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# EMPOWERMENT VS. SUSTAINABILITY? GENDER INNOVATIONS IN MICROFINANCE

AN ONLINE SPEAKER'S CORNER DISCUSSION LED BY DR. LINDA MAYOUX  
AND HOSTED BY [microLINKS.ORG](http://microLINKS.ORG)



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## **WELCOME**

**Post by Dr. Linda Mayoux**

Hello e-Conference Participants,

I would like to welcome everyone to the Speaker's Corner "Empowerment versus Sustainability? Gender Innovations in Micro-Finance." Not only reaching but also empowering women is the second goal of the MicroCredit Summit Campaign. In the 2006 State of the Campaign Sam Daley-Harris argued for the importance of women's empowerment to achieving the Millennium Development goals and empowerment 'at the centre of human progress.' However gender issues received less attention at the recent Halifax Summit than at previous global and regional summits. This is partly because of a continuing perception that empowerment and sustainability are inevitably in conflict. It is also partly because gender issues are seen as already covered by female targeting and the recent attention to poverty targeting and impact. An overview of gender issues in recent debates at the Halifax Summit with associated papers and links can be found on the genfinance website:

<http://www.genfinance.info/MicroCredit%20Summit.html>.

This marginalisation of gender and empowerment issues in the international debate is despite considerable innovation in gender and empowerment methodologies within micro-finance programmes themselves. These have nothing to do with any imposition of Western agendas or Western ideas of empowerment, but from the commitment of some MF programmes to respond to the expressed needs of their female clients. Moreover women's empowerment is essential for poverty reduction, economic growth and any other development impact which micro-finance can claim to have.

I look forward to an interesting discussion which can really help to move these debates forward, and also start to counter the current marginalisation of gender and empowerment issues.

Sincerely,

Linda Mayoux

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## **DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Dr. Linda Mayoux**

Dear all,

I know many of those signed on to this discussion have thought deeply about empowerment strategies in relation to:

- Products
- Non-financial services
- Group organization
- Organisational gender policy

What do you think are the most important contributions your program has made to these debates? What do you think are the most important areas where innovation is needed, or has encountered obstacles in the current climate? Please do contribute - even just one-liners with a link to a website or other material.

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## **RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Amy Davis Kruize**

Dear Colleagues,

Let me share some observations as a former MF practitioner and now consultant--

- Products: After years of women demanding products that responded to HH needs, we are seeing MFIs diversify their product portfolio, including flexible uses, terms and amounts. One important innovation seen is the school tuition loan product, which can be bundled with a current microenterprise loan or as part of a savings scheme. The ability to send children to school (without cannibalizing ME capital) is empowering to the female client and the HH, and demonstrates to the client that the MFI has actually heard what clients have been saying.
- Non-Financial Services: Seeing less of these services among "high-performing" MFIs and little to none among commercial entities.
- Group Organization: In the name of efficiency and productivity, many MFIs, removed the empowerment conversations from their modules in forming groups--meetings became cashier windows and time spent focused on collection. A return to conversations about one's quality of life by those MFIs that "drifted" from their mission has been very empowering to group members and adds value above and beyond a loan, and builds loyalty.

- Organizational Gender Policy: Please share how the existence and implementation of such a policy affects the level of focus of your organization on gender and empowerment!

One question: Can we hear from folks about if and how they are measuring "empowerment" amongst their female clients?

All the best,

Amy

Amy Davis Kruize  
Microfinance Specialist

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Linda Mayoux**

Hi Amy,

Seems you feel the situation has become quite a bit worse. Even the products you cite I feel have some down sides - although it is important for women to have access to school fees products and savings products, my own experience is that in many ways these serve to absolve men of responsibility for household wellbeing. Rather than targeting such products solely to women, I feel that men should also be encouraged to save and spend on the school fees, including for girls. A potential downside of women's high propensity for saving is their failure to invest in production because they are being told to be 'thrifty' and groups are assessed according to level of savings rather than levels of productive investment. I often doubt whether putting scarce resources into MF savings schemes is always such a good use of resources. It is clear that most men do not think so. Maybe sometimes at least, they are right.

What do other people think? How can women be enabled to make financial decisions which increase their incomes and control, rather than leading to idle money as reserves for MFIs?

Linda

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Amy Davis Kruize**

Hi Linda--I wouldn't say worse, just a few one-liner observations. On the other hand, some women complain of lengthy meetings that do not add value and prefer short and to the point payment sessions...

Re: HH spending habits, again, we have to take into account the context, in some cultures it is absolutely expected that the men pay school fees, and they do, or health care fees. In others, division of expenses may be different, or the fathers have not responded to their obligations, or we are dealing with female head of households.

I agree, in part, with your statement about MFI savings schemes, especially if they are actually used as loan guarantees and bring no added value/earnings to the client.

All for now,

Amy

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Nara Hari Dhakal**

Dear Linda:

There is significant role of properly designed and demand led non-financial services including gender analysis at household level to enable women on making financial decisions (investment, procurement, marketing and use of business profit) for household welfare. Also business education may be very effective in some specific circumstances.

Regards,

Nara Hari Dhakal

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Nara Hari Dhakal**

Dear all,

In general, microfinance assists in economic empowerment of their clients either through support to create productive asset base or appropriate use of existing assets. Through economic empowerment, social and political empowerment gradually follow. Based on my experiences both as a promoter of microfinance services and institutions as well as practitioners on microfinance service delivery, following strategies related to products, non-financial services, group organization and organizational gender policy are crucial for accelerating empowerment process.

- **Products:** Product is designed to be very simple, standardized and understandable to the clients. Rather than increasing the number of products with minor differences, we focus to insist on including one simple product that addressed microfinance demand of the clients in the specific segment. Pricing of the product is simple and easy to understand the illiterate clients. More importantly product is tailored to address strategic gender needs than practical gender need.
- **Non-Financial Services:** Non-financial services are provided on both social and economic dimensions, starting from gender analysis at households and community level, framing code of conduct for operation and management, etc., to potentiality identification, skill enhancement, business education, identification of comparative advantage that client have, support to use existing skill on income generation, record keeping, marketable skill, and proper use of increased income. A gradual but continuous process to provide non-financial services has been thought.
- **Group Organization:** Homogeneity and joint liability principles are applied to operate the group as an organisation. Members of the group are homogeneous with respect to geography, ethnic composition, economic status, education level, etc. as far as possible and members are made jointly responsible on any financial activities undertaken by the individual as members of the group. Depending on type of group (Grameen type, solidarity or self-help), emphasis has been given to ensure simple group process, transparent decision-making, less time consuming without adding extra burden to group members.
- **Organizational Gender Policy:** Organizational gender policy is the most powerful tool to properly address empowerment issue. Effort has been made to ensure gender balance on staff recruitment as well as making service delivery favoring women to be the client.

