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**Women are Useful to
Microfinance:
How Can We Make
Microfinance More Useful
to Women?**

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Introduction: gender and the ‘big vision’

It grieves us deeply to see the tools and systems we have supported cause harm rather than hope. We serve a high calling, and ... we will explore ways to refocus our efforts to ensure that our work results in liberation, not enslavement.’ (Reed 2011) p2)

‘We must improve microfinance where it fails to live up to its promise, not write it off as a failed, over-hyped fad. What is also needed is a powerful vision for outreach and impact, a vision that is clearly laid out in bold goals.’ (Daley-Harris 2006) p9)

From 1997 ‘reaching and empowering women’ has been the second theme of the MicroCredit Summit Campaign. Micro-finance programmes now reach millions of people worldwide, giving women and men access to microfinance services. It is now generally accepted for a wide range of business and social reasons that targeting women in financial services of all types is a ‘good thing’. Gender equity is also one of the proposed six principles in the Microfinance Seal of Excellence under discussion at this Summit (Sinha 2011).

However, despite the considerable potential of microfinance to really benefit women and frequent use of the term ‘empowerment’ in promotional material, explicit attention to how to bring about gender equality women’s empowerment has been negligible within most of the microfinance movement. This is particularly the case in the expanding commercial sector and even in recent debates and innovations in relation to poverty impact, client responsiveness and consumer protection discussed below. Most, if not all, of the current innovations discussed at this summit have gender dimensions which will need to be addressed if the full empowering potential of microfinance is to be realised.

This paper¹ presents ways in which the microfinance sector can go beyond access and assumptions to actively promote women’s empowerment. Focusing on a draft Gender Justice Framework Protocol developed by the author with partners of the WEMAN² networks in South Asia, Africa and Latin America it argues that ***there are steps which financial institutions of ALL types can take: from banks, through MFIs to NGOs. This***

¹ This paper has been significantly abridged from a longer paper produced as part of the genfinance process funded by Hivos and Oxfam Novib. The longer paper will be updated in the light of discussions at the summit and posted on www.genfinance.info by January 2012. This paper draws substantially on Mayoux, L. C. (2009). Reaching and Empowering Women: Gender Mainstreaming in Rural MicroFinance: Guide for Practitioners. Rome, IFAD. This discusses all the strategies and evidence in more detail.

² Women’s Empowerment Mainstreaming and Networking (WEMAN) for gender justice in economic development is a global long term process promoting innovations for gender equality and empowerment. Since 2007 it has been spearheaded by Oxfam Novib and partner organisations, building on earlier work by the author with a range of networks.

is not a question of ‘women’s empowerment projects’ as optional add-ons, although if well-designed these can also have their role. It involves mainstreaming gender and empowerment throughout programme design for men as well as women. The practical ways in which gender equality and women’s empowerment can be most effectively promoted differs between financial service providers depending on the type of financial institution, context and capacities. However many of the strategies proposed are likely to increase rather than undermine longer term financial sustainability of MFIs and the dynamism of the economy and civil society in general.

Why should micro-finance providers make the effort to benefit women?

In the last decade there have been significant innovations to address the ‘micro-finance schism’ between financial sustainability and poverty reduction and improve poverty impact and financial inclusion. As discussed in detail below, if there is an explicit gender strategy, these innovations offer exciting new possibilities for benefitting women as well as men. Moreover it is generally accepted that targeting women and women’s empowerment are not only important for financial sustainability, but a key dimension of their development mission - not only of poverty reduction, but also contribution to economic growth. Most donor agencies and governments have gender policies or action plans based upon the United Nations Convention on Elimination of ALL Forms of Discrimination Against Women (CEDAW).

BOX 1: WHY IS WOMEN’S EMPOWERMENT IMPORTANT?

BUSINESS ARGUMENTS

- **Large potential and underserved female market:** Women are statistically the majority population in most countries. In many countries female entrepreneurship is growing faster than that of men and increasing numbers of women need better and more diversified financial products.
- **Financial sustainability of MFIs:** Women have often proved to be better savers than men, better repayers of loans and more willing to form effective groups to collect savings and decrease the delivery costs of many small loans.
- **Women’s empowerment** in terms of significant increases and control of incomes and assets enables them to use more profitable products.
- **Men’s empowerment:** Reducing peer pressures on men towards destructive masculine behaviours increases their repayment and savings and assets enables them to use more profitable products.
- **Economic growth:** Studies by World Bank and others have shown that countries that have taken positive steps to promote gender equality have substantially higher levels of growth.

