

Empowering Women through Microfinance

Susy Cheston, Senior Vice President, Policy and Research, Opportunity International, and Executive Director Emeritus of the Women's Opportunity Fund

Lisa Kuhn, Program Analyst, Opportunity International

Research sponsored by the Women's Opportunity Fund
and its funding partners: Elizabeth Foster and Michael Walsh,
Gems of Hope USA, and the Morrow Charitable Trust

Publication sponsored by UNIFEM

CONTENTS

Acronyms

1. Introduction.....	4
2. Targeting Women.....	6
3. What Do We Mean When We Talk about Empowerment?.....	11
4. Why Should MFIs Care about Women’s Empowerment?.....	13
5. Evidence of Empowerment.....	17
6. What Role Does Microfinance Play in Empowering Women? A Case Study of Sinapi Aba Trust, Ghana.....	30
7. Lessons from Experience: Key Programmatic Factors That Can Contribute to Empowerment.....	39
8. Conclusions.....	50
9. Call to Action.....	51
Appendix: More Promising Practices.....	53
Bibliography.....	58

ACRONYMS

ADAPTE	Asociación de Ayuda al Pequeño Trabajador y Empresario (Costa Rica)
ADEMCOL	Asociación para el Desarrollo Empresarial Colombiano (Colombia)
ADOPEM	Asociación Dominicana para el Desarrollo de la Mujer (Dominican Republic)
AGAPE	Asociación General para Asesorar Pequeñas Empresas (Colombia)
ARDCI	Agricultural and Rural Development for Catanduanes, Inc. (Philippines)
ASPIRE	Asociación para la Inversión y Empleo (Dominican Republic)
BRAC	Bangladesh Rural Advancement Committee
CETZAM	Christian Enterprise Trust of Zambia
CGAP	Consultative Group to Assist the Poorest
CIDA	Canadian International Development Agency
CSD	Centre for Self-Help Development (Nepal)
CUES	Credit Union Empowerment and Strengthening (Philippines)
DFID	Department for International Development (UK)
FORA	Fund for the Support of Small Entrepreneurship (Russia)
HDI	Human Development Initiatives (Nigeria)
IDH	Instituto para el Desarrollo Hondureño (Honduras)
MFI	Microfinance institution
NGO	Nongovernmental organization
OI	Opportunity International
PVO	Private and voluntary organization
ROSCA	Rotating Savings and Credit Association
SAT	Sinapi Aba Trust (Ghana)
SEDP	Small Enterprise Development Program (Bangladesh)
SEWA	Self-Employed Women's Association (India)
SHG	Self-help group
SUM	Special Unit for Microfinance
TSPI	Tulay Sa Pag-Unlad, Inc. (Philippines)
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNIFEM	United Nations Fund for Women
USAID	United States Agency for International Development
VAWA	Village Alive Women's Association (Nigeria)
WEDTF	Women's Entrepreneurship Development Trust Fund (Tanzania)
WKP	Wahana Kria Putri (Indonesia)
WOCCU	World Council for Credit Unions
WWF	Working Women's Forum (India)

INTRODUCTION

According to the *State of the Microcredit Summit Campaign 2001 Report*, 14.2 million of the world's poorest¹ women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women.

So, given these impressive statistics, can we pat ourselves on the back for our service to poor women and assume that women's empowerment and other gender issues will take care of themselves?

Although women's access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women's greater poverty or the limited capacity of women's businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFIs, we see very few women. Their contributions—whether setting the vision on a board of directors, designing products and services, or implementing programs—are missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women.

Microfinance programs have the potential to transform power relations and empower the poor—both men and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is inherently empowering. This is true regardless of the methodology or approach (whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies' and national governments' gender, poverty alleviation, and community

¹ The Microcredit Summit Campaign defines *poorest* as the bottom half of those living below their nation's poverty line. The Campaign's greatest challenge lies in bridging the gap between its commitment to reaching the poorest and the lack of a sufficient number of effective poverty measurement tools in use. Therefore, every mention of the term *poorest* in this report should be read within the context of this dilemma. It is expected that, with every successive report, the use of high-quality poverty measurements will increase, and therefore, so too will the quality of the data reported.

development strategies. Several studies and the experiences of a number of MFIs have shown, however, that simply putting financial resources in the hands of poor women is not enough to bring about empowerment and improved welfare.

In this paper we demonstrate that although microfinance does not address all the barriers to women's empowerment, microfinance programs, when properly designed, can make an important contribution to women's empowerment. We begin by examining some of the theories and assumptions behind the targeting of women for microfinance and the resulting implications for empowerment. Drawing on the studies and experiences of microfinance institutions in Africa, Asia, and Latin America, the paper looks at what evidence is known about impact on women, in terms of both welfare and empowerment. While acknowledging that there is no set of indicators of empowerment that can be applied universally across cultures and regions, we present evidence of several types of changes that are relevant and important for empowerment across a range of cultures. The heart of the paper is an in-depth case study of the impact on women achieved by Sinapi Aba Trust (SAT), Opportunity International's partner in Ghana. Based on that study and the experiences of other MFIs, we identify several programmatic factors and strategies that can make a positive contribution to women's empowerment and holistic transformation, including business training, discussion of social issues, support and advice for balancing family and business responsibilities, experience in decision making and leadership, and ownership and control of the credit institution. We also look at the role that women's economic contribution to the household and community plays in empowering them. We then look at some strategies used by MFIs for reaching and empowering women and their results, identifying some of the most promising.

Our reading, research, and experience have turned up rich examples of empowerment, but have also raised many questions that suggest some important areas for future work. We therefore conclude by issuing a call to action for practitioners and donors, so that the tremendous potential of microfinance to empower women can be fulfilled.

What This Paper Is Not

This paper is not meant to be a comprehensive and exhaustive presentation of all that is known about the subject of microfinance and empowerment. We seek to build on the growing body of research on the topic, blend academic and practitioner perspectives and experiences, and encourage further exploration and dialogue on the subject. Throughout the paper, we provide references so that those interested in exploring specific aspects of empowerment can find more in-depth information. At the outset of our research, we had hoped to find more data that would allow us to differentiate between the types of impacts that can be expected from different types of microfinance delivery mechanisms and methodologies, but we found very little. Although this paper focuses primarily on group-lending methodologies, we want to acknowledge that empowerment can take place through individual lending as well and encourage further research in that area. A number of other areas related to empowerment merit further research but could not be addressed in the scope of this paper; these include empowerment indicators and measurement techniques, the contribution of microinsurance and savings to empowerment, technology

transfer through MFIs, the relationship between participation in microfinance programs, empowerment, and family planning, and the effects of cultural norms and particularly religion on the ability of microfinance programs to empower women.

TARGETING WOMEN

International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers. A 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients were women. Six of the 29 focused entirely on women. Among the remaining 23 mixed-sex programs, 52 percent of clients were women.² The study also showed, however, that those programs offering only individual loans or relatively high minimum loan amounts tended to have lower percentages of women clients. These findings affirm the importance of designing appropriate products for women.

According to USAID's annual *Microenterprise Results Report* for 2000, approximately 70 percent of USAID-supported MFIs' clients were women. Considerable variation among the regions was seen, however, with percentages of women clients ranging from 27 percent in the Near East to 87 percent in Asia. In Eastern Europe, where USAID has traditionally supported individual-lending programs, the percentage of women clients dropped as low as 48 percent in 1999³ before rising to 54 percent in 2000, when USAID began to support more group-lending programs offering smaller loans.⁴ Although the UNCDF study found that larger programs tended to have lower percentages of women clients, data collected by the Microcredit Summit Campaign found no statistically significant correlation between the number of very poor clients⁵ served by each institution and the percentage of those clients who were women.

Microfinance institutions around the world have been quite creative in developing products and services that avoid barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy. Nevertheless, in a number of countries and areas few or no institutions offer financial services under terms and conditions that are favorable to women. Together, these findings confirm that the type of products offered, their conditions of access, and the distribution of an institution's portfolio among different products and services affect

² Rani Deshpanda. *Increasing Access and Benefits for Women: Practices and Innovations among Microfinance Institutions—Survey Results* (New York: UNCDF, 2001), 3.

³ USAID. *Reaching Down and Scaling Up: Focus on USAID's Development Partners: USAID Microenterprise Results Reporting for 1999* (Arlington, Va.: Weidemann Associates, 2000), 22.

⁴ USAID. *Microenterprise Development in a Changing World: U.S. Agency for International Development Microenterprise Results Reporting for 2000* (Arlington, Va.: Weidemann Associates, 2001), 31.

⁵ The Microcredit Summit Campaign asks institutions to report the number of their clients who are in the bottom half of those living below their country's poverty line.

women's access to financial services. They also suggest that much more can be done to serve poor women in certain cultural and economic contexts.

Why Target Women? Theories, Assumptions, and Reality

Many different rationales can be offered for placing a priority on increasing women's access to microfinance services.

Gender and Development

Research done by UNDP, UNIFEM, and the World Bank, among others, indicates that gender inequalities in developing societies inhibit economic growth and development. For example, a recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard of their people.⁶ The UNDP found a very strong correlation between its gender empowerment measure and gender-related development indices and its Human Development Index. Overall, evidence is mounting that improved gender equality is a critical component of any development strategy.

Microfinance has come to play a major role in many of these donors' gender and development strategies because of its direct relationship to both poverty alleviation and women. As CIDA recognizes in its gender policy, "Attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men."⁷ As part of its poverty reduction priority, CIDA supports programs that provide "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women."⁸ By giving women access to working capital and training, microfinance helps mobilize women's productive capacity to alleviate poverty and maximize economic output. In this case, women's entitlement to financial services, development aid, and equal rights rests primarily on their potential contribution to society rather than on their intrinsic rights as human beings and members of that society.⁹

Women Are the Poorest of the Poor

⁶ World Bank, *Engendering Development: Through Gender Equality in Rights, Resources, and Voice—Summary* (Washington, D.C.: World Bank, 2001); www.worldbank.org/gender/prt/engendersummary.pdf.

⁷ Canadian International Development Agency (CIDA), "CIDA's Policy on Gender Equality" (Hull, Canada: CIDA, 1999), 5.

⁸ CIDA, "CIDA's Policy on Gender Equality," 11.

⁹ See works by Linda Mayoux and Naila Kabeer for more information on the implications of the instrumentalist approach on development policy, practices, and evaluation. See especially Linda Mayoux, *Women's Empowerment and Microfinance: A Participatory Learning, Management, and Action Approach. Resource Manual for Practitioners and Trainers*, draft (UNIFEM, 2001); Naila Kabeer, 'Money Can't Buy Me Love'? *Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh*, IDS Discussion Paper 363 (Brighton, England: Institute of Development Studies, University of Sussex, 1998).

It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women.¹⁰ According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country.¹¹ In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

Although many scholars and development agencies have noted an apparent trend toward the "feminization of poverty," measuring the extent to which this is occurring presents many challenges. Because most methods of measuring poverty assess the level of poverty of the household as a whole, it is likely that poverty experienced by women as a result of discrimination against them *within* their households is underreported to a great extent. In addition, Baden and Milward note that "Although women are not always poorer than men, because of the weaker basis of their entitlements, they are generally more vulnerable and, once poor, may have less options in terms of escape."¹² By providing access to financing for income-generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty. A reduction in women's vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs.

Women Spend More of Their Income on Their Families

Women have been shown to spend more of their income on their households; therefore, when women are helped to increase their incomes, the welfare of the whole family is improved. In its report on its survey findings the Special Unit on Microfinance of the UNCDF explains, "Women's success benefits more than one person. Several institutions confirmed the well-documented fact that women are more likely than men to spend their profits on household and family needs. Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions' activities."¹³ Women's Entrepreneurship Development Trust Fund (WEDTF) in Zanzibar, Tanzania, also reports that "women's increased income benefits their children, particularly in education, diet, health care, and clothing." According to a WEDTF report, 55 percent of women's increased income is used to purchase household items, 18 percent goes for school, and 15 percent is spent on clothing. In her research on the poverty level of female-headed households, Sylvia Chant, a researcher at the London School of Economics, cites a number of studies on Latin America that lend credibility to the commonly held belief that women spend a greater percentage of their income on their households than do men. She writes, "In Guadalajara, Mexico, for example, Gonzalez de la Rocha notes that men usually only contribute 50 percent of their salaries to the collective household fund. In Honduras, this averages 68 percent, and from my own survey data in the Mexican cities

¹⁰ UNDP, *1995 Human Development Report* (New York, UNDP, 1996), 4.

¹¹ See the World Bank's Web site at genderstats.worldbank.org.

¹² Sally Baden and K. Milward, "Gender and Poverty," *BRIDGE Report*, no. 30 (Sussex: IDS, 1995).

¹³ Deshpanda, 15.

of Puerto Vallarta, Leon and Queretaro in 1986, the equivalent allocation is 67.5 per cent. Women, on the other hand, tend to keep nothing back for themselves, with the result that more money is usually available in women-headed households for collective household expenditure.”¹⁴ And Naila Kabeer writes, “there are sound reasons why women’s interests are likely to be better served by investing effort and resources in the collective welfare of the household rather than in their own personal welfare.” But Kabeer also cautions that it is important to recognize that those incentives may change when women become empowered and have new options.¹⁵ Women who are empowered will have the power to make the life choices that are best for them, and although many empowered women will choose to invest in their families, development organizations must be prepared for the possibility that some will not.

Efficiency and Sustainability

Arguments have been made for and against targeting women on the grounds of efficiency and sustainability. Proponents of targeting women on the grounds of sustainability cite women’s repayment records and cooperativeness. A collective wisdom has emerged that women’s repayment rates are typically far superior to those of men. Lower arrears and loan loss rates have an important effect on the efficiency and sustainability of the institution. Many programs have also found women to be more cooperative and prefer to work with them for that reason as well. The experience of Sinapi Aba Trust, Opportunity International’s partner in Ghana, demonstrates a clear difference in men and women’s repayment records in its Trust Bank program, a group-lending methodology similar to village banking.¹⁶

¹⁴ Sylvia Chant, “Women-Headed Households: Poorest of the Poor? Perspectives from Mexico, Costa Rica and the Philippines,” *IDS Bulletin* 28, no. 3 (1997): 39.

¹⁵ Naila Kabeer, *The Conditions and Consequences of Choice: Reflections on the Measurement of Women’s Empowerment*, UNRISD Discussion Paper No. 108 (1999), 49; www.unrisd.org.

¹⁶ Mike Mends, Sinapi Aba Trust, in an e-mail to Suzy Salib, 14 August 2000.

Box 1

Experience with all-male lending groups Sinapi Aba Trust, Ghana

After running a successful women's Trust Bank program, Sinapi Aba Trust began forming men's Trust Banks in mid-1998. By the second loan cycle, the all-male Trust Banks were already performing worse than the all-female Trust Banks in terms of arrears. By mid-2000, arrears in the men's Trust Banks constituted 20 percent of the total arrears of the Trust Bank program, in spite of the fact that men represented less than 8 percent of total Trust Bank clients; the arrears rate in all-male Trust Banks was 2.5 times that of all-female Trust Banks. Among the reasons for the higher arrears cited by Sinapi Aba staff were the fact that male clients were often in direct competition with each other and were more apt to take risks like selling their goods on credit. Staff also reported that men's groups were more difficult to control and did not have a positive attitude toward meeting attendance. They also noted that the men were not committed to the mutual guarantee of the group even though its importance was stressed to them. As a result, Sinapi Aba discontinued all-male Trust Banks and now serves men primarily through its individual-lending program and as a minority in mixed Trust Bank groups.

In spite of the large number of institutions serving exclusively or predominantly women while maintaining high levels of financial sustainability, some people argue that institutions that place a priority on serving women also have a tendency to place social goals ahead of efficiency, leading to poorer financial performance. Based on his experience at MicroRate, Damian von Stauffenberg offers one hypothesis along these lines: "In our experience, on average 60–70% of borrowers of MFIs are female. We sometimes see higher percentages of women borrowers but in those cases portfolio quality tends to suffer. Why this is so is not entirely clear, but one hypothesis is that MFIs which concentrate exclusively on women may place ideological goals ahead of technical competence. Whether this is true remains to be proven."¹⁷ Although it is true that some socially driven institutions may choose to offer additional social services to their clients which may make them less profitable than those institutions focusing solely on profitable financial service delivery, there appears to be no reason that portfolio quality should have to suffer or that social objectives and technical competence cannot go hand in hand. In fact, a deeper understanding of the social context and forces in which microfinance operates can allow for more effective risk management and more appropriate product and process design that may improve portfolio quality in the long run. In its survey, however, SUM/UNCDF did not find any clear correlation between outreach to women and financial self-sufficiency. The report states, "If anything, in this very limited pool, the institutions with higher levels of self-sufficiency served proportionally more women than institutions less self-sufficient."¹⁸

¹⁷ Damian von Stauffenberg, MicroRate, in an e-mail to Susy Cheston and Lisa Kuhn, 24 September 2001.

¹⁸ Deshpanda, 4.