Comments and suggestions are welcomed.

Regards,

Nara Hari Dhakal  
Kathmandu, Nepal

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## **RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Linda Mayoux**

Dear Nara,

I think our experiences are rather different with different types of organisations in different places. Much depends on context and also how far members/clients see micro-finance as actually helping them. Experience is also often that the poor repay, but it is the better-off who default.

I have worked with (sustainable) organisations where grace periods and even one-off 6 monthly repayment has had 100% repayment. If clients are involved in designing their own product with in-built

incentives to repay on time such as declining balance and repeat loans, then the stick has to be used less frequently. Many programs also reschedule loans to allow for crises, without compromising discipline on the part of people who willfully default. Much here depends not on any formal legal mutual liability, but social pressure and the need to keep up social reputations. Key here also for the future is establishment of a database shared between micro-finance providers which would blacklist people who willfully default. Much as we have here in the West.

For the groups, this is no-longer 'Grameen-type' as Grameen itself has abandoned it for sound reasons. There is a need for far more thought as to how groups can cost-effectively build their capacities and get support for both economic development and changing inequalities, behaviors and attitudes.

I think the key is not to be too rigid and base program design on the reality on the ground, not model replication from elsewhere. Where people feel that organisations listen to them, explain properly and have their best interests at heart (which surely MF taking development funds should), people understand that financial organisations need to have charges in order to deliver a long-term and sustainable service to benefit them. Their own groups make high charges. MF is very different from one-time free hand outs - also needed for the very poor and to be used wisely. I think a lot of the problem is the lack of effective explanation to people because MFIs themselves feel they are exploiters rather than contributing to development.

This then shows in their behavior and promotion. That is my experience from many places. Though things are undoubtedly more difficult where there are high levels of competition between providers for the same target group.

Linda

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## **RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Nara Hari Dhakal**

Dear Linda:

Thank you very much for your response. I fully agree on some of your argument but not absolutely. My experiences follow hereunder.

1) My experiences are that loan products (at least) should not be flexible, and must not include subjectivity and must not provide relaxation to the clients. Definitely we must consider cash flow, considering household cash flow has more merits than enterprise cash flow. I have not seen any example where grace period and balloon payment has worked.

2) I still see much strength on Grameen type lending methodology unlike solidarity and SHG method on ensuring discipline on clients and making them understand loan policy and procedures. To me this is must basic requirement on ensuring high portfolio quality on microfinance operation. But it is obvious



that this methodology can not be applied in hills and mountains of Nepal which are characterized by poor access, less monetization, low population density, high poverty incidence and less economic activities.

3) In order to address the issue of social exclusion which is one of the priority in Country like Nepal, homogeneity principles has crucial role to play. We have plenty of examples of better off, high class, educated people exploiting poorest of the poor, low caste and illiterate women even in very good SHG, or solidarity groups. I have notices issue of exploitation less evident in Grameen type groups albeit their confinement in most accessible areas of Nepal.

Regards,

Nara Hari Dhakal

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## **RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Stacey Young**

I think the sad fact is that many efforts to empower women can also be used to absolve men of responsibility or reinforce gender divisions of labor that are not in women's interest. So I think the point is that we can't expect a particular product or service to do the job of empowering women -- it's rather a tool women can use, under particular circumstances, and often with some unintended consequences, as part of a broader effort to gain control over their lives and increase their options and opportunities. The circumstances are key, as in Linda's example of women passing up economic opportunities (that could yield far more in the long run) in favor of savings accounts that are recommended to them. This does happen, but does that mean that women haven't benefited from having secure places to save their money? I think we could all agree that safe savings are very important to women's empowerment, but this product is just one tool, and that the broader issue is whether women have access to a full range of options, opportunities, services, etc., and can exercise choice.

I'm interested in what people think of the critique of some loan programs that preferentially lend to women, i.e., that they are ineffectual because women take the loans and then turn the money over to male family members. One school of thought says that this proves that targeting women doesn't work; another says that the majority of the loans do go to women and the "leakage" is essentially the cost of doing business this way; and another says it doesn't matter because it all goes into the household's cash flow. What are some experiences that people have had with these programs? What do people think about this issue?

Stacey Young, PhD

Senior Knowledge Management Advisor

## **RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Linda Mayoux**

I do think that with good design and delivery, products can enable women to make better productive investments, increase assets and reduce their vulnerability in the household. Obviously empowerment is a never-ending process - not sure I myself am always that empowered. Certainly our household cash flows are pretty fluid and I would be pushed to answer some of the questionnaires on who has what and who controls what - even our net household income. My partner likewise. So it is obviously true that savings and credit alone are unlikely to transform very poor women into liberated millionaires.

However I do think we should expect microfinance programs using development funds to design their products in such a way that women have equal access and are able to significantly benefit. The recent changes in Grameen for example would seem to go at least some way in that direction: flexible loan products on declining balance, including large loans once a credit record has been built, assets registered in women's names, combination of short term and long term savings, the latter a sort of semi-pension, removal of the group liability but retention of group meetings for discussion (though this may need strengthening by some proper participatory methodology and linkage to women's movements in Bangladesh). These are very different from the small, fixed short term loans which are difficult for women to use unless they are traders in a dynamic market.

Also in micro-finance we are not only talking about savings and loans, but often also group potential for collective action which can be encouraged or supported. My experience asking very probing and critical questions in group meetings and with women individually, often directly myself in local language, is that women value group meetings and trainings - often these are mentioned first as the main benefits from programs ahead of loans and savings in open questions 'what do you value most from the program'. This requires some rethinking of the minimalist model and how gender equality and empowerment can be mainstreamed - through the attitudes and messages from staff in their routine interactions with clients/members, the questions asked in the application process and the ways they are asked - the image and messages from the organization itself in the posters on their walls, the logos on their forms etc.

In at least some contexts, the best way of promoting empowerment is for the extension worker to deliver a basic training incorporating gender as part of the group development process, as for example in the PALS methodology. If the micro-finance itself is well designed, there is no role conflict between development work and collecting savings and loan repayments to ensure sustainability of an organization which people feel is really helping them to develop. This conflict is more a sign of badly designed products and badly trained staff. Though the situation may be more difficult where many MFIs

are competing in one area for the same clientele. Women, or men, do not like going to very boring meetings just to do savings and credit transactions - would any of us? But meetings which have lively discussion about their individual and community challenges and ways they can act to resolve them, how to improve their business etc is something different. PALS and other methodologies provide a strategic focus for such meetings and if MF programs can keep some sort of register of skills among their members, groups invite and pay for outside speakers.