POVERTY REDUCTION

- **Targeting the poor and poorest:** Women themselves are generally poorer than men and hence form the majority of the target group for poverty-targeted micro-finance.
- **Reducing household poverty:** Targeting women has a greater positive impact on child poverty reduction because they are more likely to invest additional earnings in the health and nutritional status of the household and schooling for the children.
- **Empowered and responsible women and men:** are better able to reduce poverty look after their families, contribute to society leading to lower welfare spending and higher taxes paid.

WOMEN'S HUMAN RIGHTS: CONVENTION ON ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN (CEDAW)

Adopted by the UN General Assembly in 1979 CEDAW clarifies the fact that the 1948 Declaration of Human Rights also includes women. By 2005 this had been signed by 179 countries. Women's rights include:

- Right 1: rights to life, liberty, security of person and freedom from violence and degrading treatment and freedom of movement
- Right 2: legal equality and protection by the law including women's equal rights to make decisions in their family regarding marriage and children, property and resources.
- Right 3: right to own property and freedom from deprivation of property
- Right 4: freedom of thought, opinion and association
- Right 5: right to work, freedom from exploitation and right to rest and leisure
- Right 6: right to a standard of living adequate for health and right to education including

However there has been little specific attention to gender impact beyond attempts to increase women's access to small savings and group-based microfinance products. Arguments and resistance to thinking beyond female targeting can be classified in terms of '4 big C-Myths':

- **Complacency:** Most MFIs succeed in making some contribution to the empowerment of some women. Women are in any case the majority of clients in group-based micro-finance. There is no need therefore to empower them further. Explicit attention to gender equality discriminates against men.
- **Culture:** Gender equality is dismissed as a Northern donor imposition and/or marginal concern of a few angry urban middle class feminists. It is not seen as an urgent priority for the poor or appropriate in 'our culture'.
- **Conflict:** Women's empowerment is seen as inevitably conflictual - crowds of angry banner-waving women 'out of control' and hating men. Not only men, but also women and not only clients, but also women and men staff at all levels, often feel threatened by ideas of change in both the 'natural' and 'cultural' order.
- **Cost:** Women's empowerment interventions are conceived in terms of small, stand-alone and costly awareness-raising projects. The many possibilities for

mainstreaming an empowerment vision throughout existing activities and inter-organisational collaboration have not so far received the attention they merit.

There is now substantial evidence and experience to challenge all these myths.

It is now widely recognised, even in the reports of the MicroCredit Summit Campaign that complacency about the benefits of microfinance is misplaced. There is considerable evidence that microfinance does not necessarily empower women, any more than it does men: 'Money can be used for good or ill: it can liberate or enslave; it can unlock dreams or unleash nightmares.' (Mohammed Yunus quoted Reed 2011 p1). Women may not only fail to benefit, but may be seriously disempowered as they struggle to meet savings, loan repayment and insurance premiums with increased workloads and little control over income. In many cultures it appears that as women's income increases, they are expected to contribute more to the household while men retain more of their own income. In extreme cases multiple indebtedness and ruined relationships may lead to suicide.

What is generally less widely considered is that gender assumptions underpinning financial services for men may increase existing inequalities and even introduce new ones. Assumptions that men are the heads of household often undermines women's informal rights to property or role in decision-making. Women's work may be increased as men expect them to intensify unpaid labour in production. Men may spend the proceeds of their business on luxury expenditure rather than the household, and men may even take on new wives once their income increases.

Arguments on the basis of culture are unfounded. CEDAW has been signed by most national governments as recognition that 'women are also human' and with internationally agreed human rights. Moreover cultural values are never fixed but reflect power relations. In all religions there are values of equality, responsibility and freedom which challenge those elements of culture which are dysfunctional and destructive in their support for (generally male dominated) power elites. Women themselves want to change gender inequalities in incomes, control over resources, decision-making, division of paid and unpaid labour and gender-based violence, and their effects on the wellbeing of women and their children. Many men also want change because they also are constrained by existing norms of masculinity and resulting peer pressure and responsibilities³.

³ This has been demonstrated very clearly by the author's experience in using the participatory Gender Action Learning methodology. For details from Asia and Africa see for example Mayoux, L. (2005). "Women's Empowerment through Sustainable Micro-finance: Organisational training Taraqee Foundation draft report." from http://www.genfinance.info/Trainingresources_05/Taraqee_Report_draft.pdf, Mayoux, L. C. (2010). 'Diamonds are a girl's best friend' Experience with Gender Action Learning System. Elgar International Handbook on Gender and Poverty. S. Chant, Edward Elgar.