A related belief is that group-lending programs that reach women and poorer clients are less sustainable than institutions reaching higher-level clients with individual loans, yet this concern has been thoroughly addressed by Gary Woller in his comparative analysis of village banking institutions and individual lending institutions for the *MicroBanking Bulletin*. His conclusion is that the answer to the question ““Can village banking institutions become self-sufficient?” is ‘Yes!’ Not only that, VBIs [village banking institutions] can reach levels of self-sufficiency achieved by solidarity group and individual lenders.”¹⁹

Programs that serve a significant number of men are more likely to use methodologies that require collateral and more extensive monitoring procedures to help reduce the risk of default, while programs designed to serve primarily women tend to replace formal monitoring procedures with social guarantees. Generally, MFIs are able to balance more costly procedures with larger loans, while many institutions targeting women have relied on client capacity for self-monitoring and cooperation to reach out to women who otherwise might have been excluded because of the small amount of capital they require.

Women's Rights Perspective

Women's equal access to financial resources is a human rights issue. Because access to credit is an important mechanism for reducing women's poverty it has been an explicit focus of a variety of human rights instruments. Both the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA) address women's access to financial resources. For example, the BPFA includes 35 references to enabling poor women to gain access to credit. International and national instruments that establish women's rights to credit promote government responsibility and accountability in meeting commitments to women's rights.²⁰

Empowering Women

Last, but not least, one of the often articulated rationales for supporting microfinance and the targeting of women by microfinance programs is that microfinance is an effective means or entry point for empowering women. By putting financial resources in the hands of women, microfinance institutions help level the playing field and promote gender equality.

WHAT DO WE MEAN WHEN WE TALK ABOUT EMPOWERMENT?

Most of us, when asked, have a great deal of difficulty defining *empowerment*. The word does not even translate literally into many languages. Yet most of us know empowerment when we see it.

¹⁹ Gary Woller, “Reassessing the Financial Viability of Village Banking: Past Performance and Future Prospects,” *MicroBanking Bulletin* 5 (2000): 4.

²⁰ For more information, see the Convention on the Elimination of All Forms of Discrimination Against Women, Beijing Declaration and Platform for Action, and other documents on UNIFEM's Web site: www.undp.org/unifem.

Box 2

Snapshots of Empowerment

- Nury, an illiterate Trust Bank client at AGAPE in Colombia, formerly too shy to speak to strangers, became the treasurer for her Trust Bank.
- A group of widows in Bali received loans from WKP to start simple projects raising pigs. Over time, they grew in confidence and solidarity and expanded to form a pig-feed cooperative that became the major supplier for their village.
- Hanufa, a member of CODEC in Bangladesh, defends her rights against an illegal divorce but ultimately decides that she is better off on her own. “I can walk on my own shoes now.”

One loan officer at Sinapi Aba Trust in Ghana defined *empowerment* as “enabling each person to reach his or her God-given potential.” Some clients have used the terms *self-reliance* and *self-respect* to define it. According to UNIFEM, “gaining the ability to generate choices and exercise bargaining power,” “developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life” are important elements of women’s empowerment.²¹ Empowerment is an implicit, if not explicit, goal of a great number of microfinance institutions around the world. Empowerment is about *change*, *choice*, and *power*. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power—who has it, what its sources are, and how it is exercised—directly affect the choices that women are able to make in their lives.²² Microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account.

In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources like education or insider knowledge of some businesses.

Access to resources alone does not automatically translate into empowerment or equality, however, because women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be able to use them for a purpose that they choose. Naila Kabeer uses the term *agency* to describe the processes of decision making, negotiation, and manipulation required for women to use resources effectively. Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them. However, these goals also can be heavily influenced by the values of the society in which women live and so may sometimes replicate rather than challenge the

²¹ UNIFEM, *Progress of the World’s Women* (New York: UNIFEM, 2000).

²² Mayoux, *Women’s Empowerment and Microfinance*, 18.

structures of injustice. The weight of socialization is eloquently expressed by one woman activist from Prishtina, Kosovo: “There is education in the family: first you shouldn’t speak because you are a girl, then later you shouldn’t speak because no one will marry you, then later you shouldn’t speak because you are a new bride. Finally, you might have the chance to speak but you don’t speak because you have forgotten how to.”²³

The influence of society over the range and exercise of choice also means that if we seek to promote empowerment, we must also consider factors affecting women’s status and rights as a group. Although many microfinance programs promote social solidarity at some level, most microfinance organizations tend to focus their attention on promoting changes at an individual level—a woman who, for instance, is now able to send her children to school, negotiate lower prices for her raw materials, or even dream bigger dreams for herself, her family, and her business. The achievements of individual women can have a powerful impact on the way women are perceived and treated within their communities, but the levels of empowerment individual women may achieve are usually limited if women as a group are generally disempowered. For that reason many organizations also include elements designed to uplift women and communities as a collective rather than just as individuals. Some examples:

- A women’s Trust Bank in Colombia organizing to bring electricity to their barrio,
- Women fighting against domestic violence after learning about their rights in their lending centers in Nepal, and
- Working Women’s Forum in India organizing women weavers to break the monopoly access to raw materials that the all-male government-sponsored weavers’ cooperatives enjoyed.

At Opportunity International empowerment is a critical part of our vision for holistic transformation. Seeking to enable the poor to become agents of change in their communities, our approach encompasses social, economic, political, and spiritual empowerment within the individual, household, business, and community. In most cases, we have found that these processes are mutually reinforcing. The empowerment of women at the individual level helps build a base for social change. Movements to empower women as a group increase opportunities available to individual women, and economic empowerment can increase women’s status in their families and societies. Practically speaking, the interrelatedness of different aspects of empowerment and between empowerment and development makes it very difficult to move far ahead in any one area without corresponding changes in other areas. Sooner or later, lack of empowerment will slow down economic and political development, just as a lack of progress in meeting people’s basic needs will limit empowerment because poverty itself is disempowering.

WHY SHOULD MFIs CARE ABOUT WOMEN’S EMPOWERMENT?

²³ An activist in the Drita Women’s Group, Prishtina, Kosovo, as quoted in International Helsinki Federations for Human Rights (IHF), *Women 2000: An Investigation into the Status of Women’s Rights in Central and South-eastern Europe and the Newly Independent States* (Helsinki: IHF, 2000).

“Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural, and environmental security among all peoples.”²⁴

As this statement from the Fourth United Nations World Conference on Women and much of the evidence presented thus far in this paper have shown, women’s empowerment is a critical part of sustainable development. Yet microfinance’s great potential to empower poor women to a large extent often goes unrealized. Although studies show that microfinance *can* and *does* empower women, it has the potential to empower many more, even more greatly.

Objections to a Focus on Empowering Women

Given the enthusiasm that many donors and practitioners have shown for the empowering potential of microfinance, why are many MFIs reluctant to focus on women’s empowerment when designing their systems and programs? Their rationales range from the belief that empowerment will happen naturally as a result of a good microfinance program to the concern that paying attention to empowerment will distract MFIs and their managers from running their institutions sustainably. In this section we explore a few of these concerns.

Does Access to Credit Automatically Leads to Empowerment?

The basic theory is that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This economic empowerment is expected to generate increased self-esteem, respect, and other forms of empowerment for women beneficiaries. Involvement in successful income-generating activities should translate into greater control and empowerment. Closer examination shows us, however, that this equation may not always hold true and that complacency in these assumptions can lead MFIs to overlook both opportunities to empower women more profoundly and failures in empowerment.

The ability of a woman to transform her life through access to financial services depends on many factors—some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group. Control of capital is only one dimension of the complex and ever-changing process by which the cycles of poverty and powerlessness replicate themselves. Women also face disadvantages in accessing information, social networks, and other resources they need to succeed in business and in life. Only by evaluating the needs of women will an MFI be able to maximize its empowerment potential.

Programs Seeking to Become Financially Sustainable Cannot Afford to Focus on Women’s Empowerment

²⁴ *Beijing Platform for Action*, Fourth United Nations World Conference on Women (Beijing, 1995), paragraph 41.

Some practitioners are reluctant to adopt women's empowerment as a central focus of their programs because they fear that it will interfere with the efficiency and professionalism of their financial operations. They fear that an intentional focus on women's empowerment may lead them to additional activities that could draw resources and energy away from the core business of providing financial services to the poor in a sustainable way. We do find, however, that there are "empowering approaches" to delivery of traditional microfinance services that are often compatible with and no more costly than other ways of achieving organizational efficiencies. An empowering approach is often found among organizations that are committed to excellence and particularly excellent customer service. For instance, FORA in Russia places a high priority on short turn-around times between loan approval and disbursement, as a means of respecting the client's time and business, and a 1997 study of Sinapi Aba Trust in Ghana found that the most empowering aspect of its various programs was the respect with which clients were treated by people at all levels of the organization. These practices are empowering without being costly.

Knowing and understanding your clients and potential clients is an important part of ensuring that products and services are empowering for them. Maria Otero, President and CEO of ACCION International, reminds us of the basics of designing products for women that were groundbreaking just 20-30 years ago. She writes: "[a sustainable institution that empowers women can do so by first paying attention to the following: 1\) understand the characteristics of women's economic activity: \(for example, smaller businesses than men, smaller cash flow, more likely reaches a smaller market\); 2\) know the skill and time constraints of women \(less literacy, fewer marketable skills, domestic and child care responsibilities\).](#)"²⁵ This kind of client awareness helps MFIs offer loans and other products that are appropriate and empowering. Sofol-Compartamos, an ACCION affiliate in Mexico, has successfully created this client feedback loop by bringing together the general manager, loan officers, and some clients to discuss the characteristics of current products as well as products that clients would like to access in the future. It does not have to be expensive to incorporate client input into program design. Sofol-Compartamos-a fully financially sustainable, regulated finance company-has grown to serve more than 100,000 clients while continuing to be responsive to clients' needs. CETZAM, an Opportunity partner in Zambia, estimates that just a one percent drop in arrears resulting from program improvements would pay for the cost of its impact and client satisfaction monitoring.

"Soft" services like health education, literacy training, business training, or discussion and support groups on issues like domestic violence or divorce rights are often assumed to be costly and to lack clear, easily measurable outputs and outcomes.²⁶ Yet, as Christopher Dunford so eloquently argues in his paper "Building Better Lives," there can

²⁵ E-mail message to authors from Maria Otero, President and CEO of ACCION International, on 6/27/02

²⁶ See Christopher Dunford's "Building Better Lives: Sustainable Integration of Microfinance with Education in Child Survival, Reproductive Health, and HIV/AIDS Prevention for the Poorest Entrepreneurs," paper commissioned by the Microcredit Summit Campaign for more information on the costs, benefits, and rationale of integrating nonfinancial services in microenterprise development programs. Some services that can be offered include nutrition education, business training, distribution of contraception, and education about reproductive health and prenatal care.

be powerful synergies between the provision of financial services and some nonfinancial services like education. Programs with development objectives can achieve “economies of scope” by “packaging two or more services together to minimize delivery and management support costs and to maximize the variety of benefits for people’s multiple needs and wants.”²⁷ And, in an innovative example of incorporating nonfinancial services in a cost-effective way, village banking programs invest in client leadership development in return for cost savings as clients take on some of the responsibilities for managing loan repayments and other transactions of their lending groups.

Another reason for the lack of attention to women’s empowerment in mainstream microfinance is that MFIs fear that building empowering elements into their programs will threaten their financial sustainability ratios and limit their access to funds from major bilateral and multilateral donor agencies. Many donors agencies’ funding criteria focus primarily on outreach and institutional sustainability criteria and do not “reward” programs that are able to demonstrate greater and more sustainable impact on their clients. The incentive structures lead many MFIs to consider including program elements intentionally empowering for women as “extras” or “luxuries” rather than as an integral part of their program design and goals.

But many MFIs with a strong focus on empowerment maintain very high levels of operational and financial sustainability, suggesting that a great deal can be done to enhance women’s empowerment even within the constraints of financial sustainability. Working Women’s Forum (WWF) in India, for example, is fully financially sustainable and offers a range of nonfinancial services, including organizing women in the informal sector to achieve better wages and working conditions. WWF also empowers poor women through its institutional structure by training them to act as health promoters and credit officers in their neighborhoods.

Several Women’s World Banking affiliates also manage to maintain a balance between strong financial performance standards and empowerment. For example, ADOPEM, in the Dominican Republic, has more than 28,000 borrowers and a financial sustainability ratio of 127 percent and is in the process of becoming a regulated financial institution. Yet ADOPEM, whose mission is to incorporate women and their families into the economic and financial system through the provision of credit and training, and to strengthen the position of women entrepreneurs with micro-, small-, and medium-sized businesses, provides more than just loans to its clients. ADOPEM not only provides business training for its clients but offers training in a range of areas including democratic processes and civil society participation designed to encourage women’s empowerment and leadership. In addition, ADOPEM supports the Association of Women in Small and Microenterprise (ANAMUMPE), which provides access to information on training events

²⁷ Chris Dunford, “Building Better Lives: Sustainable Integration of Microfinance with Education in Health, Family Planning and HIV/AIDS Prevention for the Poorest Entrepreneurs” (Washington, D.C.: Microcredit Summit Campaign, 2001), 2.

and legislative issues and has given women an opportunity to participate in working groups organized by the government on issues affecting microenterprise.²⁸

Women's Empowerment Is a "Western" Concept

The question has been raised, not only in microfinance but also in the broader field of international development, whether it is ethical and appropriate for development institutions to promote women's empowerment. The empowerment or disempowerment of women and other groups in each society is closely linked to the culture of that society. The promotion of women's empowerment implies advocacy for cultural and social change, which some fear is an inappropriate imposition of "Western" values on non-Western societies.

Yet, even if we set aside culturally relative values for a moment and look objectively at human welfare, we can see that gender inequalities and discrimination against women contribute directly to the perpetuation of poverty in many nations. Many independent, indigenous women's organizations around the world have contributed to their countries' development by leading long and successful struggles for women's empowerment. Organizations like SEWA and Working Women's Forum in India have organized and mobilized hundreds of thousands of Indian women to work for women's empowerment and rights with little or no "outside" assistance or influence. For example, in areas where women beedi-rollers' poverty²⁹ was exploited by contractors, and often led to permanent indebtedness and child mortgage or bondage, WWF successfully organized women to demand higher wages and the release of children from bondage.³⁰ Moreover, in some cases poor countries have surpassed developed countries in terms of women's representation, existence of women's machineries and ratification of instruments and conventions. This illustrates government awareness of the need to address women's empowerment. Although desired outcomes and goals of empowerment are culturally relative, empowerment itself is *not* a Western concept.

EVIDENCE OF EMPOWERMENT

Although the process of empowerment varies from culture to culture, several types of changes are considered to be relevant in a wide range of cultures. Some of these changes include increased participation in decision making, more equitable status of women in the family and community, increased political power and rights, and increased self-esteem. Although most microfinance institutions can share anecdotal evidence of empowerment, very few have studied the effects of their programs on empowerment. The information and evidence that are available give us a mixed picture, showing successes as well as some limitations.

²⁸ Information gathered from the Web site of Women's World Banking (www.swwb.org) and e-mails from Celina Kawas, of Women's World Banking.

²⁹ Beedi-rollers are usually very poor women and children who are contracted, often under very poor conditions, to roll the thin *beedi* cigarettes.

³⁰ Working Women's Forum, *Social Platform through Social Innovations: A Coalition with Women in the Informal Sector* (Chennai, India: Working Women's Forum, 2000), 25, 39.

Impact on Decision Making

Women's ability to influence or make decisions that affect their lives and their futures is considered to be one of the principal components of empowerment by most scholars. It is much less clear, however, what types of decisions and what degree of influence should be classified as empowerment in different contexts.

In spite of the difficulties, some microfinance institutions are finding ways to evaluate their impact on women's decision making. The Women's Empowerment Program in Nepal, for example, conducted a study that showed an average of 89,000 out of 130,000 or 68 percent of women in its program experienced an increase in their decision-making roles in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school—all areas of decision making traditionally dominated by men.³¹ The Centre for Self-Help Development (CSD) also reported that women were able to make small purchases of necessary items like groceries independently. But larger purchases and personal purchases, like jewelry, always required the consent of the husband, representing incomplete progress toward empowerment in this area.³² World Education, which provides literacy and other education to existing savings and credit groups, found that the combination of education and credit put women in a stronger position to ensure more equal access for female children to food, schooling, and medical care.³³ TSPI, an Opportunity partner in the Philippines, found that the percentage of women who reported being the primary household fund manager increased dramatically from 33 percent to 51 percent after participation in the program. In the comparison group only 31 percent of women were the primary managers of household funds. Similarly, the percentage of women managing their enterprise funds nearly doubled from 44 to 87 percent. Only 1 percent of clients control of enterprise fund management after joining the program, and only 5 percent relinquished control of household fund management during that period.³⁴

Through in-depth interviews with 13 clients, URWEGO, a World Relief partner in Rwanda, found that 54 percent of the clients experienced an increase in their ability to control or influence business decisions, 38 percent experienced an increase in decision making in their families, 38 percent in their communities, and 54 percent in their churches.³⁵ URWEGO's impact on decision making, while far from universal, is

³¹ Jeffrey Ashe and Lisa Parrott, *Impact Evaluation of PACT's Women's Empowerment Program in Nepal: A Savings and Literacy Led Alternative to Financial Institution Building* (Cambridge, Mass.: Brandeis University, 2001), 8.