So I think it is a bit of a cop-out to say MF cannot empower. There are many things which can be done, often without cost, sometimes needing development funds. What is required is vision and commitment.

I also think the micro-finance movement needs to treat this issue with some urgency. It is not some urban Western, middle class fad. But a question of life and death for many women in the communities where I work - whether or not they are able to build up their bargaining power through economic activity so they can go to the hospital, counter serious domestic abuse suffered by 70-80% of women in some communities, gain the respect of their children to look after them in their old age. That is apart from all the statistical evidence on the linkage between women's empowerment, economic growth and poverty reduction so eloquently expressed by Sam Daley Harris in the 2006 MicroCredit Summit Report.

I would like to hear from more of you, examples of empowerment initiatives.

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**Post by: Amy Davis Kruize**

Thanks Linda!

Hear, hear to vision and commitment as the pillars of an empowering program. Positive messages from the MFI communicating that social vision is one of the most important ways to empower. The innovation comes when MFIs continue to seek ways to communicate their vision in a way that motivates, engages and empowers clients. I mean how many times would we like to attend Business Math 101?

All the best,

Amy Davis Kruize  
Microfinance Specialist

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: Veronique Faber**

Hello Linda,

I believe that empowerment is culturally defined and the main obstacles to the design of “empowering products” are a mis-(not) understanding of what the emotional and rational dependencies of different women in different countries a.k.a regions are. To accomplish or measure empowerment, it has to be understood what the questions to ask are.

As illustration the following example comes to my mind: When I was in university, a lecturer on gender and empowerment in social anthropology invited a Ghanaian market woman to talk about her work. Many questions to her were with regards to encouraging her to having separate accounts from her husband as this would empower her. (In Europe, many men and women have shared accounts) The guest talker did not really get these questions and comments and it came out at the end that in Accra, women have not only separate accounts from their husbands but would not even tell them how much they earn. She still would not have the same employment opportunities or formal-political powers.

What was in the understanding of the audience a question to measure if this woman is empowered, did not apply in this specific context.

Thanks,

Véronique Faber

ADA asbl. - Appui au Développement Autonome

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: Linda Mayoux**

Hi Veronique,

Yes I would certainly agree that MFIs need to contextualize the concept of empowerment, depending on what women themselves want and local opportunities and constraints. It is also I think an issue for debate as to whether one should measure empowerment in terms of things like complete independence of decision-making or in terms of equal collaboration in decision-making between household members. And the balance between sharing of tasks or mutual consent to efficient division of labour. It is important here not only to take into account contextual variation, but also individual choices which may differ between women depending on their own personal circumstances. One initiative I hope to be involved in (and for which I am looking for funding and piloting organizations) over the next year is to develop participatory market research tools which would encompass

empowerment and gender dimensions. One tool for empowerment are the empowerment and happy families diamonds and road journeys which were piloted in Pakistan and in India:

<http://www.genfinance.info/Documents/Kashf%20Empowerment%20Diamonds.pdf>

[http://www.genfinance.info/Trainingresources\\_05/Taraqee\\_Report\\_draft.pdf](http://www.genfinance.info/Trainingresources_05/Taraqee_Report_draft.pdf)

[http://www.genfinance.info/Chennai/SUSTAINABLE%20MICROFINANCE%20FOR%20WOMEN\\_DiscussionReport.pdf](http://www.genfinance.info/Chennai/SUSTAINABLE%20MICROFINANCE%20FOR%20WOMEN_DiscussionReport.pdf)

What other tools do any of you use?

Linda

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: Getaneh Gobezie**

Dear Colleagues,

Thank you for the interesting discussion that is going on. Yes, I think we need to have a common view about 'empowerment' for women, so that discussion will be easier. The microfinance community is facing challenges here in Ethiopia.

Many (e.g the USAID, AIMS Tool) have accepted empowerment to occur at four levels: at individual, enterprise, household and community level.... A number of arguments behind each one of these.... But most discussions will focus empowerment at "household" level, thus looking at whether the microfinance/microenterprise intervention is enabling the women to have better 'bargaining power' with the spouse. But this may not be enough, as other dimensions of empowerment will also have an impact on this.

The point I would like to make is that microfinance may not be the only way to bring this 'empowerment'. Our observation for long time and recent experience with AIMS study (with IDEAS Team) at the impact of the microfinance intervention in Northern Ethiopia has revealed an interesting issue which may be useful for this discussion. We conducted a focus group discussion with women. It was a Muslim area with a stronger religious leaders influence. The women reveal that they are really benefiting from the microfinance services that they have been getting from the MFI (the Amhara Credit & Saving Institution, ACSI, which is currently serving over 550,000 credit clients) in-terms of being able to ensure food security to their children, to themselves and to the family, among other things. These women are also better in terms of their relation-ship with their husband, now getting better respect than before (whatever the cost for the women, in terms of having to work 'more' time than before, for example).

But in such areas, getting involved in microfinance or banking services is still considered 'haram' (forbidden activity), and the local religious leaders advise that those who are going to such services should be isolated from the rest of true believers, as they are violating rules. Meaning that these women cannot join the traditional social ceremonies in the local areas, and no one come to their home to participate in their ceremonies, including burial ceremonies. So, the 'empowerment' at household or enterprise levels cannot translate into empowerment at community. Indeed their 'Social Capital' seems to be now lower than it was before the microfinance programme.

One of the propositions in microfinance (particularly 'group lending') is that it would result in enhancing both 'financial capital' as well as 'Social Capital' through bringing poor people, especially women, into group discussion, enabling them to voice-out issues that affect them as group (including, for example cultural problems of: genital mutilation, alcoholism, etc, etc...). However, the 'groups, particularly women groups are at a very infant stage, and for the group meetings to be able to bring about such positive results, it would take some time, particularly if no one is using them effectively for such purposes. Either the microfinance programmes should also enter into such 'non-financial' activities (it requires additional capacity!!), or they should be 'linked' with other government or NGO programme that are working on such issues (if ever such programs are around, particularly in remote rural areas!). Attempts are being made to make this effective, but discussions often become controversial as the awareness on microfinance is still at very infant stage, compounded by the controversy as to why MFIs should ever charge interests from poor people, etc.

I think this is (and would continue to be) very important for microfinance working in poor areas, particularly in Africa and elsewhere. Too long!

Does any one have similar problems? I would be happy to hear.