It is not women's empowerment which causes conflict, but their vulnerability and men's 'disempowerment' to counter peer pressures towards destructive forms of 'masculine behaviours'. Women's empowerment in terms of power, resources and ability for independent action is a key factor in reducing both poverty and family conflict. Happier women make happier spouses and parents. Peer pressures on men towards 'masculine' behaviours reduce the resources available for the household, lead to serious household conflicts and gender-based violence causing a vicious cycle of unhappiness for men as well as women and children⁴.

Outside the mainstream there have been many positive innovations in organisational gender policies, products, non-financial services, client participation and macro-level policies. Some donors and micro-finance providers have produced manuals outlining ways of increasing women's access to micro-finance⁵. There has also been increasing awareness of the importance of addressing women's empowerment in some micro-finance networks.⁶ As discussed below, much of this experience demonstrates not only that attention to women's empowerment is necessary and possible, but also that there are ways of reducing costs so that expenditures become an investment in longer term financial sustainability.

Towards a Gender Justice Protocol for financial service providers

Discussion in this paper focuses on elements of a draft Gender Justice Protocol presented in Box 2. The Protocol builds on innovation and discussions at workshops in Asia, Africa and Latin America since 1998 with over 150 MFIs. It was then subsequently consolidated by members of Oxfam Novib's WEMAN network, including a 2007 Declaration from over 20 MFIs in Latin America. The protocol was presented at the Asia Regional MicroCredit Summit in Bali July 2008 and signed by over 400 participants worldwide⁷.

⁴ In Uganda experience using the Gender Action Learning System methodology which empowers women and men to question and change the gender roles in which they are trapped has led to a significant improvement in mutual understanding in the household, increased incomes through reducing alcohol consumption and enabled 76% women members to have their names on their own or family land documents – see Mayoux, L., P. Baluku, et al. (2011). 'Balanced Trees Grow Richer Beans': Community-led Action Learning for Gender Justice in Uganda Coffee Value Chains.

⁵ See for example UNIFEM (1995). *A Question of Access: A Training Manual on Planning Credit Projects That Take Women Into Account.* New York, UNIFEM. Binns Binns, H. (1998). *Integrating a Gender, Perspective in Micro-finance, in ACP Countries.* Brussels, European Commission. One of the most recent has been produced for IFAD Mayoux, L. C. (2009). *Reaching and Empowering Women: Gender Mainstreaming in Rural MicroFinance: Guide for Practitioners.* Rome, IFAD.

⁶ Notably REDCAMiF in Central America and Pakistan Micro-finance Network.

⁷ Signatories include prominent figures in the microfinance movement including Mohammad Yunus and Lamiya Morshed of Grameen Bank and Sam Daley Harris and Michele Gomperts of the Summit Campaign, Nirmal Fernando of Asian Development Bank, and NABARD. If you would like to comment or make suggestions on its further development and promotion, please contact Linda Mayoux at l.mayoux@ntlworld.com.

The draft Protocol does not aim to be a blueprint, but to act as a catalyst for serious debate about ways forward across the range of issues currently affecting the financial, and particularly micro-finance, sector. The framework assumes a commitment to a diversified financial sector, where different players from commercial banks and MFIs to women's organisations may have different focuses and roles, but where each would make a firm commitment to gender equality of opportunity and women's empowerment and adapt and integrate these principles into their organisational structure, product and service delivery and role at macro- and policy levels. Some version of this protocol could be promoted as a backdrop to the current proposals on gender equity in the Seal of Excellence.

BOX 2: GENDER JUSTICE FRAMEWORK PROTOCOL FOR FINANCIAL SERVICES

Gender justice vision: *A world where women and men are able to realise their full potential as economic, social and political actors, free from all forms of gender discrimination, for empowerment of themselves, their families, their communities and global humankind.*

Gender justice objectives for the purpose of this Protocol means:

- removing the all-pervasive institutional gender inequalities and discrimination which constrain both women and men at every level, enabling both to realise their full human potential
- affirmative action to empower women (currently the most disadvantaged sex) to access and benefit from these changes
- working with men to change attitudes and behaviours which not only harm women, but also children and often men themselves

Strategic Framework

- **mandates, vision and objectives** of all financial service providers have explicit commitment to gender equality of opportunity and women's empowerment.
- **removal of all forms of gender discrimination** as a human right in access to all financial products and nonfinancial services as an integral part of product and service development, including technological innovation.
- **financial services** for women and men contribute to gender justice through design of products and client participation.
- **non-financial services** for women and men promote gender justice, facilitated through an appropriate (depending on organisational mission, capacities and context) combination of mainstreaming women's empowerment in core services, interorganisational collaboration, establishment of peer training systems and 'smart subsidy' for empowerment projects from micro-finance profits, government or private sector linkage or donor funding
- **gender indicators** are an integral part of social performance management and market research.