³² Milan Shrestha, *Report on Self-help Banking Program and Women's Empowerment* (Nepal, 1998), 28.

³³ Helen Sherpa, World Education response to e-mail survey, 20 October 2001.

³⁴ Jesila Ledesma, "Empowerment Impact Report on TSPI's Kabuhayan program," draft, April 2002.

³⁵ URWEGO staff defined *empowerment* in the Rwandan context as "an increase in self-esteem, an increase in decision-making, and an increase in knowledge of what to do and how to access resources (to solve problems, achieve objectives, etc.)." World Relief Rwanda, "Impact Assessment of TF UK Clients in the World Relief Rwanda URWEGO Program" (1999), 4.

significant in that the program was only about 18 months old at the time of the evaluation.³⁶

Many microfinance institutions focus their attention on women's use of the loan and ability to make decisions about her business as the most direct impact of their program. Nirdhan Utthan Bank, Ltd. in Nepal found that most of their women clients were making decisions about business investments jointly with their husband, which represents a step forward because previously these women's husbands would have made such decisions alone.³⁷ CSD found that most women do have a say in the utilization and management of their loans although occasionally men pressure CSD to give their wives loans so that the husband can use it. They also found that a fair number of loans are ultimately invested in "male" activities like rickshaws, for which it is difficult to ascertain the level of control and influence the women may have.³⁸ In her study of the Small Enterprise Development Program (SEDP) in Bangladesh, Naila Kabeer found that although empowerment and well-being benefits substantially increased when women controlled their loans and used them for their own income-generating activities, just the act of bringing financial resources to the household in the form of credit was enough to secure at least some benefits for the majority of women in her study.³⁹

Impact on Self-Confidence

Self-confidence is one of the most crucial areas of change for empowerment, yet it is also one of the most difficult to measure or assess. Self-confidence is a complex concept relating to both women's perception of their capabilities and their actual level of skills and capabilities. It is related to Kabeer's concept of *agency* that allows women to define and achieve goals as well as the sense of power women have within themselves. Jeffrey Ashe and Lisa Parrott's study of the Women's Empowerment Project in Nepal showed that an increase in self-confidence and enlarged spheres of influence were the top two changes reported by 200 sampled groups.⁴⁰ URWEGO in Rwanda found that the greatest impact of its program on empowerment had been on self-esteem, with 69 percent of clients reporting increased self-esteem. Self-esteem and self-confidence are closely linked with knowledge as well. Fifty-four percent of URWEGO clients reported an increase in their level of knowledge about issues that affect themselves and their families, and 38 percent of clients reported an increase in business knowledge.⁴¹

Impact on Women's Status and Gender Relations in the Home

Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions. Particularly in poor communities,

³⁶ World Relief Rwanda, 7.

³⁷ PLAN International, *Mid-term Evaluation of Nirdhan/PLAN Microfinance Program in Nepal* (PLAN International, 2001), 37.

³⁸ Shrestha, 24, 28.

³⁹ Kabeer, *'Money Can't Buy Me Love'? 21.*

⁴⁰ Ashe and Parrott, 8.

⁴¹ World Relief Rwanda, 7.

men's domination of women is strongest within the household. As Naila Kabeer points out, "Many feminists recognize that poor men are almost as powerless as poor women in access to material resources in the public domain, but remain privileged within the patriarchal structure of the family."⁴² In some societies, being seen by neighbors as in control of his family and wife is a key element of men's social prestige—particularly in impoverished communities where men may be able to boast of few other status symbols. In Costa Rica, for example, none of ADAPTE's women clients who were surveyed reported feeling that their gender limited their occupational choices. One woman even commented that she thought that she could do better at business *because* she was a woman. Such responses seem to indicate that these Costa Rican women enjoyed a great deal of freedom of choice in their occupations. Yet many of the responses of the husbands of ADAPTE clients reflected a deep ambivalence and struggle with their wives' new economic independence. One husband commented that he appreciated his wife's ability to earn her own income so that she could pay for things she wanted without asking him for money. He liked his wife's independence because "although she doesn't give me anything, neither does she ask for anything from me." He considers the growth of her business to be generally positive but then adds that it has not been easy for him to become accustomed to it. When asked how he felt about his wife's increasing independence and growing tendency to make decisions alone, he explained, "Because of my *machismo* I see [the changes] as negative, but deep down, I know that they are positive for her."⁴³

In spite of the difficulty that some men have in accustoming themselves to their wives' new role, most women report improved relationships with their husbands and families. Evidence of changes in gender roles within the household, however, is limited. World Education reported that although husbands, in-laws, and children help out at home while the women attend program meetings, women's workload increases as they start utilizing their loans more. Also working in Nepal, CSD found that the economic role of women remained restricted to managing the loans and supplementing household income to meet household expenses but did not lead to a substantial change in gender relations in the home in the majority of households.

Impact on Family Relationships and Domestic Violence

Although there have been a few studies⁴⁴ that have asserted that women's participation in microfinance leads to an increase in domestic violence, most practitioners have reported the opposite experience. The concerns arise over a "backlash effect" that may occur as a result of women challenging gender norms and asserting their rights. Microfinance programs can strengthen women's economic autonomy and give them the means to pursue nontraditional activities. In some cases, women who begin to assert themselves

⁴² Kabeer, *Conditions and Consequences*, 20.

⁴³ From surveys conducted by ADAPTE loan officers in October–December 2001 on behalf of the authors.

⁴⁴ See, for example, Anne Marie Goetz and Rina Sen Gupta, "Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programs in Bangladesh," *World Development* 24, no. 1 (1996): 45–63.

and their opinions in their households incur the wrath of angry husbands who feel their authority and sometimes their reputations are being threatened by their wives' behavior.

Although there are many good reasons for MFIs to be watchful for potential rises in domestic violence, the bulk of the evidence and experience thus far seems to point to the conclusion that participation in microfinance strengthens and improves family relationships rather than destroying them. Poverty, scarcity, and feelings of helplessness take an undeniable toll on personal relationships. Many practitioners have found that family relationships can be strengthened when the home becomes a more comfortable place to be, and when each member of the family feels secure in his or her ability to contribute productively to the family. Women at Sinapi Aba Trust in Ghana, for example, clearly attributed the increase in respect from their husband and the reduction in arguments to their economic contribution and a reduction in scarcity. Naila Kabeer's study of SEDP shows women making a direct causal link between their contribution to the household and a reduction in abuse. For example, one client of SEDP quoted by Kabeer states:

He gives me more value since the loan. I know, because now he hands all his earnings to me. If I had not gone to the meeting, not taken a loan, not learnt the work, I would not get the value I have, I would have to continue to ask my husband for every taka I needed. . . . Before, my husband used to beat me when I asked him for money, now, even if he doesn't earn enough every day, I can work, we don't have to suffer.⁴⁵

Balbina, a client of ASPIRE, Opportunity's partner in the Dominican Republic, described the frustration that she and her husband felt about their poverty and their inability to work productively to change their situation. That changed when she used her first loan to invest in a business making and selling *chicharrones* (pork rind snacks) together with her husband. She talked about the difference within their home as a result of having productive work and greater assets: "We were fighting tooth and nail because my husband was unemployed and we had nothing to do. Now we work together, and each of us has something productive to do and a way to direct our energies."⁴⁶

Hashemi et al. found fewer incidences of violence against women among women who were members of credit organizations than they found among the general population. Although fear of public exposure clearly played a role in the reduction of violence, there is considerable anecdotal evidence of women attributing the reduction of abuse directly to their access to credit and their economic contribution to the household. Another study by Schuler et al. suggests that the level of women's economic contribution to the family may also be significant.⁴⁷

⁴⁵ Kabeer, *Money Can't Buy Me Love*? 44.

⁴⁶ Personal interview.

⁴⁷ S. M. Hashemi, R. R. Schuler, and A. P. Riley, "Rural Credit Programs and Women's Empowerment in Bangladesh," *World Development* 24, no. 4 (1996): 635-53; S. R. Schuler, S. M. Hashemi, A. P. Riley, and A. Akhter, "Credit Programs, Patriarchy and Men's Violence against Women in Rural Bangladesh," *Social Science and Medicine* 43, no. 12 (1996): 1729-42.

Evidence suggests that participation in microfinance programs may give women the means to escape from abusive relationships or limit abuse in their relationships. Working Women’s Forum found that 40.9 percent of its members who had experienced domestic violence stopped it because of their personal empowerment, while 28.7 percent were able to stop it through group action.⁴⁸ CSD in Nepal also noticed a greater resistance to wife beatings and alcoholism among its clients.⁴⁹ And in Bangladesh, where social pressure to remain married is high, Kabeer found that several women in abusive relationships were able to establish spheres of autonomy for themselves within their marriage so that they would have to depend on their husbands as little as possible.⁵⁰

There is anecdotal evidence of reducing domestic violence against children as well. For example, Sabina Cutiba, a client of ADEMCO, Opportunity’s partner in Bogotá, Colombia, had experienced a lifetime of abusive relationships but learned a new way to interact with her children as a result of her Trust Bank program. “I used to fight, complain a lot, be negative. I would complain to friends of mine and cry out with my frustrations. . . . This lady who has been giving these conferences and talking with me has really strengthened me. I’ve had a total change. . . . Before I used to beat my children. I hit them a lot. But not anymore—now I’m a different person.”

In spite of fears by some that giving loans to women could disrupt social order and destroy families,⁵¹ there is little evidence of this occurring. In her study of both male and female clients of SEDP, Naila Kabeer found that women were much more likely to seek the strengthening of their relative position within an interdependent relationship with their husbands than they were to seek independence and autonomy.⁵²

Impact on Women’s Involvement and Status in the Community

Several microfinance and microenterprise support programs have observed improvements in women’s status in their communities. Contributing financial resources to the family or community confers greater legitimacy and value to women’s views and gives them more entitlements than they would otherwise have. Studies of microfinance clients from various institutions around the world show that the women themselves very often perceive that they receive more respect from their families and their communities—particularly from the male members—than they did before joining a microfinance program. Where women have the freedom to move about publicly, their success in business is often highly visible in the community. Their success can pave the way for them to become respected and valued members of society. For example, in Zanzibar,

⁴⁸ Working Women’s Forum, 22.

⁴⁹ Shrestha, 30.

⁵⁰ Kabeer, *‘Money Can’t Buy Me Love’?* 43–54.

⁵¹ In the early days when Opportunity International was developing targeted loan products for women, a few local leaders expressed concern about the potential disruption of the family as a result. The most extreme comments included “Giving loans to women will destroy families” and “Providing loans to women goes against God’s natural plan for the universe.”

⁵² Kabeer, *‘Money Can’t Buy Me Love’?* 66–67.

Tanzania, women from one of WEDTF's credit groups enjoyed considerable prestige and empowerment as a result of their successful joint business selling kerosene:

Before the credit support we never even went to the market. We were solely dependent on our husbands. Now group activities and the intensive training from the scheme have opened our eyes. We now know that we are better in business than men. We were the only women selling kerosene in the village. The whole community admired our determination. We have urged our fellow women to put their veils down. Some have started their own income generating activities.—Halima Juma Hamadi⁵³

Most studies have been based on women's perceptions of how others treat and perceive them, so it is possible that their responses were affected by their own increasing self-esteem and self-confidence as much as by actual changes in the way they were perceived in the community. Some women, however, do cite specific examples of how their interactions in the community have changed and how the improvement in their status is manifested. One woman in Ghana commented that men no longer spoke to her disrespectfully but spoke to her rather more as an equal. Other women noted that they have been invited to participate in and speak at community meetings, whereas before they would have been ignored or excluded. Similarly, a study done by Freedom From Hunger on its program in Ghana noted that significantly more participants than nonparticipants were giving advice in their communities—particularly on topics they had studied in their credit groups. Eighty-seven percent of Credit With Education clients had given business advice in the last six months at the time of the study, compared with 35 percent of nonparticipants and 50 percent of members of control communities. The Freedom From Hunger study also showed that substantially fewer (44 percent) of these women had given business advice in the six months before joining the program three years earlier.⁵⁴

In the CSD program, women members own their center houses that provide them with a social space for gatherings. These houses are a symbol of their unity, strength, and positive contribution to the community and are a source of pride for the women.⁵⁵ In CSD communities, the perception of women's economic role is slowly changing. Women are gaining respect for their work, which has traditionally been undervalued. Women's increased economic role is improving their position in society by allowing them to prove their economic capabilities. The awareness of the importance of their economic roles has given some women the confidence to detach themselves from the conservative practices of *pardah* that used to confine their activities to their homes.

As we have shown in this section, women *are* gaining respect. CSD, however, found no noticeable change in traditional gender relations and socially prescribed roles and norms—particularly at the level of the household. Women's mobility has increased, but

⁵³ Women's Entrepreneurship Development Trust Fund (WEDTF), information on microfinance and empowerment of women, Zanzibar, Tanzania, 52.

⁵⁴ Barbara McKnelly and Mona McCord, "Credit With Education Impact Review No. 1: Women's Empowerment." (Freedom From Hunger, 2001), 9-10.

⁵⁵ Shrestha, 18.

only as related to income-generating activities. Although CSD's centers have succeeded in creating a space for women to gain experience in making decisions and acting upon them, a social stigma is still attached to women's mobility that has not changed significantly since CSD began its operations.⁵⁶ CSD concluded that these limitations were due in part to the program's central focus on creating income-generating opportunities for women who had never had them before and that "women's empowerment takes much more than access options. The program needs to consider some strategic or structural changes and incorporate gender mainstreaming actions in order to inch toward the overall empowerment of women."⁵⁷

Many programs, however, do encourage women from village banks, self-help groups, lending centers, and Trust Banks to organize to bring about social change or solve community problems as a group. Trust Bank members from Opportunity's partner AGAPE in Barranquilla, Colombia, organized to bring electricity to their community. Trust Banks from ADEMCOL, Opportunity's partner in Bogotá, often organize health fairs for their families and communities, bringing the services of doctors, dentists, and psychologists within easy access of poor communities that lack their own health services. They also organize day care and community social events. Organizing such events has proven to be an important learning experience in and of itself because for many women it is their first contact with local authorities. In order to gain permission and support to hold the events, women must learn to navigate through the bureaucracies that affect their daily lives.

Impact on Political Empowerment of Women and Women's Rights

Widespread political empowerment is a fairly rare outcome of most microfinance programs. Although microfinance programs offer services and products that can enhance individual women's abilities to participate effectively in politics, few microfinance organizations explicitly seek political mobilization or structure their programs in such a way as to deliberately nurture collective action. Nevertheless, many examples testify that women's participation in lending centers and groups increases their knowledge of political parties, processes, and channels of influence. Women clients of Opportunity Microfinance Bank in the Philippines have gained leadership experience and confidence as leaders of their Trust Banks and have gone on to be elected as leaders within their *barangays*.⁵⁸ Women clients of what is now FORA in Russia organized to campaign for democracy during recent Russian elections. Esmeralda Castaños, a former Trust Bank leader from Opportunity partner IDH in Honduras, recently ran for mayor of her small town of San Mateus. And a number of Trust Banks of AGAPE in Barranquilla, Colombia, helped organize a protest march to bring better sewage systems to their community.

Some programs, such as BRAC, offer training programs with the specific aim of creating political and social awareness. In a study comparing the empowerment effects of

⁵⁶ Shrestha, 29–30.

⁵⁷ Shrestha, iii.

⁵⁸ A *barangay* is a community-level political unit in the Philippines.

participation in Grameen Bank and BRAC microfinance programs, Hashemi, Schuler, and Riley found that participation in BRAC had a stronger effect on participation in political campaigns and public protests than did Grameen. They believe that this “may be because BRAC provides more opportunities for its members to participate in training programs, which give them an opportunity to travel outside their villages, and because of its greater emphasis on creating awareness of social and political issues.”⁵⁹

Other programs such as Working Women’s Forum (WWF) in India are very active politically. WWF has a union and advocacy branch as well as a lending program and has been successful in mobilizing very large numbers of women for political and legal changes that support women’s rights and opportunities. According to WWF, over 89 percent of its members had taken up civic action for pressing problems in their neighborhoods, showing that microfinance and political empowerment can be complementary processes.⁶⁰ And Human Development Initiatives Nigeria (HDI) has successfully combined education of widows about inheritance, legal, and property rights with training in business skills and microfinance. The education has allowed some widows to reclaim their husbands’ property and to gain access to their bank accounts. HDI’s counseling and mediation services have also helped them resolve conflicts with their husbands’ families.