Getaneh Gobezie  
Amhara Credit & Saving Institution (ACSI)  
Bahir-Dar  
Ethiopia

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: Linda Mayoux**

Hi Getaneh,

Thanks for this detailed submission. In terms of group discussion etc, I think there does need to be some methodology for helping people to work on issues over a sustained period – and that probably with minimal and decreasing support from the program – the program focusing on backstopping

support where people themselves are really unable to come up with solutions. So it is inevitably a longer-term process, though one which needs to have some quick short-term successes.

In relation to the issue of Islamic opposition to micro-finance – have you tried awareness-raising with the religious leaders? Maybe bringing in some religious leaders from e.g. Bangladesh or Pakistan or looking at Islamic banking products? What would others working in Islamic countries suggest?

But maybe although the wider social capital is decreased, the links between members are stronger? What were those findings?

Does any one have similar problems? I would be happy to hear.

Linda

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: N. Jeyaseelan**

Dear Members,

Sub: Training women to drive two-wheelers. I would like to share my experience at IBSUM (Indian Bank's Special Unit for Micro finance), Usilampatti, when I worked there as its Project Manager. In Indian rural context, women from a poor household driving a two wheeler is not a common thing. IBSUM encouraged rural women to learn driving two wheelers. Initially there was a hesitation among them and nobody came forward to learn. One Ms.Lavanya came forward to learn and we have given a loan to her to purchase a two wheeler and appreciated her in a meeting, wherein around 500 women participated. She uses the vehicle for her business of selling herbal medicines in villages. After the meeting, a lot of women expressed their interest to take up the training for learning two wheeler driving.

For this, we have organized a ten weeks training to 50 women. Trainings were organized during the weekends. The trainings were given free of cost. All of them have learnt. we also arranged to get the licence for driving to 25 Self Help Group women. Out of this, around 20 women have been given bank loan for purchasing the two wheelers.

Impact of the New skill:

These women who now drive two wheelers are mostly engaged in trading activities. They reported increase in efficiency of their operations i.e. contacting more number of customers per day, increased business turnover, saving of their precious time (earlier they have to waste more time in waiting while visiting remote locations) and more exposure as meeting different types of people and more confidence. They feel they are really empowered as the driving two wheelers facilitated their easy mobility without depending on their spouse.

Hence, I feel this practice of giving two wheeler-driving - training and loans for purchase of vehicle by Banks / MFIs, needs to be mainstreamed.

with regards,

N.Jeyaseelan  
Micro Finance Consultant,  
Madurai (INDIA).

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?  
POST BY: Stacey Young**

This is a great story and a wonderful example. What's interesting (and I think fairly common) is that the women had to surmount a social obstacle (the perception that women don't/can't/shouldn't ride bicycles/two-wheelers) in order for the credit program -- as the solution to the financial obstacle -- to become relevant and effective.

Stacey Young  
Microenterprise Development office  
USAID

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?  
POST BY: Linda Mayoux**

Dear friends,

There are two parts to this issue:

- 1) The need for women to be able to access much larger loans for asset-building, particularly productive assets - what sort of loan size was available for this, under what conditions (collateral, repayment schedule etc) and from where (presumably linkage with a commercial bank??)
- 2) The need for training for women to enter non-traditional and lucrative activities - how was the training funded, by whom and from where? Presumably not the normal market-led Business Development Service providers - or yes?

Another example is masonry training from ANANDI, also in India see:

[http://216.223.77.161/~anandi20/Page3\\_Livelihoods/index.htm](http://216.223.77.161/~anandi20/Page3_Livelihoods/index.htm). Here women construction workers were trained as skilled masons and practically trebled their incomes. As women they know more about what is required in house internal design and thus potentially have a niche market through female client



pressure. They did however need back up from ANANDI to counter initial male sabotage of their buildings. I am not sure whether loans were involved in this for any working capital, apart from women's participation in SHGs. Sejal, can you help on this?

Do any other participants have similar examples of women's successful entry into non-traditional activities through loans alone and/or a combination of loans and training?

What are the lessons for MF as a whole? For training policies? For donor funding or support for such initiatives?

Looking forward to hearing more examples,

Linda

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**RE: DAY ONE: WHAT DO PARTICIPANTS SEE AS THE MOST IMPORTANT INNOVATIONS FOR WOMEN'S EMPOWERMENT?**

**POST BY: Mayada El-Zoghbi**

My firm, Banyan Global, recently did a global research study for the IFC's Gender Entrepreneurship Markets to identify programs that have been able to achieve significant outreach to women in a sustainable manner. We looked at both MFIs as well as bank lending for MSMEs and profiled around 20 cases that stood out globally with regard to these two "success" factors. One of the most important themes that carries across all organizations profiled is the fact that they have a strong vision to reach women. This echoes some of the discussions that have already been shared in this forum.

A vision to reach women is translated in practice in different ways. Some organizations achieve this by tailored products, others by appropriate customer service / loan officer sensitization to work with female clients, others by ensuring high female representation in management and staff. The smaller the loans, the importance of the product parameters. As loans get larger, customer service becomes the most important variable that links these successful cases. Banks enhance their customer service through networking events or meetings, training, linkages with women's associations, etc.

At the commercial bank level, we found that many banks, particularly in developed markets (such as the UK, Canada and Australia) see serving the women's market as a major area for growth and profitability. That is, the added costs of a tailored approach to reach women was considered minimal when compared to the business case of serving this under-served market segment. With these successful commercial banks, the boring debate on cost recovery of non-financial services is moot. Their bottom line is loud and clear - serving women's businesses is profitable and to reach women successfully they need to tailor their customer service.

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Our research did not look at impact at the client level, which was beyond the scope of the research. Hopefully, other research initiatives can be undertaken to shed additional light on the role of access to finance in empowering the lives of women.

Mayada El-Zoghbi

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## **DAY TWO: SUSTAINABILITY**

**Post by: Linda Mayoux**

Dear e-Conference Participants,

Thank you all for your contributions over the last 24 hours. Today's discussion will focus on sustainability, and I would like participants to respond to the following questions:

Which innovations, or any others do you think can be made financially sustainable? How can other innovations be made more cost-effective? Which innovations do you think can be implemented in commercial banks (given the political will)?

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Stacey Young**

hi Linda -- Thanks for facilitating this event.

Could you say a bit about what you feel to be the gender dimensions of sustainability?

thanks --  
Stacey Young

Stacey Young, PhD  
Senior Knowledge Management Advisor  
Microenterprise Development  
US Agency for International Development

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Linda Mayoux**

Hi Stacey,

I think a number of things have come up from the debate so far on sustainability - not just in relation to gender, but which have important implications for women's empowerment:

1) How far should non-financial services be seen as a cost, and how far as in the study Mayada mentions, should they be seen as investment in market development. If women are able to invest in and grow their businesses, so they will be able to use more and more sophisticated financial services,

take larger loans which are more profitable for banks. This is also an investment in developing brand loyalty. I would like to know from Mayada how far the training, meetings and network events she mentions were free events to customers or was some payment required? At which women were they aimed? Successful female entrepreneurs or women starting out from a low base?

