Are the criteria for equal work gender-equitable, to give true value to the work most women do? • Is freedom from sexual harassment guaranteed (for women and men)? • Are there structures enabling all staff (women and men from different levels) to participate in decision-making?
Family-friendly work practices	<ul style="list-style-type: none"> • Are there flexible working arrangements such as flexi-time, flexi-place, part-time work and job-sharing encouraged at all levels, including senior managers, and for men as well as women? • Are there maternity and paternity leave policies? • Are there child-care provision and dependent-care leave and support?
Training	<ul style="list-style-type: none"> • Is gender training part of the core training for both men and women? • Is there ongoing training for all men and women staff members in participatory gender awareness, sensitization, planning and analysis? • Is there follow-up gender training with specific tools and methodologies? • Is there training for women to move from mid-level to senior positions?
Monitoring and incentives	<ul style="list-style-type: none"> • Does the organization have gender and empowerment indicators as part of its management information system or social performance assessment? • Does the organization conduct gender impact assessments? Does it have structures to act on the findings?

B. Gender questions in product and programme design

Gender equality of access to *all* rural finance products and the removal of existing forms of gender discrimination are essential to enabling women to achieve gender equality in power and resources. The design of products that women and men access inevitably has an impact, positive or negative, on power relations in the household. Product design through participatory market research is thus a key element in gender mainstreaming. Building on the discussion in chapter III, the boxes below suggest questions that should be asked and addressed about different types of products, for both women and men, in relation to gender equality of access and women's empowerment.

General Questions

- Does the organization conduct market research? Does this research include a concern with gender equality and empowerment? Does it use participatory methods? Are there mechanisms facilitating ongoing innovation to respond to the findings?
- Do any of the products have conditions of access that discriminate against women? Are products promoted in languages that the women understand? Are there mechanisms to enable women to graduate to all types of products, e.g. from small group-based to larger individual loans without discrimination, provided they have a good credit record?
- Are the gender equality and empowerment vision and commitment reflected in the types of questions asked during application processes for both women and men, e.g. in any questioning about family circumstances and economic activities? In financial literacy training?
- Are any financial services directed explicitly at women? What underlying assumptions are being made about gender differences and inequality? Are these strategies likely to consign women to a 'female ghetto' or will they help women diversify and move to higher-level services?

General Questions

- Are products developed to support diversification of women's economic activities, e.g. women's enterprise in non-traditional activities and service enterprises needed by women? Is product innovation encouraged in women's existing activities, including support for women's enterprises in the care economy and services used by women?
- Are any services explicitly directed at men? What underlying assumptions are being made about gender differences and inequality? Are these likely to increase or decrease gender inequality? Are there any strategies targeting men that explicitly attempt to redress gender imbalance?
- Do products encourage male responsibility for the household and enable women's savings to be used for enterprise investment (e.g. men's savings for the education of girls as well as boys, or for assets that daughters can take with them on marriage, encouraging men's responsibility for the future of their daughters)?
- Are statistics on the use of different services disaggregated by gender? Do these indicate equal use of all services by women and men, or do they point to significant gender differences? Do these differences in use also indicate differences in benefits? For example, are women obtaining only small loans or are they also obtaining large ones? Is this difference caused by implicit or even explicit discrimination in how specific services are designed, or by differences in demand?
- How far and in what ways are the needs of the poorest and most disadvantaged women taken into account?
- Are the promotion and application procedures comprehensible to women, e.g. in the language normally spoken by the women, to help them avoid buying inappropriate products?
- Does the organization have a policy on consumer protection? Does this include specific outlawing of gender discrimination and commitment to empowerment?
- Does the organization engage in financial literacy training? What is the proportion of women and men reached? Are gender issues incorporated in the content?

Eligibility and collateral requirements

- Women's access questions: do collateral requirements accept women-owned assets such as jewellery and utensils? Do they include social collateral? Do they enable women to apply without a man's signature? Are loan histories and credit ratings based on individual performance, or that of the household? Do they take into account the types of documentation to which women have access, e.g. identity cards, asset registration, or activities in which women are involved?
- Women's empowerment question: do collateral requirements encourage registration of assets in women's names, or at least jointly?
- Gender questions in loans for men: do collateral requirements for men make unquestioned assumptions about the control of resources within the household? For example, do they treat men as the household head with rights over all household assets? Or do they challenge these views, for example by requiring the wife's signature for loans for which household property is used as collateral?