Even programs that are not explicitly addressing women’s rights and political participation have had some impact on political and legal empowerment. By contributing to women’s knowledge and self-confidence and by widening their social networks, many microfinance programs give women the tools and skills they need to participate more effectively and successfully in formal politics and to informally influence decisions and policies that affect their lives.

For example, World Education, which focuses on literacy rather than political rights training, has found that women who have been through their literacy program are more likely to stand for elected positions such as ward representative or health committee member. A study of Freedom From Hunger’s Credit With Education clients in Bolivia found that clients were significantly more likely to have been a candidate for public office or to have been a member of the community’s *sindicato* than nonclients.⁶¹ Candidacy for public office can be a good indicator of women’s self-confidence and efficacy and the community’s respect for women as well as political empowerment; however, it is important to know the broader political conditions affecting their candidacy and role in office. For example, in Nepal, 96 women from CSD’s program were elected to village and district development committees, but the study also showed that women tended not to have any significant influence over decisions after being elected.⁶²

⁵⁹ Syed Hashemi, Sidney Schuler, and Ann Riley, “Rural Credit Programs and Women’s Empowerment in Bangladesh,” *World Development* 24, no. 4 (1996): 649.

⁶⁰ Working Women’s Forum, 22.

⁶¹ MkNelly and McCord, 11.

⁶² Shrestha 21, 31–32. Note that because political parties in some countries such as Nepal and India must meet quotas of women, women’s election to community posts is not necessarily an indication of empowerment or a reliable indicator of program impact—but it can be construed as a step toward an enabling environment for women’s political empowerment.

Negative Impacts on Women and Limitations to Empowerment

Both men and women assume risks when taking out a loan—which becomes debt with all of its accompanying stresses and responsibilities. In addition some studies of the impact of microfinance programs have raised legitimate concerns about the potentially negative impact that programs can have on women, particularly in highly restrictive environments. One often-reported concern is that clients’ husbands or other household members take control of the woman’s loans, yet the client herself retains responsibility for paying off the loans, thus increasing her level of stress and dependency.⁶³

⁶³ This phenomenon has been most widely studied in Bangladesh. For more information on borrowers’ perspectives on lending in Bangladesh, see Goetz and Sen Gupta; Aminur Rahman, “Micro-credit Initiatives for Equitable and Sustainable Development: Who Pays?” *World Development* 27, no. 1 (1999): 67–82; Helen Todd, *Women at the Center: Grameen Bank Borrowers after One Decade* (New York: Westview Press, 1996); and Kaber, ‘*Money Can’t Buy Me Love*’?

Box 3

Helen Todd, Editor, CASHPOR

Helen Todd studied Grameen Bank's impact on long-term borrowers in Tangail, Bangladesh. She found that "the most successful families in our small sample were those husbands and wives working in partnership, where both were major economic actors. . . ." She also found that out of the 40 borrowers she interviewed, 10 had no control over their loans. "They were just taking the money and pipelining it to a husband, a son, a father-in-law, or some other male within the household—sometimes a male outside the household, which was an even more exploitative situation." Goetz and Sen Gupta's study found that the percentages of women who had little or no control over loans ranged from 10 percent in the Grameen Bank to 63 percent in RD-12, a government credit program. The overall average of the four programs studied was 39 percent [World Development, January 1996].

In an interview with the Microcredit Summit Campaign, Todd comments, "People are using this study . . . to argue that there is less benefit to opening microcredit opportunities to women than the "evangelists" say. . . . That is not the way I interpret this study. Thirty-nine percent having little or no control means that 61 percent have partial or full control. That is a lot better than the kind of powerlessness with which these women begin.

"There is another more useful way to look at these figures. If there is, in one country—Bangladesh—within one culture, this huge variation between 10 percent and 63 percent in terms of empowerment, . . . then we have got to look at how those programs are designed and try to figure out what are the processes [and] what are the mechanisms in that program which are encouraging or discouraging women's own loan use?"

Excerpt from *Countdown 2005 Newsletter*, Microcredit Summit Campaign, September 1998. CASHPOR, a network of Grameen Bank replications, provides training, technical assistance, and information to its members and promotes new replications.

Other studies question the success of microfinance programs in effecting lasting change in women's economic welfare or empowerment.⁶⁴ Some scholars, such as Linda Mayoux, argue that microfinance institutions cannot have more than a limited impact on women's empowerment unless there are changes in wider gender inequalities in the broader social and economic contexts in which they operate.⁶⁵ In light of these limitations, Mayoux recommends that MFIs intentionally address women's empowerment as part of their goals, objectives, operations, and product design. In addition to the issue of domestic violence previously discussed, other common concerns raised include the increased burden that microenterprise activities place on women's time, MFIs' reinforcing rather than challenging gender inequalities, and the possibility that children will be kept out of school to help in their mother's business. The studies raise some important questions which we examine below.

How does women's participation in microfinance programs and microenterprises affect the use of their time?

⁶⁴ For more discussion on this topic, see Goetz and Sen Gupta. See also Rahman.

⁶⁵ Mayoux, *Women's Empowerment and Microfinance*, 111.

Microfinance programs can affect women's use of their time through two main channels: meeting time and expanded enterprise activity. Most methodologies that target women rely on women being able to spend time together to learn about effective financial management and to repay and disburse loans. Although time is precious and scarce for many poor women, it is one resource that most women can utilize to gain access to financial services. It is a key factor in facilitating cost-efficient delivery of services. There are concerns, however, that MFIs are increasing women's work burden by involving them in time-consuming meetings and income-generating activities without taking any action to reduce their traditional responsibilities.

Many women report an increased workload and responsibilities as a result of their loans. Several cases of women suffering ill health and exhaustion as a result of overwork have been reported. In other cases, though, women report that they are more than happy to assume the extra burden because of the respect, personal satisfaction, and improved standard of living they experienced as a result of their income-generating activities. In her study of the Small Enterprise Development Program in Bangladesh, Naila Kabeer found that the majority of women who experienced an increased workload were happy and felt that the benefits outweighed the costs of participation. In the words of one Bangladeshi woman interviewed,

My labour has increased, my husband can also see that. . . . I have less time to do the usual things so he is more tolerant. My labour has increased, but it means we are better off. You need to work. Now we have bought a loan and put it to work, if we have to work harder, that makes no difference to me, we do it with pleasure. The pleasure is that I do the work and I will make an extra bit of money. This was not the case before. The problem before was that I would think I need 500 takas for something, but where would I get the money from? We would have to borrow it. Now we are in position to lend.⁶⁶

Several women interviewed in Ghana also affirmed that in spite of their increased workload and responsibilities, they felt a great deal of pride and personal satisfaction in being able to make a substantial economic contribution to their household.⁶⁷

In some cases, studies have revealed that other family members substantially increase their participation both in the business and with the household chores. A study by Opportunity partner TSPI in the Philippines revealed that the percentage of women whose daughters participated in their businesses increased by 88 percent. Surprisingly, more sons started helping with housework after their mothers joined the program.⁶⁸ These findings suggest that it may be important to evaluate the impact of microenterprise not only on the women clients themselves but also on their adult and young children.

⁶⁶ Kabeer, *Money Can't Buy Me Love*? 31.

⁶⁷ Personal interviews, November 2001.

⁶⁸ Ledesma.

While the implications of microfinance for the demands on women's time vary considerably according to each individual's situation, MFIs need to be aware that their programs do affect women's time, not always in positive ways, and should be prepared to assist them in negotiating a reasonable and sustainable balance between life and work.

Do good repayment rates depend, in part, on women's disempowered condition?

Supporters of microfinance claim that solidarity groups, self-help groups, and village banks help build the social capital of their communities. Other scholars and development experts, however, worry that by using existing social capital in communities to ensure repayment, MFIs are introducing new stresses and pressures on community life and may damage important support relationships. They observe that MFIs may owe much of their high recovery rates to the lack of alternatives and powerlessness of their client base. It has been well documented that microfinance figures into poor women's risk-management strategies and that continued access to credit is a major incentive for repayment.⁶⁹ But, in this sense, incentives for repayment are little different from those for the formal financial markets. No one wants a bad credit record that could keep him or her from accessing financing in the future. The difference is that poor women have even fewer options and alternatives, so the incentive is even stronger. Because most microfinance approaches were developed to work with women in their disempowered condition, however, institutions need to be prepared to change and develop as the women and communities they serve change, become empowered, and have more options.

Do MFIs reinforce women's traditional roles instead of promoting gender equality?

Some critics have argued that the majority of microfinance programs are structured in such a way as to have their greatest impact in helping women perform traditional roles better. They argue that by emphasizing the benefits that women's families receive from their access to credit and helping them earn income in such a way that it does not interfere significantly with their traditional duties, microfinance institutions may reinforce traditional gender roles and relations rather than alter them. The reality that many of women's practical needs are closely linked to traditional gender roles, responsibilities, and social structures contributes to a tension between meeting women's practical needs in the short term and promoting long-term strategic change.

Yet by helping women meet their practical needs and increase their efficacy in their traditional roles, microfinance programs can help women gain respect and achieve more in their traditional roles, which in turn can lead to increased esteem. Although improving women's ability to perform traditional roles is not sufficient to ensure empowerment, it may well be a necessary precondition. Enhancing women's sense of

⁶⁹ For more information on risk-management strategies, see Jennefer Sebstad and Monique Cohen, *Microfinance, Risk Management, and Poverty* (Washington, D.C.: CGAP, 2001); Graham A. N. Wright et al., "Vulnerability, Risks, Assets and Empowerment—The Impact of Microfinance on Poverty Alleviation," paper contributed to *World Development Report 2001*; and Ronald Chua et al., "Risk, Vulnerability, Assets and the Role of Financial Services in Reducing Vulnerability: A Study of the Women Clients of CARD Bay Laguna, Philippines," paper submitted to CGAP, October 1999.

efficacy and financial security may contribute decisively to women's ability and willingness to challenge the social injustices and discriminatory systems that they face. In the experience of ENDA Inter-Arabe in Tunisia, it is often an economic crisis such as divorce or the loss or illness of a wage earner that threatens a woman's ability to care for her family, draws her out of her submissive and dependent role, and leads her to take actions that surpass the expectations that others have of her. ENDA Inter-Arabe finds that generating and controlling income is the starting point for other forms of empowerment.⁷⁰ "Financial autonomy brings with it *dignity*. Their newly-gained knowledge and capacity to take and influence decisions provides them with *self-confidence*."⁷¹ Armed with the increased access to knowledge that the program provides, combined with their new sense of self-confidence and dignity, many of ENDA Inter-Arabe's women clients are willing and able to take the next step by participating in public meetings, joining political parties, and assuming leadership roles in the community.

As we have shown in this section, although microfinance has helped empower many women in many different ways, empowerment is not an automatic outcome for all women. A closer look at the role that microfinance programs play in women's empowerment and success in business will allow us to begin to understand the causes of both positive and negative outcomes and to develop programs that can enhance the positive and minimize the risk and rate of negative outcomes.

WHAT ROLE DOES MICROFINANCE PLAY IN EMPOWERING WOMEN? A CASE STUDY OF SINAPI ABA TRUST, GHANA

In November 2001, Opportunity International carried out qualitative research with its partner Sinapi Aba Trust in Ghana in order to learn how and under what circumstances participation in SAT's program led to significant transformation and empowerment. In this section we use the findings from this and other impact studies conducted with Sinapi Aba Trust to take a more in-depth look at how and through what processes microfinance programs can empower women.

First, focus-group discussions were held with loan officers from SAT to identify indicators of transformation and empowerment and to learn from their observations about how SAT's program affected the process of transformation of women clients. In-depth interviews were then conducted with 10 women clients and 11 husbands of clients. The women clients were selected on the basis of both their longevity in the program and the significant degree of change that they were observed to have experienced. The women, who have participated in the program between two and six years, were asked about changes in their lives at the business, household, personal, and community level. Particular efforts were made to gather information about changes in relationships, economic condition or well-being, gender roles and equality, skills and capabilities, and spiritual lives, community service, and ethics. The 11 spouses were interviewed about their opinions of the program and their wives' participation. They were also asked to

⁷⁰ Essma Ben Hamida, "Empowering Women Through Micro-Credit: A Case Study From Tunisia," paper presented at the Civil Society Workshop Rehearsal, Cairo, Egypt, March 2000, 7.

⁷¹ Ben Hamida, 9.

discuss changes in their homes, communities, wives' businesses and character, and personal beliefs that have occurred since their wives joined the program. The men selected for the study came from the same communities as the women being interviewed, but only three husband-wife pairs were interviewed.

The first round of research, while involving only a few clients and not generalizable to the clients at large, gave great insights into the processes of transformation and SAT's particular role in enabling poor women to transform their lives. These qualitative findings were used to inform further more extensive qualitative and quantitative studies using specially adapted versions of all five AIMS client assessment tools.⁷² The follow-up studies focused on the areas of empowerment (41 clients), loan and savings use (56 clients), general impact (320 clients, 270 nonclients), reasons for exit (178 ex-clients), and client satisfaction (19 groups of 8–10). In all, more than 1,200 people were interviewed in the second round of research.

The Trust Bank Program of Sinapi Aba Trust

SAT operates a total of 16 branches in all 10 regions of Ghana. As of March 31, 2002, Sinapi Aba Trust was reaching 22,765 clients, 93 percent of which were women, with an operational self-sufficiency of 199 percent and financial self-sufficiency of 140 percent . Its primary lending methodology is Trust Banks. Trust Banks at SAT are composed, on average, of 20 to 30 poor and very poor women⁷³ living or working in the same community and often working in the same sector. Loan officers are usually assisted in the recruitment of new members by local community leaders such as market 'queens' and the leaders and members of existing Trust Banks operating in the area. All members have at least some business experience before they join. In Ghana, women are heavily involved in trading commodities such as plantains, cassava, tomatoes, and oranges. Most women have done at least some small trading or had a service business to help make up for shortfalls in their husbands' income or household contribution.

Women joining Trust Banks participate in an extensive orientation before receiving their first loan. Group leaders are elected and play an important role in the management of loan disbursement and repayment as well as in arranging the program at the weekly meetings. Loans to individuals are guaranteed by the other group members, and repayments are made weekly. In addition to loan-management activities, a program is held at each meeting. Topics are chosen by the women themselves in cooperation with their loan officer. Women receive training in business skills such as customer care, pricing, marketing, and selling on credit, and they have the opportunity to exchange business tips among themselves. They also discuss social and community issues. Particular attention is given to topics that will help women manage the expectations,

⁷² The AIMS tools for client impact assessment were developed by USAID's Assessing the Impact of Microenterprise Services project and the Small Enterprise Education and Promotion (SEEP) Network. They include a quantitative impact survey, a quantitative exit survey, and three qualitative tools looking at client empowerment, satisfaction, and loan use. These tools can be downloaded from USAID's Microenterprise Innovation Project's Web site: www.mip.org.

⁷³ Only those ranked as poor and very poor on a means test are eligible to join the Trust Bank program, and the majority of the clients are in the very poor category.

responsibilities, and challenges they face as income-earners, mothers, and wives. Outside resource persons are occasionally brought in to address specialized topics, particularly those related to health.

Sinapi Aba Trust, like other Opportunity International partners, is interested in promoting the holistic transformation of its clients' lives. For that reason, its Trust Bank program is designed to go beyond the promotion of business growth to share skills, ideas, and strategies that can empower its clients to play an important and beneficial role in their families and communities.

Business Impact

Since the most direct anticipated benefits of microcredit concern clients' businesses, we begin with a discussion of the effects of SAT's program in that area.⁷⁴ Running a successful business not only contributes to women's improved welfare, it contributes both directly and indirectly to their empowerment. The studies showed that through SAT's program, women's businesses became more successful in the following ways: an increase in working capital, improved relationships with suppliers and customers, more strategic planning and pricing, and diversification and expansion into more profitable product lines.

The increase in working capital is particularly important for women's empowerment. Although most major markets in Ghana have highly developed systems of in-kind credit, accounts usually must be settled daily, and the availability of cash credit is still rare. As a result, when women have their own capital or have access to cash credit, they have considerably more power and prestige in the marketplace. All 10 of the women from the November study and 76 percent of the women from the follow-up studies indicated that their working capital had increased as a result of their loans from SAT. For half of them, their loans and earnings have been enough to break their dependency on supplier credit, and the rest were able to purchase more stock using a combination of cash and credit. A quantitative study revealed that 42.9 percent of mature clients are now able to buy directly from wholesalers and producers, compared with only 31 percent of nonclients. And 33 percent of mature clients now employ other people, compared with only 24 percent of new clients. In almost all cases, the increase in capital has given women more options and greater control over their businesses—and their lives. Nana Addai, a SAT Trust Bank client since 1999, shared her experience of empowerment as she transitioned from selling used school uniforms that she obtained on credit to managing her own used-clothing business.⁷⁵

⁷⁴ This kind of economic empowerment is not unique to women, and it is an empowerment effect of microenterprise programs generally rather than an effect that comes about specifically when empowerment is a *focus* of microenterprise programs, although these effects can be enhanced by carefully designing services and products with empowerment in mind.