2) What type of non-financial services should this cover? Straight business only or campaigns for female property rights, legal aid services, action against domestic violence? Can banks also be engaged in this type of campaign e.g. through the types of literature available to clients in the waiting room waiting to see their staff, in their advertising and promotion etc.

3) How can more 'carrots' be developed in terms of incentives rather than the types of 'stick' which Nara Hari talks about (which are very costly in terms of staff follow-up of bad debt, staff who have an unpleasant job are likely to demand higher salaries etc)

4) How can the increasingly sophisticated products which are currently being offered by some MFIs be replicated and adopted in MFIs working in less technologically advanced contexts? Are they appropriate when an MFI enters an area, or only after they have been working for some time and built up 'credit discipline'

I also think it is necessary, and here particularly from a gender perspective, to get away from an exclusive concentration of donor funds on financially sustainable MFIs. The SHG model in India and Nepal for example presents rather different challenges and approaches to sustainability. Here NGOs are involved in basic mobilization, passing eligible groups to the banks. This trend is likely to accelerate as more banks come on board on this, and technology advances so that, once they have a good credit record, clients can even access individual loans. In this scenario it is unclear how long traditional MFIs will continue to play their traditional role. The NGOs however cannot be expected to be financially sustainable, and the question comes about how continued funding can be available for their activities, and how these activities can even be extended and strengthened in terms of their development activities.

Another big question is about subsidy for outreach and development of products for the ultra-poor and remote environments. There is a need for financial services for laborers e.g. to capture savings after the harvest to prevent them being squandered (often but not only by men) on drink, house improvement loans to improve their health and wellbeing and mean that women do not have to spend so much time off work because children are sick etc. Not just the conventional micro-enterprise loans. There are also arguments here for well-targeted grants for the ultra poor as a 'leg up' into the mainstream system, as offered by organisations like Trickle Up.

Those are just some of my thoughts before the day ends in the UK. What do others think?

Best wishes,

Linda

## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Zvi Galor**

Hello,

I would like to add a different angle about empowerment and sustainability.

- The MFI approach is taking for granted that all women are entrepreneur in nature and are able to create their own microbusiness if they would be empowered. More than this. It is assumed that the empowerment and the sustainability would be achieved for women when individually they get the needed finance.

I think that these assumptions need to be questioned. Not all women are able to be individually entrepreneurs, even if we supply the needed finance and the necessary supplementary empowerment means. In fact, I think that like in the Western world most of the women among the poor and the very poor ones would not be good and successful empowered when alone and individually.

Why not thinking that a microenterprise can be created and founded by a group of women, 5-15 in number, who would be empowered as needed, and at the same time would find in this enterprise employment and income.

It is clear in our Western world that when one wants to create a microenterprise, one needs, beside finance other indispensable elements as the necessary know-how, the business plan, the profitability calculations, the supply of inputs venues and the ways efficient marketing would be done for the person.

But, when referring to the world of Poor we take for granted that all these measures are not necessary to empower the women who need to be sustained in their efforts to be less poor.

Regards

Zvi Galor

[www.coopgalor.com](http://www.coopgalor.com)

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Marcelino San Miguel**

On the issues that are mentioned as having developed on sustainability I wanted to contribute our experience in the Dominican Republic under a Grameen type program devoted exclusively (purposely and under program's original policy statement)to/for women.

- 1) Presently just starting to review the possibility (necessity) of undertaking non-financial services as a 'market development'.
- 2) Not only in the area of business expertise but as well in all areas of human development, including health and education. Our women are the poorest of the poor.

3) We are 'graduating' our women into the local "Credit Information Bureaus" (which in turn are affiliated to international bureaus, such as Trans Union, Experian and Equifax) thus making their otherwise "good" payment records available for their formal debut into "Financial Society"...and make this known to them as an incentive to have them perform. Most do! We have an excellent payment record over the past 2 years.

4) In due time we feel we can adopt more sophisticated products, and indeed feel we not only should, but must!!!

5) We are working on an NGO and our funding comes from commercial interest bearing loans. We project being sustainable within the next 3 months, a mere 24 months from the date of our first loan; will have 6,000 women and approximately USD 1MM equivalent in loans outstanding.

Banks are looking at us with much interest in terms of loaning us and expecting to uptake the women which we 'graduate' (once their loans reach a 'peak' of approximately some USD 1,500).

Hope the above sheds some 'light' on the issue.

Marcelino San Miguel  
President  
Fundacion San Miguel Arcangel, Inc.  
Santo Domingo, Dominican Republic

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## **RE: DAY TWO: SUSTAINABILITY**

### **Post by: Sejal Dand**

Gender dimensions of sustainability should include addressing the gender inequities present in the community. The focus of the discussion in microfinance tends to be on financial sustainability, though in our experience working with rural poor women in Gujarat, India, we find the women members of self help groups using other yardsticks for sustainability too.

Some of the key parameters they put forth are seeking improvements in their

- Mobility and access to information
- Food security and wage security
- Respect within the family and the community for their work and their lives
- Control over decision making and assets
- Control over body and sexuality
- Reduced violence
- Access to quality health services and education for themselves and their children (as primary care takers of their families)

Financial sustainability of the group or individual is a necessary but not a sufficient condition for meeting the above strategic needs of women. Greater control over decision making by way of capacity building and creating local sustainable institutional mechanisms need investments which require financial, policy and information support.

## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Stacey Young**

Thanks, Sejal. I think you're right that, for individual women, households and communities, we need to understand well-being/viability/quality of life/empowerment along a number of dimensions, and understand how our interventions (in this case in the provision of financial services) affect and are affected by those many dimensions.

I think those issues are relevant to but not quite the same as what is often meant by sustainability in a microfinance context, in which we're usually talking about the long-term viability (even should donor funds be withdrawn) of an institution that provides financial services. Given that poor women, even more than poor men, often rely exclusively on microfinance institutions for financial services -- and given that they have less access than men do not only to larger financial institutions but also to services such as supplier credit -- the financial sustainability of MFIs is a key issue in women's empowerment. If an MFI should fail, it takes with it many women's only hope of access to financial services.