Application procedures

- Women's access question: are application forms and the location and advertising of services appropriate to women's literacy level, language and normal spheres of activity? For example, are credit and savings disbursed by women in women's centres or in 'men's social space'?
- Women's empowerment question: do application procedures encourage women to improve financial literacy and extend normal spheres of activity, for example by increasing their understanding of how to use savings and credit or offering experience in negotiating with male officials in men's public space?
- Gender questions in loans for men: do application procedures for men make unquestioned assumptions about the distribution of power within the household? For example, do they treat men as the business owner of household enterprises, with the right to make all decisions about labour and resources in the household? Or do they challenge these views, for example by devising business plans that develop and strengthen the wife's managerial position in household enterprises?

Repayment schedules and interest rates

- Women's access questions: are repayment schedules appropriate to the patterns of income available from women's economic activities or their household cash-flow patterns, thereby allowing borrowers to repay their loans on time? Can women pay the interest rates stipulated?
- Women's empowerment question: do repayment schedules, grace periods and other loan characteristics allow women to maximize their productive investments from the loan?
- Gender question in loans for men: do repayment schedules, grace periods and other loan characteristics require men to divert resources from the household or from their wives' incomes?

Large versus small loans

- Women's access questions: are loan amounts tailored to the size of the economic activity, so that women have the confidence to apply, particularly when they first enter the financial system? Do women have equal access to loans of all sizes and categories?
- Women's empowerment question: are there large-enough loan products available to women to enable them to increase their incomes significantly or to invest in key productive assets in their own names without undue risk?
- Gender question in loans for men: are men required to move up the same ladder from small to larger loans to instil financial prudence and reduce diversion of household income to risky investment in activities that men control?

Loan use

- Women's access question: are loans designed for the types of economic activities in which women wish to be involved or for their human and social investment priorities?
- Women's empowerment questions: do loan packages enable women to enter non-traditional and more lucrative activities – those that studies have shown to be feasible for women to pursue with existing labour allocations within the household and without excessive risk? Are loans available to increase women's ownership of assets such as houses and land? Are loans available for enterprises in the care economy, which will increase the services that women and men can access to reduce the burden of unpaid domestic work?
- Gender questions in loans for men: are loans for household consumption, girls' education and family health care available to men as well as women to allow women to use their own loans for production? Do they encourage housing and other assets to be registered in women's names or jointly?

Individual versus group loans

- Women's access questions: do groups provide the only mechanism through which women can access credit? Or do women also have access to individual loans? Which women have access to individual versus group loans? Which do women prefer?
- Women's empowerment questions: do loan groups extend or merely replicate women's existing networks? Do they strengthen these networks or weaken them? Do individual loans also enable or prevent women from developing networks?
- Gender questions in loans for men: do men have access to group loans in ways that also permit them to network? How can these networks be used to challenge and change gender inequalities?

- Compulsory Savings**
- Access questions: do levels and conditions for compulsory savings enable or exclude women from building savings assets? Do they enable or exclude them from accessing other services? For example, are entry-level savings as a condition of loans too high?
 - Empowerment questions: can women use compulsory savings to increase their ability to earn and to retain control of their own income or leverage household income to deposit into long-term savings as an asset in their own names? Or are they merely an insurance device for the institution?
 - Gender questions in savings for men: are compulsory savings required for men to increase their financial prudence? Do these undermine women's access to household income for their own savings?

Voluntary Savings

Minimum entry-level deposits

- Access question: are entry-level deposits low enough for poor women to afford?
- Empowerment question: Do entry-level deposits enable women to increase control of household income?

Flexibility of deposits

- Access question: are deposit requirements flexible with respect to women's patterns of access to income?
- Empowerment question: do savings deposit requirements give women authority to retain control of savings in their own accounts?

Liquidity of savings and ease of withdrawal

- Access question: are withdrawal requirements flexible with respect to women's needs for income?
- Empowerment question: do withdrawal conditions protect women's savings from predation by husbands and other relatives?

Confidentiality

- Access question: is it easier for women to make voluntary savings if these are confidential or if they are publicly encouraged?
- Empowerment questions: are women's savings confidential in order to protect them from predation by husbands and other relatives? Or are they public, to give women higher status in the community?

Accessibility of provider and transaction costs

- Access questions: are savings facilities located conveniently for women? In 'women's space' or space that is gender neutral? If they are in 'men's space', are there provisions to make this space accessible to women? Are transaction costs reasonable?
- Empowerment question: are savings providers located in areas that enable women to visit new places and acquire experience outside normally accepted 'women's space'?