⁷⁵ Personal interview with Nana Addai, an SAT client.

Box 4

Empowerment through Increased Capital

Nana Addai

“Before joining SAT, I did not have much money, so I had to collect the goods from somebody, sell them, and give her the profit before she would give me some. . . . Every week I would have to render accounts to the supplier—what had been bought, what is left, etc., before she would give me other goods to sell. . . . Because I now have my own money, I am able to negotiate well for good prices and . . . if what my suppliers are selling is not nice, I can go to a different store to purchase what I think people will buy. . . . The time that I spend with my business has reduced because I now have my own money, unlike the past where I was working for somebody so I had to be able to sell all day long before she would give me my share. So always I was tired and in a rush to make sure that I spend more time at the business to ensure that people buy it. But now I have my own business and money, and I can organize myself better to get time to rest.”

Women who participated in SAT also gained a reputation for trustworthiness and responsibility that enhanced their relationships with their suppliers and customers and improved their businesses. As women used the loans, business training, and advice they received from SAT to expand into more profitable lines of business and build their customer bases, they reported feeling that both men and women respected them more. Ninety-three percent of the women interviewed for the empowerment study reported feeling that they are now accorded much respect and are more accepted in their communities. In many ways, the women interviewed have been able to capitalize on the increased respect they have received as successful businesswomen and breadwinners to increase their influence in community and household affairs.

Impact on the Household and Family Relations

All of the men interviewed said they were supportive of their wives' joining the program from the beginning. Those who said that they had reservations about their wives' participation primarily feared that their wives would not be able to pay the money back and they would be saddled with debt, prosecuted by the courts, or otherwise dishonored as a family because of their inability to honor their obligations. Most believe that women should earn income if they can and expressed appreciation for their wives' financial contributions to the household. As a consequence, they were grateful for any program, such as SAT's, that could help them become more successful and earn more income.

In Ghana, the complete appropriation of women's loans by men is fairly rare, and women typically control their own income from their business. Even though several men reported assisting their wives with their accounts, planning, or other aspects of business, in only one case did the husband interviewed seem to be the dominant manager of the business. The follow-up study of loan use confirmed an almost complete absence of husbands' interference in decision making about loan use. Only one women reported that

her husband had decided how her first loan should be used but that she was involved in subsequent decisions.

But women's increased economic independence can lead to other problems. Focus-group discussions with loan officers revealed that in a number of cases the man's contribution to the household decreased once his wife began to earn more income and became able to cover more of the household's expenses. Occasionally the husband withdrew his support to the extent that the woman was forced to spend her loan primarily to meet consumption needs instead of investing it in her business, leading to repayment difficulties later. Loan officers reported that some women hid their loans and sometimes even their businesses from their husbands in order to protect their income and investments from them. Although the extent to which loan hiding is a problem among SAT clients is difficult to gauge, the follow-up research revealed that half of SAT's clients were hiding savings for fear that their husbands would withdraw their financial support.

Although most women in Ghana have a say in how a certain portion of household income is spent, many are still in a dependent position and have little influence over how much they are given to spend or how the rest of the money their husbands earn is spent. Women are typically given housekeeping money by their husbands to be used for the family's daily needs. However, often the money is not enough, so women are forced either to ask for more money from their husbands or to find a way to generate some income themselves to make up the shortfall.

Because women are traditionally responsible for providing food, clothing, children's allowances (pocket money), and cooking and cleaning supplies, a woman's earning a little money to cover household expenses will not necessarily earn her more respect in the eyes of her husband. If, however, she earns enough to help cover typically male expenditures like school fees, rent, furniture, and transport, her decision-making power often increases greatly.

The women interviewed were particularly proud of their financial contribution to their children's education not only because it helped them earn the respect of their husbands but also because it gave them the opportunity to ensure the best possible education for both their daughters and their sons. Their husbands, in turn, appreciated this support and said they valued their wives' opinions on school and other major decisions. SAT loan officers emphasize the importance of girls' education in Trust Bank meetings and lead discussions geared to convincing the women that their jobs and activities should not be limited by their gender. Women are putting what they have learned into practice by educating both their daughters and their sons, treating them as equals, and not discriminating between boys' work and girls' work. Some women are even sending their girls to college and trade school, and others have taught their boys to cook and do housework. They are thus expanding their daughters' opportunities and transforming gender norms in future generations.

Most men expressed the belief that cooking, child care, cleaning, and washing are women's responsibilities in spite of their increased respect for them as wage earners and businesswomen. Nevertheless, several of them shared domestic responsibilities with their wives. Washing seemed to be the most common and generally acceptable male contribution to housekeeping, but some also reported that they care for the children when their wives are away and help her with meal preparation. Although a few husbands occasionally helped out before, most commented that they felt it was their duty to help their wives because their wives were now helping meet the financial obligations of the family. One man even commented that he had just been doing the family laundry before he came for his interview. He explained that because his wife is in the market, she does not have time to do it, so he helps. In a separate interview, his wife confirmed this, saying, "My husband knows I am very busy, so he can wash our things and cook for us, and I think it's because I am helping him financially."⁷⁶

All the men and women interviewed said that their relationships with their spouses (where applicable) had either improved or remained good since the woman joined SAT. Women placed a high priority on being able to provide adequately for their children. They reported that their children accorded them more respect, now that they are able to provide for their needs and for their participation in social functions, even if they are now able to spend less time with them. Several women also commented that being able to provide for their children gave them more confidence to get involved in their lives. The women believed that their financial contribution had helped them earn greater respect from both their husbands and their children. Both men and women cited women's having to ask for money as the major cause of quarrels in their homes. In all cases, these had subsided or disappeared entirely once women began to earn a substantial income of their own. Ninety-eight percent of the women in the follow-up empowerment study believed themselves now to be financially independent and able to satisfy their personal needs from their own income.

A number of women commented that their husbands sometimes borrowed money from them or that they paid for expenses that their husbands normally would have. The men, too, talked about borrowing money from their wives and were relieved that their wives could help cover the household expenses when their incomes were not sufficient. Among the interviewees, this arrangement seemed to be one of partnership and shared responsibility. Many of the women were not only happy to have reduced their dependency on their husbands but were also pleased to be able to help them. Both women and men mentioned that they planned together, especially toward the goal of buying a plot of land and building a house. The men saw the women's help with household expenses as allowing them to save more, but they also respected the woman's needs for business capital. Although the women were happy to help their husbands financially, the husbands said they made a point of repaying the money they borrowed from their wives whenever possible.

SAT makes a deliberate effort to provide women with skills and advice that will allow them to cope with the competing pressures of their domestic responsibilities and

⁷⁶ From interviews with SAT client Afia Konadu and her husband, John Kwaku Donkor.

their businesses as well as working with them on communication and relationship skills. Most of the women interviewed indicated that they had learned to communicate their feelings, thoughts, and opinions more effectively. A few of the women commented that they had been extremely shy and scarcely able to speak to anybody when they joined the Trust Bank group. They now speak freely and contribute to group discussion and decision making. They engage more actively in the decision making in their households and extended family meetings as well.

Because in Ghana it is seen as socially undesirable for a woman to openly complain, argue, or object, learning effective communication techniques that allow women to express their opinions in such a way as to be heard, yet not categorized as quarrelsome, is an important part of empowerment. The strategies taught in the Trust Banks—both by SAT loan officers and the women themselves—seem to be effective in minimizing resistance and backlash against the women at both household and community levels. Several of the men commented that, contrary to the conventional wisdom that women become proud and disdainful when they become more financially independent, their wives' attitudes and behavior continued to be cooperative and considerate.

Both married women and widows reported having better relationships with their extended family and in-laws and gaining increased respect from them. Extended families are very important social support networks in Ghana, and the widows, in particular, had had to call on their support in times of need, straining their relationship. But through SAT, they had been able to save a little to take care of emergencies so that they no longer have to borrow or do without. A few of the women recalled specific incidents that they believe raised their status in their family. In most cases, the woman gained respect by resolving a family crisis because she had financial resources and the confidence to act, often while brothers and uncles stood by, unsure of what to do. One client, Margaret Asare, described her family's new-found respect for her very clearly: "At first my family members did not count me worthy to be called when there was a problem or decision making, but now through SAT I am numbered among human beings." The widows as well as the married women all felt that the lessons they learned from SAT about caring for their children and balancing their domestic and business responsibilities had helped them look after their children better and have a better relationship with them.

Impact on the Community and Women's Role and Status in It

Although leadership skills, self-confidence, and solidarity play an important role in changing women's role and status in the community, women's economic success plays a role in shaping the community's perception of them as well. In a number of communities, SAT members have become quite well known for their business successes and hard work. Several of the women, particularly the widows, noticed that men generally respected them more because they saw that they were serious in their business, and in the case of the widows, capable of supporting their families alone. Five of the spouses interviewed commented that their wives were now well respected in the community because of their businesses and their leadership roles with SAT. One man, whose wife is a Trust Bank leader and a "queen" in her market area, proudly claimed, "She has respect, and it has

brought glory to the family.”⁷⁷ One woman stated that all her neighbors respect her because they have seen what she has been able to do, and they now believe her family to be “well-to-do.” Several of the women have been invited to participate in community meetings because they are now in a position to contribute and are also now able to make contributions at funerals, a major symbol of social status among the Asante.

Women are beginning to advise neighbors in business, family, health, and community matters. The quantitative impact survey revealed that nearly half of SAT’s clients are advising others—this in comparison with the 29 percent of women who reported that they were too shy to associate with others in the market or community prior to joining SAT. One woman interviewed had even become an agent for the Planned Parenthood Association of Ghana in her community and regularly gave talks about health and reproductive issues.

Women’s giving advice is another positive sign of empowerment for several reasons. First, women are learning and putting into practice what they learn. Furthermore, they are sharing their knowledge and helping others, which means that the knowledge benefits of the program are having an impact beyond its members. Second, women have enough self-confidence to offer advice and assistance to others. Giving advice also generates community respect for the women involved so that a positive cycle of self-esteem and respect in the community begins. Ninety-eight percent of the women interviewed for the follow-up empowerment study claimed that they now feel adequate to do everything others do.

This increase in self-confidence seems to spill over into women’s community involvement as well. All the women interviewed in the November study play active roles in their communities. Although no statistically significant difference was found between clients and nonclients in terms of participation in voluntary activities, almost half of all women reporting that they now hold leadership positions claim to have learned those skills through SAT. They say that they have learned how to be patient and how to handle and motivate people; they have also gained organizational skills from their experience in Trust Banks. These skills have helped them take on leadership positions outside the Trust Bank, with some women becoming officers in their churches or members of community assemblies and political parties. One woman, who has helped more than 100 women join SAT Trust Banks, sees helping to advise and organize Trust Banks as her main contribution to the community. She points out that she is helping more people work and expand their businesses. Some of those she has helped are now employing others in the community to help them. Other women are using the leadership skills they have learned in the Trust Banks to organize women’s groups in their churches, community clean-ups, and other projects. Virtually all women now contribute either financial resources or labor to community development projects and urge others to do the same. Their activity and contributions have brought SAT members recognition as a group for being hardworking, trustworthy, responsible, and generally of good character—all highly valued traits in Ghanaian society.

⁷⁷ Interview with John Gyimah, the husband of an SAT client.

Clients are clearly positive about their changing role and status in the community:

“Before, people didn’t know me, but now everywhere I go, people are calling my name. Auntie Maggie!”—Margaret Asare

“A lot of people know me, and everywhere that I reach and I need help I receive help, so I feel very happy about it and to be part of SAT.”—Mary Forkuo

“Some people even marvel at what SAT has done for us. If you are with SAT Trust Bank, there is no way you have to look down upon yourself.”—Victoria Owusu Ansah

Contributions to and Limitations of Empowerment

On the basis of the experiences shared by the men and women interviewed, the Trust Bank program of Sinapi Aba Trust has clearly contributed to the empowerment of women in a number of ways. Access to credit and business training have helped women expand and improve their businesses, leading to increased respect and decision-making power in the home and community. Advice and peer support have helped women manage their triple roles as mothers, wives, and businesswomen. Education and experience in leadership have helped women become more confident and capable leaders. It is important to note that these substantial evidences of empowerment have been displayed in the context of a highly sustainable institution that is experiencing rapid growth and is on the path to becoming a regulated savings and loan institution.

The study, however, also revealed some mixed outcomes. Although SAT’s message that women should continue to perform their traditional duties and be “respectful and submissive” to their husbands limits backlash and promotes family unity, it may also limit the scope of empowerment for women. In many ways, gender stereotypes and expectations remain unaltered. For example, although women have substantially increased their decision-making power—especially regarding the purchase of household assets—and are consulted more often in the decision-making process, men still tend to have the final word on major decisions. Very few men showed any signs of change in beliefs about gender roles, and all were quite satisfied with their wives’ “character” and performance of their traditional duties as a wife and mother. One man even commented that people were now using his wife as an “example” of what wives should do. She is contributing to the household finances, but she has not become arrogant or shown any signs of “bad character.”⁷⁸ All these were regarded as positive outcomes by the men, but they also show that women are still expected to conform to gender norms even if they are also pursuing nontraditional roles for themselves.

The interviewees’ responses also show a consensus among men and women that women have an important role to play in organizing other *women*, but none of the men considered the possibility that the women could organize and lead *men*, and a couple of the women even said that they would step away from their church or community leadership posts if a man were to become involved. Yet women are gaining experience in

⁷⁸ Interview with Kwaku Agyei, husband of an SAT client.

leading men in many of SAT’s mixed-gender Trust Banks, and this experience may ultimately empower them to lead men in other public spaces.

LESSONS FROM EXPERIENCE: KEY PROGRAMMATIC FACTORS THAT CAN CONTRIBUTE TO EMPOWERMENT

Developing a program that strikes a balance to maximize empowerment, well-being, economic development, and sustainability can be very challenging. No single program fits all environments and populations, and no program strategy will have identical results for all potential clients. Naila Kabeer sums up the challenge well, explaining, “Different aspects of women’s disempowerment, and hence empowerment, are closely related so that initiatives in relation to one aspect are likely to set off changes in other aspects, although not in easily predictable ways.”⁷⁹ The most effective program strategies will be devised when staff at microfinance institutions listen to clients and carefully evaluate their resource bases, strengths, and vulnerabilities so that they develop products and services that build on strengths and existing resources. As Noni S. Ayo, managing director of ARDCI, in the Philippines, expresses it, “All efforts at improving an MFI’s impact on women boil down to really understanding a woman’s needs, her predicament and what she dreams of. Even before all the questions can be answered, the basic question that must first be answered is who she is.”⁸⁰

At the outset of our research, we hoped to find evidence of the impacts of different program strategies that were intentionally designed to empower women. We hoped to be able to determine not only which program elements made the greatest difference in empowering women but also which were the most cost-effective. However, we found objective data hard to come by.

Nevertheless, drawing on our own experience within Opportunity and the experiences of many other MFIs, in this section we present some promising program practices that have achieved good results in their particular context or across a range of countries—many of which have a low incremental cost, and many of which are equally applicable to minimalist and holistic programs.

Business Training

Business training can benefit poor women entrepreneurs when the training is carefully designed to complement their existing skills and address their most pressing needs. With the help of market research and other tools to ensure relevance for clients, business training can be a valuable component of microlending programs. At Sinapi Aba Trust, most of the women interviewed commented that their ability to plan, calculate and project profit, and manage money had improved considerably as a result of the training they received from their orientation and Trust Bank meetings. Several of these women especially appreciated the training in “customer care” they had received from their Trust

⁷⁹ Kabeer, *Money Can’t Buy Me Love*? 21.

⁸⁰ Noni Ayo, “Empowering Women Through Microfinance: ARDCI’s Experience” (Catanduanes, Philippines: ARDCI, 2001), 2.

Banks because they believe that it has helped them sell their goods faster, retain customers, and work less. In Costa Rica, the majority of the spouses of ADAPTE's clients indicated that the training their wives received from ADAPTE was the most important aspect of the program. Interviews with ADAPTE clients revealed that they value both the training and the credit they received, and in a recent round of focus-group discussions on client satisfaction SAT clients indicated that they would be willing to pay even more for more extensive training.

Opportunity's experience in integrating business training into its Trust Bank lending groups is discussed in the paper "Bundling Microfinance and Business Development Services: A Case Study from ADEMCOL in Colombia."⁸¹ The paper notes that "ADEMCOL's loan officers also have found that those clients who have received business training services and have remained with ADEMCOL are often the best-performing clients." Seamstress Diana Rojas, an ADEMCOL Trust Bank member in her fifth loan cycle, attributes her increased ability to retain and satisfy her clients to her participation in business training offered by ADEMCOL. Ana Moreno Ruiz, a saleswoman who has been a client of ADEMCOL for three years, has participated in several training modules, including those on human relations, costs, marketing, and bookkeeping, and says that "With the training I have received, I have learned to work better with people, and this has permitted me to increase my sales. I have retained my clients." Since the introduction of more advanced business training, ADEMCOL's client retention rate has increased substantially, meaning that more women are staying in the program longer—and presumably enjoying benefits from their participation.