- **consumer protection and regulatory policies** integrate gender equality of opportunity and empowerment.
- **gender advocacy** in areas like women's property rights and combating gender-based violence essential to removing gender discrimination and empowerment are an integral part of the advocacy strategy.
- the specific needs and interests of **very poor and vulnerable women** are included in all the above
- **organisational gender policies** support these strategies, developed through a participatory process with staff and clients, integrated into all staff training for women and men and including gender equitable recruitment, employment and promotion.

Mainstreaming the big vision: points of entry for gender equality and empowerment

In all types of financial institution the most cost-effective means of maximizing contributions to gender equality and empowerment is to develop an institutional culture that is women-friendly and empowering that is the ‘normal way of doing business’, and that manifests these traits in all promotion, planning and interactions with clients⁸. A commercial financial services sector that consistently promotes a vision of women as successful entrepreneurs and farmers can act as a significant force for change in attitudes and behaviours towards women's economic activities in the wider community – and in the process open up a large and profitable commercial female market for financial service providers. This is not an issue of cost, but of vision and inspiration in regard to gender justice on the same level as for example HSBC Bank’s promotion of cultural diversity, and commitment in some organisations to environmental sustainability.

From access to empowerment: innovations in product design

The accelerating commercialisation of micro-finance, together with recent advances in technology, have potential to significantly increase access to cheaper and better financial products for women as well as men.

Market competition has stimulated client-centred product diversification through market research. It is now generally accepted that participatory market research and ‘knowing your clients’ is good business practice.⁹ Many micro-finance programmes have been

⁸ For more detailed discussion of frameworks and methodologies for institutional gender mainstreaming see for example Groverman, V. and J. Kloosterman (2010). Mainstreaming a Gender Justice Approach: A Manual to support NGOs in self-assessing their gender mainstreaming competence. The Hague, Oxfam Novib.; ILO (2007). FAMOS Check Guide and Methods. Geneva, ILO.

⁹ SEWA’s services have always been based on consultation with clients. Grameen Bank undertook a four year reassessment and redesign based on extensive client research. This significantly increased outreach and sustainability In the three years to December 2005, Grameen's deposit base tripled and its loans

trained in Microsave's market research tools and/or are using some variant of one or more of these tools to design products for women as well as men¹⁰. Some commercial banks like ICICI Bank in India also conduct both participatory market research and fund in-depth research on the needs of micro-finance clients. However, participatory market research in itself does not necessarily produce products which will benefit women – even when women are targeted and information gender disaggregated. It may only point to products which can be profitably sold to women and/or men - which cannot be assumed to be the same thing. Without additional costs, there are ways in which product design can increase women's incomes and control over incomes and assets, and role in household decision-making, as in the combined market research and financial education methodology being developed as part of Oxfam Novib's WEMAN programme (See Box 5 below).

Mobile and e-banking, particularly in the commercial sector, potentially promises even wider and also cheaper access to financial services particularly in rural areas which are more costly to reach than urban centres. Mobile banking has great potential to reach women who have less mobility outside the home than men either because of domestic responsibilities and/or social restrictions on their independence and interaction with men. It is crucial that mechanisms are developed to ensure discrimination-free access for women as the industry rapidly expands.

There is also increasing discussion of ways in which financial services can better integrate into wider economic development processes eg value chain finance and local economic development. This requires looking at how financial services can enable poor women to graduate up to more sophisticated tailored products, and products for medium and even large scale women entrepreneurs who can act as role models and employers.