Returns to capital

- Access question: are returns to savings sufficient to enable women to persuade other household members that it is worthwhile diverting their own or other household income to savings?
- Empowerment question: are returns to savings sufficient to enable women to build up assets over time and comparable to returns available from other savings channels?

Gender questions for men

- Do savings facilities for men exist to encourage them to save and provide for their families (for instance, for girls' education or marriage)? Do staff promote these products to reinforce men's sense of responsibility for household well-being or to support women family members in their own economic activities?

Insurance

Application process

- Access questions: are insurance products advertised and promoted in places accessible to women? Are they in languages understood by the women?
- Empowerment questions: do the questions asked in the application process challenge or reinforce existing roles within the household? Are women being asked to pay for insurance from which men are most likely to benefit (e.g. their own life insurance)?
- Questions for men: do questions asked in application procedures for insurance for men challenge or reinforce existing roles within the household? Do they encourage male responsibility for decreasing women's vulnerability to shocks faced by the household, e.g. by taking out life insurance for themselves?

Coverage and conditions

- Access question: are insurance conditions sufficiently inclusive to be relevant to women's needs? For example, how do they treat women's assets, health problems and reproductive complications, divorce and abandonment?
- Empowerment questions: in what ways does insurance decrease women's vulnerability? Does it increase their powers of negotiation within the household?
- Question for men: does insurance for men give their wives financial security in the event of their illness or death?

Premiums and payments

- Access questions: are the premiums within women's payment capacity (in terms of amount and regularity)? Are payment procedures accessible to women in terms of location and comprehensibility?

Claims

- Access question: are claims procedures accessible to women in terms of location and comprehensibility?

Issues for Migrants

Location

- Are remittance services easily available in the locations where women migrants are working?

Comprehensibility

- Are the terms and conditions easily understandable, given that women migrants are likely to have lower literacy and skills in international languages?

Payment levels and fees

- Are services adapted to women's remittance levels and payment capacities?

Issues for Recipients

Security

- Are remittance services secure?

Location

- Can women easily access the offices so they can collect money securely?

Complementary services

- Are any schemes in place to facilitate local investment of remittances to benefit women – for example, are there links between remittance service providers and programmes promoting women's productive activities?

C. Programme design: Rural microfinance, non-financial services and participation

Integrating non-financial services

- What complementary, non-financial services do women from different economic and social backgrounds need to enable them to use financial services effectively and with maximum benefit?
- What non-financial services does the organization (or other organizations in the area) already provide? To what extent do women have equality of access? To what extent do the services empower women?
- Is gender mainstreamed in non-financial services for both women and men?
- What gender-specific services might women need? What gender-specific services might men need? Can these be mainstreamed or must they be separate interventions? Has the organization conducted gender and women's human rights training for women and men?
- How can non-financial services be provided most cost-effectively? Through mutual learning and exchange, cross-subsidy, or integration with the delivery of financial services? Through inter-organizational collaboration?
- What contextual factors will affect the relative costs of different levels of integration of financial and non-financial services? Which, if any, needs can be most efficiently and cost-effectively met by the financial service staff? Which, if any, needs can be met through a separate section of the same organization? Which, if any, needs should be met through collaboration and other means?
- Does the organization promote and facilitate access to other organizations working on gender equality and women's empowerment, e.g. women's legal aid, reproductive health services, women's adult literacy and further education?

- Equality of access**
- Are women equally represented in group structures at all levels of the programme, particularly beyond primary groups? Do groups discriminate against particularly disadvantaged women (very poor women, younger women, women from particular ethnic groups)?
- Empowerment**
- Does the organization build the capacities of women in groups for mutual learning, training and collective action on gender issues? Or are groups mainly a mechanism for reducing the costs and risks of financial service delivery for the institution? Does group composition extend or merely replicate women's existing networks? Does group size increase women's collective strength? Are groups too large? Too small? Does the group structure and function increase women's decision-making and negotiating skills? Does group capacity-building develop women's leadership skills? Do savings-and-credit groups link with other services for women and with movements challenging gender subordination? Do groups undertake collective action for change? In what ways is collective action supported? Examples might include collective action in relation to sexual violence or women's political representation.
- Questions for men**
- Are there ways that men can be involved to build support for women's initiatives, but not dominate the proceedings? Does the organization encourage men within groups to challenge and change gender inequality in their households and communities?