At SAT, too, 66.5 percent of exiting clients liked training on business topics best. 85 percent of current clients interviewed with the empowerment tool said that they now have a better relationship with their customers and suppliers as a result of the training on customer care and retention, planning and good pricing, and up-front payment of suppliers. Several of the women interviewed even mentioned that they now have the confidence to share business skills and ideas with their friends and other competitors because they are not afraid of competition. This is in comparison with 24 percent of the clients who said that before they joined SAT they felt too shy to associate with other traders and competitors in the market because they thought their businesses were unimpressive and would be mocked by what they called the well-to-do in the market.

ACCION International's Diálogo de Gestiones (loosely translated as "A Dialogue about Work") is a program of training with over 40 modules on topics including assertiveness training, negotiating skills, confidence-building, leadership skills, business training, and learning new trades--as well as a gender module designed specifically to address women's needs. After a three-year development process, the program is being carried out in 11 countries with 31 institutions and has trained 158,000 clients. ACCION has found the program to be so essential that it is also offered independently of its credit programs: a recent study found that

⁸¹ Suzy Salib et al., "Bundling Microfinance and Business Development Services: A Case Study from ADEMCOL in Colombia," USAID Microenterprise Best Practice Business Development Services Case Study No. 10 (Washington, D.C.: Development Alternatives International, 2001).

51% of the trainees also receive credit, but 49% have no credit at the time of training.⁸²

Women's General Education and Literacy

“As it is often said, knowledge to the poor is power to the poor. It is this that empowers the rural poor in VAWA projects.”⁸³

Women's general education and literacy are important if they are to reach their full potential and become empowered. Illiteracy creates a situation of dependency on others that can limit an individual's prospects for empowerment. Many MFIs have found illiteracy to be a major stumbling block for their clients. Some, like WEDTF, try to adapt by making sure that there is at least one literate member in every group or that at least one member has a literate child who can assist the group. Many MFIs use participatory training techniques that do not require literacy to educate clients, but very few are able to offer literacy training since most methods for providing it are relatively expensive and time-intensive for both staff and clients. Although many illiterate entrepreneurs are able to keep accounts in their heads, their ability to interact with the formal sector will always be limited. Some NGOs such as World Education and Women's Empowerment Project in Nepal have come up with innovative and low-cost methods of training women in literacy that have significantly enhanced the empowerment benefits of the savings and credit groups to which the women belong. By using existing lending groups and providing materials for women to train themselves, the literacy programs have grown rapidly for a relatively low cost in contrast to many literacy initiatives. These programs have shown that literacy and education contribute powerfully to empowerment and complement the financial independence that microfinance provides. In the case of WEP, the literacy rate among its members rose from 21 percent to 85 percent during the first 30 months of the program.

Helen Sherpa of World Education writes, “In new groups these women start as ‘nobodies’ leading groups that have no money and no respect. These groups’ funds grow and they become increasingly self-reliant breaking the hold of male money lenders and male family members over economic decisions. This suddenly elevates the status of the groups as well as the individual members and leaders. Leaders in the groups become role models because these are ‘women like them’—poorer women, women who have become literate later in life.”⁸⁴ In addition, educating women has additional benefits for their children. World Education has documented that women who attend education programs dramatically increase their commitment to educating their children and to educating their daughters in particular.⁸⁵ Because lack of money for school fees is the major cause of school dropouts in Nepal as well as in many other countries, the income generated from

⁸² E-mail to authors from Maria Otero on 6/27/02

⁸³ ARMTI, 4. VAWA members receive training in the areas of business management, local credit management, group formation and dynamics, skills development (food processing, bee keeping, etc.), leadership, extension services, rural health, family planning, environmental and personal hygiene, and dietary and harmful traditional practices—especially for the girl child.

⁸⁴ Helen Sherpa, in a survey completed 20 October 2001.

⁸⁵ Sherpa.

microenterprises plays an important role in helping women realize their dreams for their children. Kashf in Pakistan found a similar linkage. An independent study found that 35 percent of Kashf members see their educated loan officers as role models for their daughters. More than 50 percent of the women wanted to educate their daughters, and more than 40 percent wanted to pursue a different future for them.⁸⁶

Balancing Family and Work Responsibilities

In addition to educational disadvantages, one of the most difficult challenges that many women face as they start or expand businesses is the balancing of their increasing business responsibilities with their household responsibilities. Although the ultimate goal may be for household responsibilities to be shared between the men and women in the household, this sharing never happens overnight. In many cases, women's businesses remain small and concentrated in less profitable sectors in large part because of the time constraints that women's domestic responsibilities create. Not only do women have limited time to spend on their business activities, but often they also must be able to abandon them altogether for periods to deal with family crises or children's illnesses. As a result, many women's employment opportunities are limited to those that can be done on a part-time and often irregular basis. The experiences of Opportunity International's partners have demonstrated that women often need help to develop strategies for managing and meeting the expectations of family and community members while still having the time and energy to run their businesses well. Women also need support in negotiating the complex changes in gender roles that must ultimately take place in order for them to succeed as microentrepreneurs. Many of Sinapi Aba Trust's clients as well as clients of Opportunity International's other partners in Africa have highly valued the advice on time management and "managing your husband" that they have received.

Some Opportunity partners and other MFIs are also recognizing that more outreach efforts are necessary to secure husbands' cooperation and support. It comes as no surprise that the most successful clients of many MFIs are the ones who have the most supportive husbands and that those with more problems often have problems with their husbands as well. Because most MFIs deal primarily with women, however, husbands are often not directly included. Some MFIs are experimenting with ways to influence husbands through including them in selected orientation sessions, having special events for spouses, and inviting them to group meetings occasionally.

Dialogue on Social and Political Issues

Discussion of social issues affecting women's lives and communities can lead to greater awareness of the causes of the problems they face and allow them to take more effective action to address the problems that are holding them back. Discussion of women's rights, community problems, politics, and common family problems can foster a sense of solidarity that can empower women both as individuals and as a group to address their

⁸⁶ Roshaneh Zafar, "Microfinance and the Empowerment of Women: The Experience of Kashf Foundation, Pakistan," paper presented at the Microcredit Summit Meeting of Councils, New Delhi, India, 1-5 February 2001, 7.

problems. With some support, groups of economically empowered women can take steps to address the cultural and legal barriers that limit their social and political empowerment. CSD, for example, found that as a result of the discussions of social and legal issues held in lending centers, women have greater knowledge of their civil and legal rights and are more aware of their position and the choices they can make. They have increased knowledge of how relevant institutions can help them when they need legal assistance, and this knowledge has allowed more women to resist domestic violence and alcoholism and demand fair minimum wages.⁸⁷

Several studies point to the importance of social and cultural structures in determining an individual's level of empowerment or social value. For example, a study by Dreze and Sen shows us that "structural variables making up gender relations in different parts of India are far more important in determining the extent to which the girl child is valued within the family than the individual characteristics of their parents."⁸⁸ Other studies show that structural characteristics are more important in determining the social value or empowerment of an individual than any of the individual's actions or circumstances are—including participation in microenterprise programs.

These findings underscore the importance of at least *attempting* to address some of the wider social structures that are contributing to the disempowerment of women as well as helping women tackle some of the personal problems that are limiting their potential. More formal training programs on topics such as women's rights, domestic violence prevention, and family planning could substantially improve women's ability to face these challenges. Such education efforts, however, will likely be most successful when they are developed in cooperation with the clients themselves. At SAT, Trust Banks develop their own education and training programs in each loan cycle in cooperation with their loan officers. This ensures that the training provided and the topics discussed are those most relevant and useful to the clients. In many Grameen replications, the women control their own program through their centers. Such training and discussion does not have to be expensive to provide, and the potential benefits of empowerment far outweigh the costs. Involving the women themselves in planning and even preparing training can help keep costs low while at the same time giving women the power to control their program.

Experience in Decision Making and Leadership

One of the positive contributions that group-based lending methodologies make to women's empowerment is the opportunity for women to gain experience in making decisions and leading and influencing others. As Essma Ben Hamida of ENDA Interarabe in Tunisia puts it, "Participation in the micro-credit programme constitutes an apprenticeship of democracy through the self-managed solidarity groups which elect their president and treasurer: in many mixed groups, a woman has been elected as president, an astounding development in a still male-dominated society."⁸⁹

⁸⁷ Shrestha, 31–32.

⁸⁸ Cited in Kabeer, *Conditions and Consequences*, 43.

⁸⁹ Ben Hamida, 9.

When they join microfinance programs, many women have had little opportunity to voice their opinions or participate in decision making. Some will have had little experience even formulating an opinion that can be expressed since they have had little opportunity to do so. A synthesis study done by Jennefer Sebstad and Monique Cohen found that “[lending] groups provide a means for women to know and be known by other women; a forum for learning leadership and public speaking skills; and a basis for development of trust, friendship, and financial assistance.”⁹⁰ Although actual levels of control vary according to methodology, in most cases, women are called upon to develop and use skills in group dynamics and persuasion, to exercise authority, and to command the respect of others—some for the first time in their lives.

Opportunities for leadership are affected not only by the structure of the program but also by the group’s internal policy. Groups that set policies to rotate their leadership frequently give more women a chance to develop leadership skills than ones that do not, although groups without a rotation policy can allow a few women to develop even stronger and more lasting leadership skills. In addition, if the rotation of leadership is coupled with specific training on leadership and organizational skills, it can help foster a sense of equality among the women and break down other social barriers such as caste as well as gender. Programs like SAT’s deliberately try to break down traditional notions of leaders being chosen from an elite in order to instill the idea that everyone is capable of being a leader. Mixed-sex and mixed-caste lending groups have the potential to empower, but if such groups do not make a deliberate effort to stimulate the meaningful participation of all members, they may end up replicating existing patterns of social inequality. Much depends on the policies established, however, and some trade-offs in empowerment may apply, because allowing groups complete freedom to establish their own policies incurs a greater risk of replicating existing social structures and putting the same people in power inside the lending group as outside. In contrast, setting guidelines for internal policies can help promote healthy leadership experiences but constrains the autonomy of the groups. MFIs can help maximize the empowerment potential of lending groups by providing training and coaching to client leaders, developing cost-effective methods for clients to manage their own loans and savings, ensuring that women have a chance to lead in mixed lending groups, and encouraging the active participation of all group members.

Ownership, Control, and Participatory Governance

One contribution to empowerment that self-help groups and other savings-based community groups offer to members is the pride of ownership and autonomy. Even though some self-help groups are given training and support from NGOs, the majority of even these externally supported groups rely primarily on member savings for their capital instead of on external capital as most village banks or solidarity groups do. Savings-based approaches that rely on minimal external support have several advantages. Women are proud to own their capital and have savings they can rely on. The capital stays in the community, and the women manage it themselves according to their own

⁹⁰ Sebstad and Cohen, 86.

needs and interests. Because the external support costs are minimal, women are able to charge a lower rate of interest, and a large percentage of that interest goes back to the women in the form of interest on their savings and community projects.

The empowerment benefits derived from independence and autonomy are often partially offset, however, by weaker economic empowerment benefits. By depending on the savings of very poor community members, capital is more limited than it would be with external support, which in turn limits the growth potential of women's enterprises and income. Although independent savings-based self-help groups are viable alternatives for reaching remote and impoverished rural areas, the very poverty of these areas may make it difficult to amass the savings necessary to extend credit in the amounts necessary to stimulate the development of a vibrant microenterprise sector. Microfinance institutions should continue to experiment with models that combine women's control of programs and resources with access to greater amounts of capital.

Box 5⁹¹

Building a Member-owned, Member-managed Credit and Savings Society Janashakti Women's Development Federation, Sri Lanka¹

Janashakti Women's Development Federation of Sri Lanka is a Women's World Banking partner that has carefully built a multitiered network of banking societies owned and managed by their members. Janashakti has evolved from a grassroots organization focused on health and nutrition to a 28,168-member institution offering seven loan products, five savings products, and life insurance in addition to other services such as training in business, health, and nutrition. Poor women themselves built the organization and continue to lead and manage it at all levels. This structure has the advantage of helping achieve Janashakti's main objective of "eradicating poverty by developing and promoting individual and collective strength and self-reliance." Through participation in the leadership and management of the organization, poor women build nontraditional technical and professional skills that can allow them to go beyond their traditional gender roles in society. Although Janashakti is 90 percent financially self-sufficient, it does face a number of challenges, many of which are inherent in its structure. There are some tensions between grassroots ownership and depth of outreach. Janashakti has also identified a need to build stronger technical skills among its membership in order to manage the sophisticated demands of the growing organization so that it can maintain its unique structure of member management.

Building Institutions Responsive to Women's Needs

Women in Leadership

Does it matter whether men or women are at the helm of microfinance institutions? Women have been important as policy-setters and influential donors—through USAID, CGAP, and DFID, for example. They have also been innovators, as seen at SEWA, ProMujer, Women's World Banking, Working Women's Forum, and other organizations. A glance at microfinance trainings and conferences shows plenty of women in attendance. Yet men predominate on boards of directors of MFIs, in senior management, in program design, and sometimes as loan officers. That means that women and men are not equally involved in critical areas of decision making including setting the vision, defining the client target population, and designing products and services.

Within Opportunity International, 85 percent of clients are women. An August 2000 survey on gender issues reported that "the majority of staff (57%) are women, but

⁹¹ For more information about Janashakti Women's Development Federation, see Alessandra Del Conte, *Participatory Governance and Management Structures in Microfinance: The Case of Janashakti* (New York: International Coalition on Women and Credit, 2000); available on Web site of Women's World Banking: www.swwb.org.

that women tend not to serve in key leadership roles, especially as senior managers and board members. . . . However, the largest area of gender inequity is at the board level.” Interestingly, the survey showed that the inequity was just as present among the OI fund-raising partners in North America, Europe, and Australia as it was for OI partner MFIs in developing countries.

Florence Abena Dolphyne, a Ghanaian scholar, feels strongly that women have a key role to play in good governance. She writes, “In the search for ways of promoting women’s emancipation in Africa, the importance of competent women in policy-making positions at all levels cannot be overemphasized. Such women can help initiate and ensure the implementation of programmes and activities that would promote the welfare of women, and encourage women’s greater participation in national development. They can also provide the necessary insights into women’s concerns that would ensure that government policies, projects and programmes have the desired impact and achieve the desired goals precisely because due account has been taken of the concerns and views of the different groups in the society.”⁹² Recognizing the importance of increasing women’s representation in governance, Interaction, the association of U.S.-based PVOs in international relief and development, has launched a Campaign for Gender Equity on Boards for their members.

In Opportunity International the creation of a women-led subsidiary, the Women’s Opportunity Fund, transformed the vision and mission of the entire organization, resulting in new products and services for women and dramatically increasing the number and percentage of women clients served.⁹³

Women as Field Officers

Even more interesting than the issue of women in governance is the question of whether it is more desirable to have women as loan officers when most of the clients are women. Grameen Bank is noteworthy for championing women’s rights to credit in groundbreaking ways, and about 95 percent of its clients are women. It also reaches beyond most MFIs in that the Bank, which is “owned” by borrowers, includes women clients on its board.⁹⁴ According to Alex Counts, executive director of Grameen Foundation USA, as of January 2002, “all 9 borrower-elected Directors of Grameen are women. . . . Despite there being about 100,000 male borrowers, there has never been more than one of the nine elected members who have been men.”⁹⁵ This governance structure includes not only women’s perspectives but, more important, client perspectives. Yet, according to Counts, for many years the percentage of female loan officers (called center managers) has remained between 5 percent and 10 percent, with

⁹² Florence Abena Dolphyne, *The Emancipation of Women: An African Perspective* (Accra: Ghana Universities Press, 1991), 48–49.

⁹³ See the Appendix for more information.

⁹⁴ Nevertheless, Aminur Rahman, in “Micro-credit Initiatives for Equitable and Sustainable Development,” finds that most borrowers in the study were not aware of purchasing shares in Grameen Bank or of owning the Bank.

⁹⁵ Alex Counts, executive director of the Grameen Foundation USA, in an e-mail to Susy Cheston, 30 January 2002.

new efforts to recruit female staff balanced by retirements and resignations. “Grameen Bank is certainly not the only agency in Bangladesh where the nature of the work is rural and field-based that struggles with this issue.”⁹⁶

In the Opportunity International Network approximately 50 percent of all loan officers are women. Anecdotal evidence suggests that the experience of having male loan officers treating women clients with respect and dignity is empowering in and of itself.⁹⁷ Yet other women clients say that they can relate more easily to a female loan officer and that female loan officers provide a role model of achievement. Our research at Sinapi Aba Trust in Ghana suggests that female loan officers are especially valued by women clients as role models for their daughters, showing an unplanned secondary impact of the program. In our experience, a key factor is gender sensitivity—of both female and male loan officers—in ensuring that women are empowered through microfinance. We have found it helpful to screen for gender sensitivity during the hiring process and to provide gender sensitivity training to all staff to ensure that both male and female loan officers are giving the same message about gender and empowerment.