That said, I also think there is some truth, in some cases, to what Linda said about the additional challenges of achieving sustainability in institutions whose mission is to serve particularly marginalized clients, including women. So one question that emerges is, do we relax our expectations with regard to sustainability of MFIs working to reach poor women, and argue that public funds should subsidize provision of these services as a public good; or do we adhere to sustainability standards precisely because the viability of these institutions is so important for poor women, who lack access to other sources of financial services? Or does the answer depend on mitigating factors, and if so what are they?

best, Stacey

Stacey Young, PhD  
Senior Knowledge Management Advisor  
Microenterprise Development  
US Agency for International Development

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Linda Mayoux**

Dear Stacey,

Just to continue a bit from what I said before, I think there are different dimensions to this:

1) Gender equality of access to all financial services for all women should be seen as a right, requiring changes across the board from banks down to CBOs. Much of this requires changes in attitudes, behaviour and vision rather than significant costs. As we heard already, and argued strongly by Susy Cheston in her paper for the summit, any costs are more than offset by the gains of reaching women as not only one, but a series of significant market niches. Women are the global majority, not a minority. And 'girl power' is growing worldwide to give women more resources as a market. This can and should therefore be done within existing systems, including profit oriented and financially

sustainable banks and MFIs. Doubtless some little push will be needed from donors and government to get the mainstream to budge.

2) For poverty targeting, including reaching the poorest women, providing organisations can clearly show they are reaching the poorest and not just hiding inefficiency, and that the poor are also benefitting, then I think there must be some room for ongoing subsidy for outreach and product development - either for mature for-profit programs from cross-subsidy or for program exclusively targeting the very poor as an ongoing donor commitment in the same way as there is commitment to literacy programs. But with the aim that the poorest clients are being helped up to the mainstream, not the same people continually subsidised in a cycle of debt which is not enabling them to move up.

3) Part of this from the Indian and the empowerment perspective, where Sejal is coming from, are the intermediary NGOs who do the mobilisation of groups in rural areas, including a lot of capacity building, community lobbying etc and have had considerable success in some programs in relation to property rights, local infrastructure, domestic violence etc. There is no way that the NGOs can be financially sustainable - unless some state policy can force the banks to pay them the costs of the service they provide. I see no way these NGOs could, or would want to, become MFIs. But their contribution to development and financial access is considerable. So these also need to be subsidised as development organisations - they are far more effective than so many of the large and ineffective projects and programs which swallow billions of dollars.

In the case of subsidised programs the bottom line is then sustainability of the development processes: the livelihoods and social changes which they bring about. And without saddling the whole process with expensive one-off impact assessments - that is a challenge.

Linda

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Marcelino San Miguel**

Relative to what Ms. Young states on the MFI's sustainability requirement question, I'm of the opinion that one must take "first things first". Thus, if the MFI's original intent in its establishment was that of aiding/empowering women in a sustainable fashion/manner (otherwise, what's the point?) then, it behooves the MFI to be sustainable itself! Now, that sustainability has/must be in whatever shape or form it may have to be... be it in the form of donor funding activity, subsidized or commercial (short or long term) loans to support the MFI's ongoing programs. In other words, I believe there is no question insofar as the need to have a sustainable MFI. However, the cost of sustenance is another factor... Unless there is some kind of donor or subsidized funding, you will never find an MFI which can deliver financial services at a cost BELOW prevalent commercial market rates, for obvious reasons. On the other hand, the fact that the MFI may have reached self sustenance does not necessarily mean that it can maintain its interest rates at or below commercial market rates. This however is not a negative circumstance, in my opinion, given that the MFI's mission is precisely to train the women in order to enable them to 'survive' in the "REAL FINANCIAL WORLD" (for lack of a better descriptive terminology for the markets other than those 'micro-markets' encountered by the

lesser privileged in society). In effect, what I'm describing would accomplish such training objective. One question does come to mind: How long does it, or should it take for the marginalized women to become self sufficient in terms of acquiring financial needs? Does the MFI need to become "financial Godfather" forever? When, where, does the 'buck' stop? (Sure, I guess the answer is going to be different depending upon where it is answered, but still... how does one reach the conclusion?)

Marcelino San Miguel  
Fundación San Miguel Arcángel, Inc.  
Santo Domingo, Dominican Republic

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Linda Mayoux**

Thanks for this Marcelino,

But I am afraid I do not agree at all.

1) I think we have to be clear that there are different actors in micro-finance provision: in some countries intermediary NGOs as well as MFIs as conventionally understood, are significant actors. In many ways and for many target groups the best combination of skills would be NGOs for mobilisation and basic capacity building (providing they either have business/technical skills e.g. agricultural production or pass people onto organisations which do) and then a banking sector which is receptive, gender equitable etc.

2) I do not think NGOs ever have 'sustainable' guaranteed funds, particularly in the current climate. It is perfectly possible to help people develop sustainable livelihoods without an organisation itself being sustainable. Most NGOs have to design an exit strategy, and a strategy for withdrawal from certain communities. For some people in fact all that is needed is a one-off grant from a completely unsustainable program. I can't remember the reference, but ILO some time back did a comparison in Nepal of the impact and cost-effectiveness of a grant program for agricultural grants and micro-finance, and concluded that in terms of both impact and cost the grant program came out top.

3) In terms of how long it takes for people to move up to the 'real financial world', I am firstly not sure what you mean by that – one where people like me have credit companies bending over backwards to give me 0% interest? Or one where banking staff are full of prejudices on gender, class and caste background? Or one where poor people have access to the same quality of services, and interest rates as offered by commercial banks? Or something else?

4) Secondly, yes, it will obviously depend on the nature of the 'real world' we are talking about, and the particular women we are talking about. But I think we need to recognize that poor people, women included, are not generally poor through a fault of their own, but because the international and national power relations are skewed against them at every turn – as anyone who has spent much time with poor people, particularly women, very quickly realizes. If microfinance claims to be a development intervention better than the moneylenders, using development funds which could be used for other



(possibly better) development interventions, then there has to be a commitment to poverty reduction and empowerment. Subsidies merely go some small way to correcting an already very distorted market system.

None of that implies that the organisation itself has to be financially sustainable if it is focusing on the very poor and/or making a contribution to a sustainable empowerment process. It does not even have to be organisationally sustainable in the long term if its strategies are effective at catalysing people's livelihoods to sustainability and/or community development processes which people can then take over themselves or take to another agency. Though one has to be realistic about the length of time needed, and also the likelihood that long-term support will be needed for some target groups. In the West the state does much of that, or charities with long-term secured funding.