BOX 3: EMPOWERING PRODUCT DEVELOPMENT

Mainstreaming empowerment in product development

- View women as capable and valued independent economic actors, not victims who are lucky to get a little loan or need to be taught thrift in use of their scarce resources or require their husband's signature for any economic activity.
- Market research sampling and questioning to explicitly look at gender issues of access and control, empowerment impacts and gender-specific areas of vulnerability and need

outstanding doubled. Profits have soared from around 60 million taka in 2001 to 442 million taka (about \$7 million) in 2004. Dropouts are returning, and even some old defaulters are repaying and re-joining. See also discussion in Reed 2011.

¹⁰ For details of MicroSave tools see www.microsave.org.

- Ensure women own and access mobile technology, that facilities like ATMs are located in female as well as male space and that the ways in which credit histories and credit ratings established do not exclude women.
- Design products and processes which enable very poor women to progress and graduate from small savings and loans to accessing larger loans and accruing significant assets.
- Create products for large and medium-scale women entrepreneurs and farmers who are potential role models and providers of market linkages and employment, as well as micro-entrepreneurs.

Some examples of empowering products

- Loans or savings products to increase women's asset ownership, including land and housing
- Loan products and sponsorship of enterprise competitions to encourage women's enterprise in non-traditional activities and also in services needed by women.
- Introduction not only of products specifically targeted to women, but revising the loan conditions for all products to ensure that there is no gender discrimination.
- Encouragement of male savings for education of girls, assets for their daughters to take with them on marriage so that men's responsibility for the future of their daughters is encouraged and enable female savings to be used for enterprise investment.
- Pension and long term savings products to reduce women's vulnerability in old age

Increasing empowerment: non-financial services and 'smart subsidies'

One of the reasons why calls for women's empowerment strategies have been largely dismissed by the commercial sector is because they are generally seen in terms of 'empowerment add-ons' for women – and hence not attainable through a financially sustainable model. Banks generally use individual rather than group-based lending and may not have scope for introducing non-financial services. This means that they cannot be expected to have the type of focused empowerment strategies which NGOs or group-based microfinance have.

However, even in the commercial sector, there is now increasing acceptance of the idea of 'smart subsidies' and complementary services ("credit-plus," as it is often called) in relation to increasing poverty reach, improving health and education and/or reducing HIV/AIDS¹¹. None of these recent developments is necessarily gender sensitive, yet there

¹¹ For a discussion of the complementarities between microfinance and other development interventions see for example Magrner, M. (2007) and Watson, A. and C. Dunford (2006). From Microfinance to Macro Change: Integrating Health Education and Microfinance to Empower Women and Reduce Poverty, United

are ways for them to take gender dimensions into account with minimal extra cost and in ways which increase longer term financial sustainability and profitability. Some of these are given in Box 4.

Women's empowerment strategies are arguably the most effective means of addressing both poverty reach and household well-being, and also HIV/AIDS. Evidence from WEP-Nepal and FINCA-Peru suggests that delivery of women's enterprise training and/or financial literacy can not only increase client incomes, and hence repayment capacity, but also increases client retention and satisfaction and hence has substantial financial benefits for the institution (Valley Research Group and L.Mayoux 2008; Frisancho et al 2008). In WEP-Nepal the training of savings-led credit groups enabled these groups to not only survive, but also replicate themselves during the insurgency, when nearly all other village organisations broke up.

BOX 4: COST-EFFECTIVE NON-FINANCIAL SERVICES FOR EMPOWERMENT

Mainstreaming gender and empowerment in core activities

- **Application processes:** the sequencing of questions, types of detail required and way the interview is conducted can help applicants think through their financial planning, think through their capacity to repay loans and save, and the types of insurance etc they need. The wording can treat women as individuals who can make their own decisions, eliminating references to male heads of households. Without increasing the time needed to answer these questions, they could be reworded or adapted to promote a vision of empowerment and challenge assumptions about power and control in the household for both women and men.
- **Integrate an empowerment vision into basic savings and credit training and group mobilisation.** Many issues within the household and community need to be discussed to enable women and men to anticipate problems with businesses, savings, repayment, group membership, and so on.
- **Mainstream gender in all existing non-financial training:** examine all training content for women and men from a gender perspective. Include women in all existing training, extension, and other interventions, especially technical training for new agricultural crops and technology and other livelihood development programs. Encourage men to come to training normally targetted to women. Including discussion of gender issues in training for men on the basis that 'sustainable businesses and livelihoods require sustainable households' can lead to significant changes in men's attitudes and behaviour.

Ways of reducing costs of non-financial services

Nations Population Fund and Microcredit Summit Campaign.