In addition, organizations can take a number of steps to help loan officers become more empowering in their work. Many loan officers interviewed in our research felt that the time they were able to spend with clients was too limited. By minimizing loan officers’ paperwork, MFIs can help loan officers spend more time in the field with clients. Also, loan officers could be given performance incentives based on client empowerment as well as portfolio size and quality to reward them for the extra effort they put in to make sure clients are succeeding. Loan officers also should be an MFI’s early warning system against negative impacts. Creating an internal feedback loop so that loan officers’ knowledge of client empowerment and struggles is fed into product design and implementation can be one of the most cost-effective means of ensuring that programs are responsive to women’s needs.

It is important for MFIs to review policies that discriminate against women, whether intentionally or not. An MFI in Zimbabwe did not hire women as loan officers because it was considered culturally inappropriate for women to ride motorcycles, and this was a requirement for reaching remote clients. CETZAM in Zambia, however, was able to challenge this norm and now has motorcycle-riding women on its staff. An MFI in Colombia found that it was unintentionally paying a higher wage to male program staff for similar work. An MFI in the Philippines with a client base that is 99 percent women included “preferably male” among the qualifications for a post being advertised, explaining that it was not safe for women to travel alone into their target communities. An MFI in El Salvador had a similar informal policy until a male loan officer was shot while on his rounds; it then realized that the issues of security for women were also issues for men, and implemented changes to protect both men and women on its staff. Around the world, microfinance field staff often face physical discomfort and unsafe conditions

⁹⁶ Alex Counts in an e-mail to Susy Cheston, 21 February 2002.

⁹⁷ In 1997, Opportunity carried out in-depth case studies of holistic transformation within its programs. One of the unexpected findings was that one of the most transforming and empowering aspects of its work was the simple fact of an MFI staff member treating a client with respect.

along with a cultural bias against women. Some MFIs have been able to challenge these cultural biases and accommodate for the discomfort and lack of safety; others have simply let women select themselves out of the running; and others have intentionally expressed a bias for male field workers. Developing organizational policies to promote gender equity and sensitivity at all levels of the organization is one way to guard against discrimination and build an institutional culture that is supportive of women. These choices are part of the message that MFIs send their clients about women's potential and capacity.

Managing the Challenges of Rapid Growth

As the industry grows and matures, women may be adversely affected by institutional changes resulting from rapid expansion, consolidation, and commercialization. Opportunity's experience is that several partners have provided a lower percentage of loans to women as they have grown. This is, of course, not all bad news: in the context of aggressive growth, the absolute number of women receiving services grows, even if the percentage of women clients decreases. Yet there are some trends that should be monitored, such as the tendency to drop group loans in favor of individual loans. Again, this is not all bad--as long as the individual loan product is thoughtfully designed with women's needs in mind, and as long as the poorest and most marginalized women are not left behind.

The consolidation issue likewise has pro's and con's. Opportunity's recent experience with a few consolidations shows that, as with any consolidation, it is a delicate matter to bring together different systems, policies and products. The blended organizational culture may be stronger in gender sensitivity and gender equity--or it may be weaker. And, as MFIs transform into regulated financial institutions, they must meet the demands of the supervising authority, creditors, and investors. Pressure to select the most financially profitable products and delivery systems may reduce the accessibility and benefits for women. Part of the pressure is to increase loan sizes--and women, who are disproportionately among the poorest, have a greater need for smaller entry level loans. Therefore, in the midst of this growth, it is important to develop client-centered products that acknowledge not only women's economic needs but their potential for empowerment as well.

Designing Products to Meet Women's Needs

Through impact assessments, monitoring, market research, and client feedback, many MFIs have begun to develop and adapt new products to address the shortcomings of their traditional products and keep pace with clients' changing needs. For example, some MFIs in Africa are beginning to explore giving family business loans to encourage cooperation between the husband and wife, in particular, but also to increase the number of income earners in the family and extended family. ADEMCOL in Colombia is piloting a Senior Trust Bank program to meet the needs of women whose businesses are maturing and

need larger loans and more advanced business training, yet do not want to leave the group-lending program.

Another example of client research leading to the development of more empowering products is research by the Council for Economic Empowerment for Women of Africa – Uganda (CEEWA-U). Research with several MFIs in Uganda found that very few women are able to acquire assets through group-loan programs. One negative consequence of this for the women and their businesses was that the productivity of women’s businesses was not improving dramatically, nor were women able to access larger individual loans, which often require assets as collateral or a guarantor. In some cases, this hindrance was due to policies requiring loans to be used for working capital only, but in others, it was due to loan terms, amounts, and repayment schedules that did not allow for the purchase of a long-term asset. CEEWA-U developed a capital asset loan product called Kikalu to meet this need, combining a longer repayment period, group guarantee, and flexible disbursement schedule.⁹⁸

CONCLUSIONS

Microfinance has the potential to have a powerful impact on women’s empowerment. Although microfinance is not *always* empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women’s financial base and economic contribution to their families and communities plays a role in empowering them.

In some cases, access to credit may be the only input needed to start women on the road to empowerment. But power is deeply rooted in our social systems and values. It permeates all aspects of our lives from our family to our communities, from our personal dreams and aspirations to our economic opportunities. It is unlikely that any one intervention such as the provision of credit or the provision of training will completely alter power and gender relations. Women often value the non-economic benefits of a group-lending program as much as or more than the credit. Some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members.

Targeting women continues to be important in the design of products and services, both because women by default have less access to credit and because they face constraints unique to their gender. Product design and program planning should take women’s needs and assets into account. By building an awareness of the potential impacts of their programs, MFIs can design products, services, and service delivery

⁹⁸ For more information, see Yawe Agnes, “Engendering Microfinance Services: Beyond Access,” presented at the Women’s Empowerment or Feminisation of Debt? workshop in London, March 2002 (available at www.oneworldaction.org).

mechanisms that mitigate negative impacts and enhance positive ones. Even when products and services target primarily women, women still face considerable disadvantages relative to men because of more limited business networks and opportunities, greater domestic burden, weaker self-confidence, less education, and, in many cases, a restrictive legal environment. These disadvantages can sometimes be perpetuated in microfinance programs, with men dominating mixed lending groups and women receiving smaller loan amounts than men.

As Wariara Mbugua of UNFPA says, “No longer can this strategy be reduced to simple income-generating activities through revolving funds, but rather it entails and includes other elements of empowerment such as leadership, self-management, networking and entrepreneurship.”⁹⁹ By adopting a holistic approach that takes into account cultural, economic, and political factors affecting women’s empowerment, MFIs can ensure that women are more deeply and consistently empowered through their programs.

CALL TO ACTION

Although there is much we would still like to know about targeting women and empowering women through microfinance, our research excited us enough about the potential that we would like to issue a few challenges.

We would like to see practitioners

- Gather information on women’s needs and design products specifically to meet those needs. This existing strength should not be lost as the microfinance industry grows.
- Incorporate programmatic elements such as training or leadership opportunities that contribute to women’s empowerment.
- Track empowerment benefits along with institutional financial performance and economic impact indicators.
- Bring women and women’s perspectives into the governance, management, and implementation of microfinance programs.
- Collect gender-disaggregated data for use in the design and improvement of programs.
- Review organizational policies to ensure gender sensitivity and gender equity.
- Design individual loan products and graduation strategies that meet the needs of women.
- Create performance incentives for loan officers and other staff based on client empowerment in addition to portfolio quality and quantity.

We would like to see donors

- Support holistic approaches to microfinance as part of an ongoing commitment to innovation, research, and development.
- Conduct and support action research on best practices in empowering women.

⁹⁹ Wariara Mbugua, e-mail to Microcredit Summit, 30 April 2002.

- Conduct and support research on appropriate measures of empowerment that practitioners can use to monitor and improve their empowerment impact.
- Promote women in leadership in the MFIs they support.
- Consider empowerment impacts when evaluating microfinance program performance and making funding decisions.

APPENDIX: MORE PROMISING PRACTICES

A number of institutions have invested in developing products and services that help address some of the additional constraints to women's ability to successfully utilize credit and savings for income-generating activities. Other institutions have focused on promoting women's leadership within their organizations as well as among their clients. This section presents some of these ideas and innovations.

Group Loans for Group Businesses When Women Are First Initiating Economic Activities

Women's Empowerment and Development Trust Fund (WEDTF) operates on the island of Zanzibar in Tanzania. Zanzibar is an Islamic society in which men have traditionally practiced polygamy and women have not traditionally been involved in public or commercial activities. As is the case in a number of other countries, however, economic pressures are slowly reducing the practicality of polygamy and increasing the acceptability of women entering the labor force.

WEDTF serves exclusively women using a methodology similar to Grameen's. Money is lent to women in groups of five who mutually guarantee the loan amount. Women participate in center activities with other groups where they receive training and discuss issues of importance to them. A high percentage of WEDTF clients are extremely poor and unable to meet their families' daily needs. Very few women are literate or have any business experience.

One of the unusual aspects of WEDTF's program is that, at first, the five-member solidarity groups often go into business together rather than establish their own separate enterprises. Group enterprises were especially dominant in the beginning, with only a few women wishing to set up their own businesses, but now women are beginning to prefer individual undertakings. Unlike cooperatives or income-generating activities that have been promoted by some development institutions in the past, WEDTF's clients *chose* to form group enterprises based on the existing needs and interests of the group members rather than being asked to join businesses or cooperatives set up by others.

WEDTF suggests that the initial preference for group enterprises may have been significantly linked to the perceived risks of individual undertakings. Most women in the program were new to credit and to business. Because they lacked confidence and experience, they used the group to gain experience and build up confidence in their ability to manage business affairs. Illiterate women, in particular, relied on the groups to gain the skills they need and, in some cases, still use group secretaries to keep their accounts. For these reasons, WEDTF believes that women preferred to spread the risk among the group in the event that the project would fail. A group undertaking also can minimize the work and time burden of each individual woman, allowing her more flexibility and ensuring the continuation of income if she should fall sick or become pregnant and be unable to work for a time. Another possibility suggested by WEDTF is

that group activities and investments help protect the business assets and capital from male appropriation.

Giving women the opportunity to work together and build on each other's skills while minimizing risks is a strategy that should be explored in other contexts where women are initiating economic activity for the first time. WEDTF's impact study showed that women gained new skills in business management, trades, and decision making while working in their groups. They increased their economic contribution to their households and communities and gained self-confidence and the respect and trust of their families and communities.

Combining Credit Unions with “Credit with Education”

In 1998, Freedom From Hunger and the World Council of Credit Unions (WOCCU) launched the Credit Union Empowering and Strengthening (CUES) program on the island of Mindanao in the Philippines. The joint effort seeks to integrate Freedom From Hunger's “Credit With Education” village banking product into the array of financial services already offered by credit unions. Credit unions have several characteristics that make them potentially empowering to the poor and women. Like many self-help groups (SHGs) and rotating savings and credit associations (ROSCAs), credit unions offer their members the empowering benefits of owning and controlling their own capital and having a say in the governance of the institution. Unlike the SHGs and ROSCAs, however, members of credit unions are not constrained in the amount that they can borrow by the amount of savings that their small group of very poor individuals is able to amass. By opening membership to a mixed clientele, credit unions are able to mobilize the larger deposits of some of their wealthier members for making loans to the poor. In this way, credit unions are able to maintain the positive aspects of control and ownership found in very small community-based savings and credit plans while alleviating some of the constraints on the amount of capital available. Yet, despite this potential, many credit unions struggle to attract and serve poorer members of their communities.

Although credit unions offer many benefits to the poor, they lack the solidarity and the learning experiences that come from weekly participation in the financial administration and decision making of SHGs, ROSCAs, village banks, and solidarity groups. Typically, they also do not offer the educational opportunities provided by many village banking-style programs like Freedom From Hunger's Credit With Education and Opportunity International's Trust Banks. Some of the poorest, most disempowered women could significantly benefit from the education and experience offered through group-lending programs that would later allow them to benefit more fully from the options and control that credit unions offer.

The CUES program provides women with the benefits of credit unions and village banks at once. It offers a “savings and credit with education” product to groups of poor women in rural and urban communities through 18 credit unions. Women form groups, and each group counts as one member of the credit union. Women receive group loans and training based on Freedom From Hunger's Credit With Education model provided by

a credit union (loan officer). Training is provided in the areas of health and nutrition, microenterprise management and development, savings and credit association management, and self-confidence. After the initial 16-week cycles are completed and the women have repaid successfully, they have the choice of staying with the group-lending program, becoming an individual member of the credit union, or borrowing as an individual member but remaining in the lending group as well in order to continue the fellowship and learning experience.

As of May 2001, the 11 credit unions that joined the CUES program in 1998 (7 joined later) have a total of 21,909 borrowers and 23,641 savers enrolled in the Savings and Credit With Education program. Operating expenses were 9.9 percent of average assets as of September 30, 2001.

Promoting Change through Women-led Organizations

In 1992, 42 percent of Opportunity International's clients were women. By 1998, that number had increased to 85 percent. In addition, where there had been one woman executive director among all of Opportunity's partners, by 1998 there were 15 out of 60. And where many partners' boards of directors had had no women members, by 1998 only two partners lacked women board members, and a few partners had achieved gender equity on their boards. What brought about this dramatic change? One big factor was the Women's Opportunity Fund (WOF), which Opportunity created in order to focus more on outreach to women. With predominantly women on its board (11 of the 12 founding board members were women), WOF worked with Opportunity's partners to create and refine the Trust Bank group-lending methodology in order to reach extremely poor women with a program promoting holistic transformation. Not only did it bring program innovation to the Opportunity Network, it also brought funding power, as the board took responsibility for donating and raising funds to support its own activities. This independence in fund raising meant both freedom and power to pursue the program activities that best fit its vision of empowering poor women.

By 1996 Opportunity had made the decision to promote WOF's Trust Bank program as its primary program and fund-raising focus. It also adopted a gender policy prioritizing outreach to women. The adoption of more and more of WOF's vision and focus by both the programmatic and fund-raising arms of the Opportunity International Network led to a merger in 2001. The fund-raising arm of WOF merged with the Opportunity International Network's U.S.-based fund-raising partner (OI-US), combining both boards of directors into one large board with 40 percent women, while at the same time retaining funding independence for WOF. WOF program specialists joined OI Network's technical assistance and policy and research teams and continue to be a force for women-focused products and services. For Opportunity, although many factors were involved, the creation of a predominantly women's organization was key to reaching more women clients, designing products to serve them, and increasing the number of women in leadership.

Empowering Women to Lead through Participatory Governance¹⁰⁰

Agricultural and Rural Development for Catanduanes, Incorporated (ARDCI), was formed by the privatization of the government-sponsored credit program of Catanduanes Agricultural Support Programme (CatAg).¹⁰¹ Registered in 1998, ARDCI today serves close to 11,000 households, and by 2003, it plans to extend its reach to 23,000 households in all six provinces in the Catanduanes region of the Philippines, where the poverty incidence is 56 percent. Eighty-six percent of ARDCI members are women. Since being privatized, the program's orientation has shifted to become owned, controlled, and managed by the people who participate in it, resulting in an increase from 75 percent to 86 percent in the proportion of women in leadership roles in the guarantee group and Savings and Loan System (SLS) levels.

Women currently participate in all levels of leadership in ARDCI, and at the municipal level in numbers that reflect their proportion of ARDCI's membership. ARDCI members form Grameen-style five-member guarantee groups that hold weekly meetings to gather savings and repayments and recommend loan proposals. Three to six guarantee groups within a village form a Savings and Loan System (SLS), which directs ARDCI loan funds to guarantee groups and remits payments to ARDCI. The SLSs also perform supervisory and advisory functions, assisting members with investment plans and monitoring loan use. Eighty-six percent of guarantee group leaders are women, and 86 percent of SLS chairpersons, who are elected from among the guarantee group leaders, are also women.

The SLS chairpersons within a municipality elect four municipal representatives, who in turn elect a board of trustees that is the policy-making body of ARDCI. ARDCI has 11 trustees, two of whom are women. Two-thirds of the representatives are women (22 of 33). To qualify to serve on the ARDCI board, an individual must have been an active member for one year, have a secondary education, and have knowledge, skills, and values aligned with ARDCI's standards (excellence, integrity, servant leadership, transparency, and stewardship). According to managing director Noni S. Ayo, the women in leadership roles have demonstrated not only their organizational leadership but also a nurturing nature that keeps teams working and highly motivated.

To prepare clients for leadership positions, ARDCI provides training through the SLSs in transformational leadership, team building, conflict management, and performance standards. They also visit other successful microfinance organizations within the Philippines in order to learn from them.

¹⁰⁰ The information for this case study was provided by Noni S. Ayo, managing director of ARDCI, and an impact study based on interviews conducted February 26 through March 12, 1999, of clients and nonclients of the ARDCI/CatAg credit programs. Another impact study is planned for 2002.

¹⁰¹ ARDCI owns the first microfinance rural bank in the Philippines, which was approved by the Central Bank on 3 April 2002 and is expected to open in September 2002.