D. Gender impact checklist

Gender impact assessment is widely seen as extremely problematic because of the difficulty in defining such concepts as 'empowerment'. However, gender dimensions are no more problematic than other dimensions of impact assessment, e.g. impact on income, itself. A number of empowerment impact-assessment questionnaires have been devised, along with a range of participatory tools to highlight the issues to be taken into account in 'improving practice' and designing products and services.³⁶

How the generic checklist below is used will depend very much on purpose, resources and context. It can be used on its own to design quantitative, qualitative or participatory assessments of varying length. It can also be used to complement poverty impact-assessment questionnaires or to inform the integration of gender issues into social performance management or participatory market research. It is, however, important to:

- include detailed consideration of context and not assume that any signs of empowerment are due to microfinance. In particular, women should not be viewed as 'passive victims of subordination', but as active agents constantly negotiating and addressing the challenges they face;
- look at the differential impacts of various types of financial products and service delivery, if the assessment is to be of any use in designing such products and services;
- disaggregate information to look at diverse impacts on women from various social and economic backgrounds, in particular possible varied patterns of impact on very poor women and women from marginalized communities;
- compare impacts on women with those on men, and look at the reasons for any differences and the implications for designing more gender-equitable products and services.

³⁶ For an overview of key issues in microfinance impact assessment, see, for example, Hulme (2000). For a discussion of empowerment frameworks and research in Bangladesh, see Kabeer (2000). For more practical discussions and suggestions on methodologies, see discussions and references in the series of papers on empowerment impact-assessment methodologies produced for the Enterprise Development Impact Assessment Information Service (EDIAIS) of the Department for International Development (DFID) (Mayoux 2001b; 2004).

To what extent and in what ways has women's access to rural financial services increased?

- What informal and formal financial services exist in the area (such as credit, savings, insurance, or remittance transfers)? Which did women normally use before the intervention? What financial services did men normally use? What were the differences and reasons for any differences?
- Has access to these sources changed since the intervention? If so, to which and why?
- Do women now have equal access to all types of financial services compared with men? Are the institutions gender-friendly? Are the products suitable?
- Does the institution or intervention track gender-disaggregated data? What gender differences appear in the data with respect to access to different financial services?
- If there are any continuing differences in numbers of women and men using different types of services, what are the reasons? Is it because of differences in aspirations and motivation? Explicit or implicit institutional gender discrimination? (Also see annex A organizational checklist.)

To what extent and in what ways have rural financial services increased women's economic empowerment?

- What economic activities were women already engaged in? What economic activities were men involved in?
- How were assets, income and resources distributed within households? Did women and men have different degrees of access? Different degrees of control?
- Do women make decisions about the use of financial services (loans, savings income, proceeds from insurance claims, remittances) independently, jointly with men, marginally or not at all?
- Have financial services enabled women to increase incomes from their economic activities? To enter new and more profitable productive activities? To increase assets? To decrease economic vulnerability? Significantly or only a little?
- How far do women control this income and these assets? Is there more equal control of household income and assets? Significantly or only a little?
- To what do women apply the loans, savings income or income from economic activities? Investment in economic livelihoods? Or consumption?
- Has women's market access increased? In existing markets only? In new markets? Has their vulnerability to market fluctuations decreased?

- Even if women do not use the income for their own economic activities, has their role in household decision-making and their control of household income or assets increased?
- What have been the impacts of financial services for men on all the above?

How have rural financial services contributed to increased well-being for women and their families?

- What was the extent of gender inequality in well-being before the intervention? Food security? Health? Literacy and education? Freedom from violence? Other poverty indicators?
- Even if women do not use the income for their own economic activities, has their role in household decision-making and control of household income increased?
- What have been the impacts on adult women's nutrition, health, education, and freedom from violence and happiness?
- What have been the impacts on the nutrition, health, education, freedom from violence and happiness of girls and elderly women in the household?
- What have been the impacts on the well-being of boys and men?
- What have been the impacts of financial services for men on all the above?

How have rural financial programmes contributed to women's social and political empowerment?

- Did women have personal autonomy and self-confidence before the intervention? Freedom of mobility? Of social and political activity? If not, in what ways were they limited compared with men?
- How have rural finance programmes increased women's self-confidence and personal autonomy?
- How have they extended and strengthened women's networks and mobility?
- How have they enabled women to challenge and change unequal gender relations? In property rights? In sexual violence? In political participation? In other dimensions of inequality?

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