- **Mutual learning and information exchange** within groups could meet many basic training needs if systems are properly set up and funded initially. This training does not substitute for professional (expensive) training, but enables such training to be targeted to those areas where it is really needed and builds peoples' capacities to absorb, benefit from, and disseminate such training.
- **Implement a cross-subsidy:** charge better-off clients (including men) for some services, such as business services and business registration and/or charging clients for more advanced training after they have taken subsidised basic courses.
- **Develop formal or informal links with providers of other services,** microfinance programs can increase their contribution at a minimal cost and give providers of other services ready access to a sizeable, organized constituency of poor women, which would in turn contribute to the sustainability of their own services. A microfinance provider could advertise services such as legal rights services offered by local women's organisations and/or refer clients and/ or make special arrangements for programs, groups, or individuals to pay for particular services.

There are a number of ways to offer capacity-building in a more effective, cost-efficient and sustainable manner. Any or all of the means indicated in Box 4 could be combined to increase cost-effectiveness over time. For example, after an initial focus on identifying mutual learning possibilities, a network of collaborating organizations could apply for donor funds to develop them. They could then introduce service charges for their better-off members or non-members at a later date. A current innovation being developed by the Oxfam Novib WEMAN programme with partners LEAP in Sudan and GreenHome and Bukonzo Joint Savings self-managed micro-finance in Uganda for both women and men is a combined market research and financial literacy methodology. This has the potential over time to become fully self-sustaining and self-upscaling integrated into application processes for new clients as an investment in expansion of services to increasing numbers of new but reliable clients¹². In other cases, although the financial service providers themselves may be financially sustainable, complementary services may need to be treated as ongoing commitments to be met through donor funding—especially when services are seeking to reach very poor women.

BOX 5: FINANCIAL ACTION LEARNING METHODOLOGY FOR CLIENT-CENTRED PRODUCT DEVELOPMENT AND FINANCIAL PLANNING

This methodology is based on experience with Gender Action Learning System (GALS) This enables women and men, including those who cannot read and write, to identify their visions, plan their lives and businesses and bring about significant changes in gender relations. Gender

¹² For details of GALS Tools see <http://www.wemanglobal.org> which has both manuals and video clips men and women practitioners at community level.

analysis and women's empowerment are mainstreamed in the content and facilitation of all the tools.

The underlying idea is that simple diagram tools can be used both as part of any organisation's market research process and/or on an ongoing basis by micro-finance groups themselves as a continual process of participatory product. At the same time the tools are designed to increase participants' understanding of their situation and financial literacy and hence are an empowerment process in itself. The finished diagrams can be used as business plans and loan contracts with MFIs or even banks. Once the system is established the tools are integrated into the application processes for products and new clients are required to provide these financial plans – learning from friends, relatives or simple pictorial pamphlets.

In Sudan, India and Uganda groups now use GALS tools with very little external supervision for purposes like increasing poverty inclusion of their groups and developing their own livelihood plans. Individuals are also teaching others in their household and communities the individual planning tools. This methodology therefore has potential to be self-replicating. Once established, the peer-led financial education instead of being a cost to the organisation could be an effective means of self-recruitment of reliable new clients able to credibly communicate their own financial needs. It is not a substitute for in-depth financial education or market research, but provides a solid basis on which to significantly reduce costs and increase effectiveness of these.

For more details see www.wemanglobal.org and/or www.genfinance.info

In many rural areas, particularly more remote areas with very badly developed infrastructure, separating the delivery of financial services from other types of complementary support is not necessarily the most cost-efficient strategy, because it entails parallel sets of staff, high transport costs, and other duplicative costs. The desirability or undesirability of separating functions needs to be judged on the basis of the balance between a number of factors eg level of expertise required for the types of financial and nonfinancial services needed, levels of expertise of organizations and staff, availability of services from specialist training providers, and the relative costs in any particular context of eg transport and staff. It is also possible to separate the costs of delivering different services without separating their operational delivery.

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

Gender mainstreaming in SPM

The recent advances in Social Rating and Social Performance Management¹³ seek to include social indicators and social audits incorporating areas like poverty reach as an integral part of rating and performance assessment alongside financial indicators. However gender is treated as only one possible dimension of an organisation's mission against which performance would be assessed, depending on whether or not gender is already part of the organisation's vision and mission. Unless gender is an explicit and integral part of the definition of 'social', there are dangers that gender equity in terms of both access and empowerment will become completely swamped in all the other range of performance indicators.