All that said, it is important that organisations are able to show clearly that they are contributing to both poverty reduction and empowerment to justify subsidy. Not just hiding behind inefficiency and high NGO salaries. And cost-efficiency is necessary wherever possible to free up funds for areas where they are really needed, and which cannot be financially sustainable eg women's rights training. And that they should have a clear strategy for graduating women from subsidies to the mainstream. It does also raise challenges as to what activities should be treated as 'core MF' or 'long-term investment' activities to be included in the financial sustainability calculation, and which should be treated as 'extra costs' requiring subsidy or creation of a separate NGO (with all the additional overheads, costs and organisational complexity that entails). But the problem is the FS index and the need to get rating on financial criteria alone, rather than having some leeway with a (gender-equitable) double (or triple) bottom-line.

Hence the reason for the second part of the third question – it is crucial that any social rating is gender equitable. This is not automatically the case and it is important that gender is included right from the beginning.

What do other people think?

Also on the third question, if anyone has any thoughts,

Linda

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## **RE: DAY TWO: SUSTAINABILITY**

**Post by: Lisa Parrott**

Hi Linda and others on the discussion,

I have read through some of the postings and am a bit behind on the discussion, but I thought I would share some of the thinking from MicroSave on gender issues. We have found that financial needs, access to money and use of cash can be very different for women and men. Indeed the control of household finances can vary dramatically in different settings. Since we encourage all financial service providers to do thorough market research to understand the needs of their customers before designing products, MicroSave has developed some tools to help assess what might be the differences

in product or service delivery needs for men and women. Our experience has been that knowing and understanding your market, then responding with products that meet the market needs is key to sustainability.

Our Market Research for MicroFinance training and toolkit provides consultants and practitioners with tools to conduct qualitative research to better understand the markets they want to serve. There are specific participatory rapid appraisal (PRA) tools with a gender focus to help analyse which financial services are used by men and women (young and old), how labour is divided, income flows, how decisions about spending and savings are made, etc. Please go to our website and look under tools for more information on doing market research ([www.MicroSave.org](http://www.MicroSave.org)).

Contrary to some of the experiences globally where standard products and methodologies have been the norm, MicroSave has found that adapting products to your market segments and ensuring quality systems and delivery to support those products (at an affordable cost to the customer and the service provider) has helped institutions grow and extend their outreach to both men and women.

Regards,

Lisa Parrott  
Training Specialist, MicroSave

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**RE: DAY TWO: SUSTAINABILITY**

**Post by: Linda Mayoux**

Hi Lisa,

Thanks for this. I actually made a few suggestions myself on how marker research tools might be adapted to more fully capture gender issues. I would very much welcome any comments. The paper can be found at: <http://www.genfinance.info/MktResPALS/Gender%20Sensitive%20Product%20Market%20Research.pdf>. I think it is quite important to distinguish between market research to identify products which clients can be persuaded to buy (the focus of most conventional market research in business) and products which positively benefit people and contribute to empowerment.

What I find really very interesting now have been the debates about consumer protection at the policy level, combined with financial literacy at the client level.

It would be extremely interesting to look at a methodology which could combine these 3 – enabling financially literate clients to be ongoing active contributors to product development and national consumer protection guidelines.

Linda

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**RE: DAY TWO: SUSTAINABILITY**

**Post by: Nara Hari Dhakal**

Dear All:

In my opinion, a number of conceptual and empirical issues surround the notion of sustainability and should be seen from a holistic perspective. More specifically from supply side perspective sustainability should be viewed as the capacity of an MFI (be it a commercial or member based) to grow with its clients – to provide a steadily improving quality of services commensurate with the changing (and likely growing) expectations of its membership. In this logic, sustainability should be viewed to encompass two key factors: (i) organizational stability and (ii) financial viability. Issue of sustainability is more complicated if seen from demand side.

Microfinance products and services, service delivery methodologies, practices on operational risk management, management information system, etc. will be instrumental for financial viability while governance and institutional linkages including legal and regulatory environment determines organizational stability. Microfinance products and services as well as services delivery methodologies that take into account on (i) improving portfolio quality (ii) ensuring and maintaining productivity level, (iii) achieving efficiency consistent to the international standards and good practices contributes on achieving financial viability.

On the other hand, sustainability from demand side is more complicated issue and is governed by array of factors including their education level, location, economic status, power relations, etc. It is more important to enhance the capacity and improve the socio-economic status of the client and access to credit from microfinance services providers can assist in this process indirectly rather than directly that many believe.

An individual client can achieve empowerment and sustainability if s/he will get needed financial services and non-financial services on a continued basis. Continuity of services that is dynamic enough consistent to the need of the business is very important as client grows and develops pursuant to market force. In order to be sustainable, clients must grow and graduate to a successful entrepreneur for that continued mechanism to ensure access to financial and non-financial services is very important.

For sustainability, provision of both financial and non-financial services should be seen as a cost though it can be argued that provision of non-financial services is an investment for market development. Who should bear the cost of market development (personal versus public finance) is an issue yet to be resolved. Responsibilities to provide array of non-financial services need to be clearly differentiated across stakeholders.

Regards

Nara Hari Dhakal

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## **DAY THREE: MAINSTREAMING**

**Post by: Linda Mayoux**

Dear e-Conference Participants,

As we enter the last day of this Speaker's Corner event, I would like to focus our discussion on the issue of mainstreaming. I encourage you all to respond to the following questions:

What do you see as the best strategy for mainstreaming empowerment in the MicroCredit Summit Campaign? Can you propose a gender or empowerment goal of the type adopted for poverty? What would you see as key gender indicators for social rating and performance assessment? What topics do you think any network e.g. genfinance or innovation fund should focus on to increase knowledge? For the final day of the e-conference we would like to discuss what alternative options to traditional group or individual liability may exist. Some of the various possibilities are listed below. I have thrown in some potential discussion questions below each topic. Feel free to suggest more questions, and if you have any innovations around liability options please share them with the group!

I. Structure of liability:

a. Group/Center liability - making group members liable only up to a point, above which the center is responsible

b. Proportional liability - making clients liable only for the proportion of their loan in the total group loan

- Are there advantages to spreading liability over a greater number of borrowers (i.e., the center rather than the group, as in village banking)?

- What division of liability between the group and center works best?

- Can proportional liability help poorer clients to participate in group liability by limiting their responsibility for covering fellow group members' larger loans? Has this been tried?

2. Collateral substitutes: items of collateral (e.g., household assets) which have value to the borrower but have limited resale value

- Can collateral substitutes ensure high repayment in an individual-liability setting without screening out the poor?

3. Graduating clients: transitioning successful clients from group lending to individual lending

- What is the appropriate point to move clients out of group lending into an individual loan product?

- How does this affect the efficiency of the program?