In addition to substantial leadership from women clients, ARDCI's program also benefits from having six highly qualified women executives, including the managing director, the deputy director, and the head of monitoring and evaluation.

According to Ayo, women who participate in ARDCI enjoy higher respect among their family members, especially their children, and within their communities. Women are proud of their achievements and of becoming more equal partners in supporting their families. One woman who used her ARDCI loan to purchase a motorized boat, says, "Before, each day, I would wait for my husband to come home and look at his share of the catch to see whether we'll have a good dinner or not. Today, I would wait for my husband so I could help him sell his catch."

A 1999 impact report based on interviews of 180 randomly selected individuals confirmed the social benefits of participating in the program. Respondents included SLS members, SLS officers, and persons who are not program members. The report showed that program members experienced greater improvement in economic conditions than nonmembers and that women members have greater economic independence and greater involvement in activities beyond their home. The study found that fully 70 percent of women members were involved in income-generating activities, compared to the 67 percent of women nonmembers who said that their days revolve around only household chores. Seventeen percent of male members said that their days revolve around a combination of household chores and income-generating activities, compared with only 6 percent of male nonmembers.

When asked what they consider as the most important influence of the SLS on themselves as head of the family and as member of the community, 83 percent of women answered that it is (1) the acquisition of new skills and knowledge, (2) improved attitude, reinforced values, and a changed way of thinking or a combination of (1) and (2).¹⁰² Eighty-eight percent of officers, both male and female, gave this response, compared with 77 percent of members who are not officers. Only 8 percent of participants cited only monetary gains as the most significant benefit.

Noni Ayo states, "In ARDCI's experience, becoming involved with an organization (whether in a village level or apex level) that recognizes and celebrates a woman's need for other social responsibilities beyond her domestic obligation is already the start of empowerment." One woman currently serving on ARDCI's board of trustees who barely dared to speak at her first board meeting now proudly says, "I don't feel embarrassed that I've not gone to college and that I sit among male leaders. My experiences as a mother, as a wife, and as a chairperson of the SLS are all that it takes to contribute to the board meeting." According to Ayo, a remarkable change occurs when female members are given more responsibilities to chair the SLSs or sit in the board of trustees. She notices an increased capacity to put forward ideas and assert their views every time they attend board meetings.

¹⁰² Female responses: (1) acquired new skills, knowledge - 12 percent; (2) improved attitude, reinforced values, changed way of thinking - 48 percent; combination of (1) and (2) - 23 percent; male responses: (1) 12 percent; (2) 62 percent; combination 8 percent.

BIBLIOGRAPHY

ACTION. "ACTION's Women Development Activities." Unpublished paper. India.

ADAPTE. Client and spouse impact surveys collected October–December 2001 in Costa Rica.

ADEMCOL. "Social and Community Work as a Result From the Trust Bank Program." Unpublished report. Bogotá, Colombia.

Agnes, Yawe. "Engendering Microfinance Services: Beyond Access." Paper presented at the Women's Empowerment or Feminisation of Debt? workshop, London, March 2002 (available at www.oneworldaction.org).

Amolat, Filipinas R. Client Impact Assessment: KMBI Program Impact Assessment for Microfinance Implementation for Region 1. 2001.

ARMTI. "Empowering Women Through Microfinance: ARMTI's Contribution."

Ashe, Jeffrey, and Lisa Parrott. *Impact Evaluation of PACT's Women's Empowerment Program in Nepal: A Savings and Literacy Led Alternative to Financial Institution Building*. Cambridge, Mass.: Brandeis University, 2001.

Ayo, Noni. "Empowerment of Women Through Microfinance: ARDCI's Experience." Catanduanes, Philippines: ARDCI, 2001.

Bagati, Deepali. "Microcredit and Empowerment of Women." Paper based on Ph.D. dissertation research at Bryn Mawr College, Pa., 2001.

Bangladesh Extension Education Services. "Empowering Women Through Microfinance." 2001.

Beijing Platform for Action. Fourth United Nations World Conference on Women, Beijing, China, 1995.

Ben Hamida, Essma. "Empowering Women Through Micro-Credit: A Case Study From Tunisia." Paper presented at the Civil Society Workshop Rehearsal, Cairo, Egypt, March 2000.

Canadian International Development Agency (CIDA). "CIDA's Policy on Gender Equality." Hull, Canada: CIDA, 1999.

———. *Guide to Gender-Sensitive Indicators*. Hull, Canada: Minister of Public Works and Government Services, 1997.

———. *The Why and How of Gender-Sensitive Indicators: A Project Level Handbook*. Hull, Canada: Minister of Public Works and Government Services, 1997.

Chalfin, Brenda. “Risky Business: Economic Uncertainty, Market Reforms and Female Livelihoods in Northeast Ghana.” *Development and Change* 31 (2000): 987–1008.

Chant, Sylvia. “Women-Headed Households: Poorest of the Poor? Perspectives from Mexico, Costa Rica and the Philippines.” *IDS Bulletin* 28, no. 3 (1997): 26–48.

Cheston, Susy, et al. “Measuring Transformation: Assessing and Improving the Impact of Microcredit, Part II: Implementing Impact Assessments and Monitoring Systems: A Practitioner Perspective from Zambia.” Washington, D.C.: Microcredit Summit Campaign, 2000.

Chua, Ronald T., et al. “Risk, Vulnerability, Assets and the Role of Financial Services in Reducing Vulnerability: A Study of the Women Clients of CARD Bay Laguna, Philippines.” Paper submitted to CGAP, October 1999.

Clark, Gracia. *Onions Are My Husband: Survival and Accumulation by West African Market Women*. Chicago: University of Chicago Press, 1994.

CODEC. *Report on Women’s Empowerment*. 2001.

Creevey, Lucy. *Changing Women’s Lives and Work: An Analysis of the Impacts of Eight Microenterprise Projects*. London: Intermediate Technology Publications, 1996.

Deere, Carmen Diana, Helen Safa, Peggy Antrobus et al. “Impact of the Economic Crisis on Poor Women and Their Households.” *The Women, Gender and Development Reader*. Ed. Nalini Visvanathan et al. Atlantic Highlands, N.J.: Zed Books Ltd., 1997.

Del Conte, Alessandra. *Participatory Governance and Management Structures in Microfinance: The Case of Janashakti*. New York: International Coalition on Women and Credit, 2000. Available on the Web site of Women’s World Banking: www.swwb.org.

Deshpanda, Rani. *Increasing Access and Benefits for Women: Practices and Innovations among Microfinance Institutions—Survey Results*. New York: UNCDF, 2001.

Dolphyne, Florence Abena. *The Emancipation of Women: An African Perspective*. Accra: Ghana Universities Press, 1991.

Druschel, Kate, et al. “State of the Microcredit Summit Campaign Report 2001.” Washington, D.C.: Microcredit Summit Campaign Secretariat, 2001.

Dunford, Chris. “Building Better Lives: Sustainable Integration of Microfinance with Education in Health, Family Planning and HIV/AIDS Prevention for the Poorest Entrepreneurs.” Washington, D.C.: Microcredit Summit Campaign, 2001.

Engle, Patrice. "Father's Money, Mother's Money, and Parental Commitment: Guatemala and Nicaragua." In *EnGENDERing Wealth and Well-Being: Empowerment for Global Change*. Ed. Rae Lesser Blumberg et al. Boulder, Colo.: Westview Press, 1995.

FDEA (Women Enterprise Development in Africa). Untitled report. 2000.

Getu, Makonen, and Samuel Afrane. "The Transformation Side of Microfinance: An Impact Study of UGAFODE's Micro-lending Program." Oak Brook, Ill.: Opportunity International—U.S., 2001.

Goetz, Anne Marie, and Rina Sen Gupta. "Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programs in Bangladesh." *World Development* 24, no. 1 (1996): 45–63.

Gons, Nathalie, and Brian Branch. "The Road to Jinotega." Madison, Wisc.: WOCCU, 2001.

Hashemi, Syed, Sidney Schuler, and Ann Riley. "Rural Credit Programs and Women's Empowerment in Bangladesh." *World Development* 24, no. 4 (1996): 635–53.

Hossain, Mahabub, and Catalina P. Diaz. "Reaching the Poor with Effective Microcredit: Evaluation of a Grameen Bank Replication in the Philippines." *Journal of Philippine Development* 44, no. 24 (1997): 275–308.

Human Development Initiatives. *Empowering Women Through Microfinance*. 2001.

Kabeer, Naila. "Agency, Well-being & Inequality: Reflections on the Gender Dimensions of Poverty." *IDS Bulletin* 27, no.1 (1996): 11–21.

———. *The Conditions and Consequences of Choice: Reflections on the Measurement of Women's Empowerment*. United Nations Research Institute for Social Development (UNRISD) Discussion Paper No. 108. 1999.

———. "Editorial: Tactics and Trade-Offs: Revisiting the Links Between Gender and Poverty." *IDS Bulletin* 28, no. 3 (1997): 1–13.

———. *'Money Can't Buy Me Love'? Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh*. IDS Discussion Paper 363. Brighton, England: Institute of Development Studies, University of Sussex, 1998.

———. *Reversed Realities: Gender Hierarchies in Development Thought*. London: Verso, 1994.

Kelly, Marcy. "The Tahoua Women's Savings Project, Final Evaluation Report." Niger: CARE-Niger, December 1997.

Khan Osmani, Lutfun. "Impact of Credit on the Relative Well-Being of Women: Evidence from the Grameen Bank." *IDS Bulletin* 29, no. 4 (1998): 31–38.

Lampietti, Julian, and Linda Stalker. *Consumption Expenditure and Female Poverty: A Review of the Evidence*. Policy Research Report on Gender and Development Working Paper Series No. 11. Washington, D.C.: The World Bank Development Research Group/Poverty Reduction and Economic Management Network, 2000.

Ledesma, Jesila. "Empowerment Impact Report on TSPI's Kabuhayan program." Draft. April 2002.

MacIsaac, Norman. "The Role of Microcredit in Poverty Reduction and Promoting Gender Equity: A Discussion Paper." Hull, Canada: CIDA, 1997.

Manuh, Takyiwaa. "Ghana: Women in the Public and Informal Sectors under the Economic Recovery Programme." In *The Women, Gender and Development Reader*, ed. Nalini Visvanathan et al. Atlantic Highlands, N.J.: Zed Books Ltd., 1997.

Mayoux, Linda. *From Vicious to Virtuous Circles? Gender and Micro-Enterprise Development*. Occasional Paper No. 3. UNIFEM. United Nations Fourth World Conference on Women, 1995.

———. *Micro-Finance for Women's Empowerment: A Participatory Learning, Management and Action Approach*. Milton Keynes, U.K.: UNIFEM, 2001.

———. "Participatory Learning for Women's Empowerment in Micro-Finance Programmes: Negotiating Complexity, Conflict and Change." *IDS Bulletin* 29, no. 4 (1998): 39–51.

———. *Women's Empowerment and Microfinance: A Participatory Learning, Management, and Action Approach. Resource Manual for Practitioners and Trainers*. Draft. UNIFEM, 2001.

Mends, Michael, et al. "SAT Impact Assessment Report." Draft. April 2002.

MkNelly, Barbara, and Mona McCord. "Credit With Education Impact Review No. 1: Women's Empowerment." Freedom From Hunger, 2001.

PLAN International. *Mid-term Evaluation of Nirdhan/PLAN Microfinance Program in Nepal*. PLAN International, 2001.

Quisumbing, Agnes, and John Maluccio. *Intrahousehold Allocation and Gender Relations: New Empirical Evidence*. Policy Research Report on Gender and

Development Working Paper Series, No. 2. Washington, D.C.: The World Bank Development Research Group/Poverty Reduction and Economic Management Network, 1999.

Rahman, Aminur. "Micro-credit Initiatives for Equitable and Sustainable Development: Who Pays?" *World Development* 27, no. 1 (1999): 67–82.

Razavi, Shahra. "From Rags to Riches: Looking at Poverty from a Gender Perspective." *IDS Bulletin* 28, no. 3 (1997): 49–62.

Saith, Rubi, and Barbara Harriss-White. "The Gender Sensitivity of Well-Being Indicators." *Development and Change* 30 (1999): 465–97.

Salib, Suzy. *FORA's Impact among Migrants: Primary Findings*. Oak Brook, Ill.: Opportunity International Network, 2001.

Salib, Suzy, et al. "Bundling Microfinance and Business Development Services: A Case Study from ADEMCOL in Colombia." USAID Microenterprise Best Practice Business Development Services Case Study No. 10. Washington, D.C.: Development Alternatives International, 2001.

Schuler, Sidney, Syed Hashemi, and Ann Riley. "The Influence of Women's Changing Roles and Status in Bangladesh's Fertility Transition: Evidence from a Study of Credit Programs and Contraceptive Use." *World Development* 25, no. 4 (1997): 563–75.

Schuler, S. R., S. M. Hashemi, A. P. Riley, and A. Akhter. "Credit Programs, Patriarchy and Men's Violence against Women in Rural Bangladesh." *Social Science and Medicine* 43, no. 12 (1996): 1729–42.

Sebstad, Jennefer, and Monique Cohen. *Microfinance, Risk Management, and Poverty*. Washington, D.C.: CGAP, 2001.

SEILANITHIH. "Client Satisfaction Survey Report." Cambodia, July 2000.

Sen, A. "Gender and Cooperative Conflicts." In *Persistent Inequalities: Women and World Development*, ed. I. Tinker. New York: Oxford University Press, 1990.

Sen, Gita. "Engendering Poverty Alleviation: Challenges and Opportunities." *Development and Change* 30 (1999): 685–92.

Shakti. "Study on the Trend of Living Condition of Shakti Members." Bangladesh.

Sherpa, Helen. World Education response to e-mail survey, 20 October 2001.

Shrestha, Milan. *Report on Self-help Banking Program and Women's Empowerment*. Nepal, 1998.

Small Enterprise Education and Promotion Network (SEEP). *Learning from Clients: Assessment Tools for Microfinance Practitioners*. Washington, D.C.: SEEP, 2001.

Todd, Helen. *Women at the Center: Grameen Bank Borrowers after One Decade*. New York: Westview Press, 1996.

UNDP. *1995 Human Development Report*. New York: UNDP, 1996.

USAID. *Microenterprise Development in a Changing World: U.S. Agency for International Development Microenterprise Results Reporting for 2000*. Arlington, Va.: Weidemann Associates, 2001.

———. *Reaching Down and Scaling Up: Focus on USAID's Development Partners: USAID Microenterprise Results Reporting for 1999*. Arlington, Va.: Weidemann Associates, 2000.

Whitehead, Ann, and Matthew Lockwood. "Gendering Poverty: A Review of Six World Bank African Poverty Assessments." *Development and Change* 30 (1999): 525–55.

WOCCU. "WOCCU Philippines CUES Quarterly Project Report." July–September 2001.

Woller, Gary. "Reassessing the Financial Viability of Village Banking: Past Performance and Future Prospects," *MicroBanking Bulletin* 5 (2000): 3–8.

Women's Entrepreneurship Development Trust Fund (WEDTF). Information on microfinance and empowerment of women. Zanzibar, Tanzania: WEDTF, 2001.

Working Women's Forum (WWF). *Social Platform through Social Innovations: A Coalition with Women in the Informal Sector*. Chennai, India: Working Women's Forum, 2000.

World Bank. *Engendering Development: Through Gender Equality in Rights, Resources, and Voice—Summary*. Washington, D.C.: World Bank, 2001. Available at www.worldbank.org/gender/prr/engendersummary.pdf.

———. *World Development Report 2000–2001*. Washington, D.C.: World Bank, 2001.

World Relief Rwanda. "Impact Assessment of TF UK Clients in the World Relief Rwanda URWEGO Program." World Relief Rwanda, 1999.

WOTR. "WOTR Micro Finance Summary Information" and "Results: Individual Interviews." Submitted to Opportunity International, October 2001.

Wright, Graham A. N., et al. "Vulnerability, Risks, Assets and Empowerment—The Impact of Microfinance on Poverty Alleviation." Paper contributed to *World Development Report 2001*.

Wright, Jamie. Report on focus-group discussions with ADAPTE loan officers. Costa Rica, 2001.

Yawe, Agnes. "Engendering Microfinance Services: Beyond Access." Paper presented at the Women's Empowerment or Feminisation of Debt? workshop in London, March 2002. Available at www.oneworldaction.org.

Young, K. "Household Resource Management." In *Gender and Development: A Practical Guide*, ed. L. Ostergaard. London: Routledge, 1992.

Zafar, Roshaneh. "Microfinance and the Empowerment of Women: The Experience of Kashf Foundation, Pakistan." Paper presented at the Microcredit Summit, Meeting of Councils, New Delhi, India, 1–5 February 2001.

Zdrojewski, Nicole. "Exploring Empowerment: A Microethnography of Women's Self-Help Groups in Villupuram, Tamil Nadu." Washington, D.C.: George Washington University, 2001.