A key element in gender mainstreaming is integration of gender indicators into information systems so that institutions are aware of what is happening in regard to gender equality of access, and also empowerment. The extent and type of gender-based information will obviously differ from institution to institution, depending on the nature of their existing management information systems. A detailed discussion of the complexities of gender and empowerment impact assessment, particularly intra-household impact assessment, is outside the scope of this paper¹⁴. Much more discussion is needed on how gender indicators can be integrated into management information systems of different types – particularly the trade-off between manageability and depth of information to make any conclusions meaningful¹⁵. However the indicators proposed by Frances Sinha shown in Box 6, provide a good starting point.

BOX 6: INTEGRATING GENDER INDICATORS IN SOCIAL PERFORMANCE MANAGEMENT AND MANAGEMENT INFORMATION SYSTEMS

possible gender indicators for insertion into social performance management

- Clients (from a rating survey – if MFI does not have this information)
- % of women clients who know and understand the terms of the financial services provided by the MFI (including different products available, cost of credit - interest rate (declining), if savings – then interest paid, if insurance – then premium paid, and terms of payout)
- (in mixed-sex programmes) % women accessing larger loans and higher level services; % women in leadership positions
- % of women clients with enterprise loans who themselves are working in the

¹³ See for example, IFAD. (2006). "Assessing and managing social performance in microfinance."

¹⁴ See for example questionnaire at end of Zaidi et al (2007 and discussion in Mayoux, L. (2004a).

¹⁵ See Sinha 2009. A Manual for integrating gender in SPM is also currently being prepared by Frances Sinha and others.

economic activity for which the credit is used (either by themselves, or jointly with husband in a household enterprise disaggregated)

Source: Frances Sinha Indicators related to gender – for social rating unpublished draft for MI-CRIL

Innovations in consumer protection and regulation

A recent area of concern because of both the proliferation of products and the increasing numbers of competitors in the micro-finance market has been the issue of consumer protection and transparency: do people, particularly the poor, know what they are signing up to, and how can they be protected from abuse? This is not only a moral issue, but has implications for repayment rates and time spent by staff in following up clients and bad debts – hence for financial sustainability. Since at least 2003 micro-finance networks, including ACCION, have been developing and implementing consumer protection guidelines covering both relations with clients and quality of products and services.¹⁶

These guidelines potentially offer some protection to both women and men, for example the specifications of treatment with respect, privacy and ethical behaviour. However in order to make them effective in protecting women as well as men, it is desirable to make explicit reference to women and also make sure they cover specific forms of discrimination and vulnerability which women are likely to face. In addition these guidelines, including the gender dimensions, need to be included in all staff training and induction and in client application processes and financial literacy training¹⁷. It is also unclear how seriously financial service providers would take such principles on an individual institutional level. Ideally these would be part of the overarching regulatory framework at national level, and required part of any support from government and donors.

Gender justice advocacy

Many of the forms of discrimination which prevent women from both accessing and benefiting from financial services involve wider systems of inequality in access to and control over resources, gender-based violence and overwhelming responsibility for the unpaid care economy. Some microfinance programmes have engaged in collective action on land rights, violence and political participation¹⁸. SEWA, for example, promotes

¹⁶ See <http://www.smartcampaign.org>

¹⁷ See proposals on www.genfinance.info.

¹⁸ See for example initiatives by SEWA in India www.sewa.org, ANANDI in India www.anandiindia.net and LEAP in Sudan www.leap-pased.org and the Gender Action

women's unions and organizations. Grameen Bank and other MFIs in Bangladesh disseminated voter education material to women through their organization before the last elections¹⁹. In Africa, CARE–Niger has been very effective in developing women's leadership to compete in local elections. Rural Information Centres were developed by Hand in Hand, Swayam Shikshan Prayog, ANANDI (India) and LEAP in Sudan to help women obtain information from the Internet and as a resource for the groups or clusters to generate income.

It is important that commercial financial services providers link with and support these type of initiatives – both as a means of accessing a bigger market, and to support their existing clients in an empowerment process. This could be done through targeting of their charitable funds to such initiatives and/or supporting community-led initiatives.

The specific needs and interests of very poor and vulnerable women are included

In all the above mainstreaming gender and women's empowerment can be largely achieved through better design of financially sustainable financial services and existing capacity building. Many women from households just above or just below the poverty line can make significant steps forward if they are given a level playing field with men. All they need is a leg up to be able to then leverage other complementary resources and networks.

There are however specific challenges when working with the poorest women, as with the poorest men. These challenges have not only poverty but also specific gender dimensions: lower levels of literacy; lower levels of access to and control over resources even 'female-specific' assets like jewelry which can complement financial services as inputs to economic activities; lower levels of access to networks and human resources who can assist and support; greater vulnerability to sexual exploitation and abuse at the community level, if not the household level. This means that it is crucial that more accurate and adequate poverty assessment tools are developed to incorporate these gender dimensions of vulnerability and poverty²⁰, and that the specific needs of the poorest

Learning System being developed as part of Oxfam Novib's WEMAN programme
<http://www.palsnetwork.info>.

¹⁹ Mohammad Yunus in 'Empowering Women' Countdown 2005, MicroCredit Summit Campaign

²⁰ For details of current tools see <http://www.povertytools.org/index.html>. For discussion of some of the gender dimensions see Mayoux 2002 http://www.povertytools.org/Project_Documents/Gender%20Issues%20draft%20072104.pdf, Chant 2003 <http://www.eclac.cl/publicaciones/xml/6/13156/lcl1955i.pdf> and Gammage 2006

women are taken into account in product development, market research, financial literacy, consumer protection etc.

The commercial bottom line: organisational gender policy

The strategies discussed above, through accessing the large female market, enabling women to use more profitable products and improving men's financial behaviour, are likely to increase rather than undermine longer term financial sustainability of MFIs (See Box 1).

These strategies will however require 'a different way of doing business' and a greater focus on diversifying management and staff, and changes in staff recruitment, promotion and training for both women and men. Reaching the huge potential female market for products and services and promoting a 'women-friendly' image will require an increase in female staff in many contexts. In all contexts gender awareness of both female and male staff will be essential as an integral part of recruitment criteria. Both female and male staff will require gender training to deal with more specific issues integrated into general induction training.

Diversity of management and staffing is an accepted part of good commercial practice and management²¹. Indeed for an organisation to fail to have a gender policy is likely to be in contravention of national equal opportunities policies and international agreements on women's human rights. Commercial banks increasingly have gender or equal opportunity policies to encourage and retain skilled female staff. Many commercial banks have childcare facilities and proactive promotion policies for female staff. This is likely to require some shift in priorities for resource and funding allocation. However many of these strategies cost little (eg recruitment and promotion, and sexual harassment policies) and any costs incurred are likely to be compensated by higher levels of staff commitment, efficiency and retention as well as ability to access a larger and more profitable market.

Promoting an enabling environment for gender justice in financial services: role of national networks, government and donors

Most governments and donors have an official commitment to gender equality. Most governments have signed the 1979 UN Convention on Elimination of All Forms of Discrimination Against Women. Most donor agencies have official gender policies. They

http://pdf.usaid.gov/pdf_docs/PNADH568.pdf

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

have an important role in supporting an appropriate policy environment for gender justice within which an inclusive and ethical commercial financial sector can play its part, together with a strong gender justice movement of NGOs and civil society organisations. Box 7 outlines some of the measures which government and donors can take at the intermediate and national levels to provide such an enabling environment.

BOX 7: WHAT CAN DONORS, GOVERNMENTS AND NETWORKS DO?

- Develop a set of agreed **organizational gender indicators and a gender performance rating system** to inform funding and other decisions
- Facilitate networks for **collation of comparative information** and exchange of experience on gender impact and innovation from different types of provider to assess the best strategies in different contexts.
- Fund networks **to decrease costs of non-financial services**. Financial literacy, for example, is arguably best provided by impartial organisations or integrated into adult education programmes to avoid them being used by MFIs as a disguised form of marketing to clients.
- Integrate good gender practices, and women’s own strategies and perspectives, into all **training for bankers and other staff**
- Mainstream gender justice in **macro-level interventions**, in regulatory frameworks, consumer protection, advocacy strategies and value chain development. Including lobbying and advocacy on issues like women’s property rights, informal sector protection and violence which affect their clients, and hence sustainability as well as the whole development process.

If all financial service providers promoted by governments and donors were required, or at least encouraged to mainstream gender justice in some of the ways discussed above, then this would go a long way not only to increasing gender equality of access, but also a conducive environment for women’s empowerment. If all members of microfinance networks and banks promoted a vision of women’s empowerment in promotional materials, advertising, in interactions with their now millions of clients and advocacy this would be a significant contribution not only to empowerment of their clients, but to changing attitudes towards women's economic activities and social roles in the community and internationally.

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