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## **RE: DAY THREE: MAINSTREAMING**

**Post by: Linda Mayoux**

Dear all,

Hope you have not all run out of steam. There have been some very interesting things coming out of the discussion so far. I hope some of you at least will continue to discuss those themes on the genfinance listserv: <http://finance.groups.yahoo.com/group/genfinance/>.

The reason for this last question was the feeling that at the Halifax Summit, despite the fact that not only reaching, but also empowering women is the second goal of the MCS Campaign and the almost 2 pages on women's empowerment and how important it is for development in the 2006 Summit Annual Report, together with an exhortation to bold visions, gender issues were even more marginalised than normal. Apart from the very interesting paper by Susy Cheston outlining the business case for paying attention to women's access, and other papers in that Session, a participatory discussion which I facilitated and a session by SEWA and MF Innovations on financial literacy, gender barely got a mention. Gender issues are by no means addressed by the poverty agenda for all the reasons (and probably also many others) which I discuss in the paper I put up as the background to this e-discussion. See also the genfinance webpage with all the links to the discussions:  
<http://www.genfinance.info/MicroCredit%20Summit.html>.

It was suggested to me that the only way in which we could get attention to gender issues in the MCS Campaign would be to propose some concrete goals along the lines of the two recently adopted for poverty:

- Working to ensure that 175 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end of 2015
- Working to ensure that 100 million families rise above the US\$1 a day threshold adjusted for purchasing power parity (PPP), between 1990 and 2015.

In the associated session at the Summit we had some discussion of basing a gender goal around gender violence. Since then I have been thinking about this issue. A goal has to be relevant/core, measurable and potentially achievable. But I do not think we need one goal only - poverty has two. So I am thinking about something along the lines of the following composite goal:

Working to ensure that by 2015 women in 80% households reached by micro-finance:

- have assets registered in their names
- are free from gender violence within the household
- have recognised rights to equal freedom of mobility, association and political participation to men in that society

What do you think? Is this workable? Do we need separate percentages for each component? If so at what level do you think these should be set? The freedom of mobility one is tricky - I personally don't have actual equality in UK because of differences in external threats to women and men. But I think something about rights might be workable.

And do any of you have any suggestions as to what sort of process we could go through to demonstrate sufficient support for such a proposed goal in order to the present it to the Summit itself?

In relation to the second part of Question 3, Frances Sinha has been working on this one for MCRIL and her suggestions can be found on the genfinance Yahoo site at:

[http://f1.grp.yahoofs.com/v1/cluvRWc6fYKjeOPvLLH\\_Gr\\_YDIJFrazZiYI38xjclNtA6jYpRBGam\\_O17sRKqrqPn\\_u5zKmLGID4TsFwfvCdjw/NOTE%20on%20gender%20indicators%20in](http://f1.grp.yahoofs.com/v1/cluvRWc6fYKjeOPvLLH_Gr_YDIJFrazZiYI38xjclNtA6jYpRBGam_O17sRKqrqPn_u5zKmLGID4TsFwfvCdjw/NOTE%20on%20gender%20indicators%20in)

[%20social%20rating%20-%20draft.doc](#). The third part concerns anything of the earlier debate you think needs further support, and anything else which has not yet been mentioned.

Hoping to hear from you,

Linda

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**RE: DAY THREE: MAINSTREAMING**

**Post by: Nara Hari Dhakal**

Dear All:

I think that empowerment is relative term (against absolute measure) that varies across location, tradition, culture, ethnic groups, etc. Everyone likes to be empowered and not being empowered is not a luxury rather it is compulsion determined by various factors and barriers prevailing in the family, community, settlements and nation. In fact everywhere there are barriers to empowerment. In cognizance to this the best strategy for mainstreaming empowerment could be first to identify the barriers to empowerment and formulate laws, policies and institutions influencing access and control and intervention on cultural change could be ideal strategy for mainstreaming empowerment in the Micro-Credit Summit Campaign.

A gender or empowerment goal of the type adopted for poverty should focus on improved confidence, positive changes in social status, greater financial security for family and individual besides ensuring access to financial services to the clients.

Contribution to the family livelihoods, speaking in public, marketing skills, responsible role in family and money decision making, family support to pursue self-development opportunities etc. could be key gender indicators for social rating and performance assessment.

Some of the topics that any network such as gen finance or innovation fund should focus on defining empowerment, factors contributing to empowerment, gender indicators for social rating and performance assessment, gender sensitive product and services design in micro finance operation, elements of lives which are sources of power and well-being (empowerment), etc. to increase knowledge that may bring wider influences on empowerment perspective.

I welcome your comments and suggestions

Regards,

Nara Hari Dhakal  
Kathmandu, Nepal

**RE: DAY THREE: MAINSTREAMING**

**Post by: Evelyn Stark**

Let's be careful about what we try to measure, how costly it is to measure and what we get out of measuring things like this? Can it be attributed to microfinance or microenterprise? And, if to attribute you need to run control groups - who would do this?

USAID has spent significant money on measuring poverty - and there is still debate about whether the tools will actually measure what we want them to measure - as one of the questioners asked at the MicroCredit Summit - "How in the world does this help me do my job. It's actually going to take away from doing my job!",

Evelyn J Stark  
Microenterprise Development Office  
USAID

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**RE: DAY THREE: MAINSTREAMING**

**Post by: Linda Mayoux**

Dear Evelyn,

I do agree about the problems of having too much to measure. My own feeling about the poverty tools was always that the goal should have always been kept in front i.e. not measuring poverty, but improving poverty reach and helping programs to realize when and why they were missing what many thought were the target groups they are reaching. And that there would have to be acceptance of quite a large degree of error. But that at least raising the issue and having some focus on assessment would stimulate innovation, and attention to the issue - which it has. Though I think many of the participatory tools which seem to have been abandoned would do a better job of increasing poverty reach than the external 'scientific' assessments.

But if there are to be no targets (I was not the person who originally suggested we needed them), then how do you think that attention not to only female targeting, but gender impact can be increased? That is the aim, not just to create new databases and measurement problems.

Do you feel the same about the social rating issue?

Linda

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**RE: DAY THREE: MAINSTREAMING**

**Post by: Wahyu Wulandari**

Dear all,  
Ensuring by 2015 women reached by micro-finance have assets registered in their names seems workable in my opinion. But putting rights to equal freedom of mobility, association and political

participation to men in that society as goal seems rather difficult to be achieved, since it needs other changes e.g. culture and mind set.

Let's focus in the economic impact of better and sustainable access to credit, and the others, I believe, will follow. Comments are positively welcome

W. Wulandari  
Monitoring/Evaluation & Liaison Officer  
GTZ – Promotion of Small Financial Institutions (ProFI)  
Bank Indonesia

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## **DAY THREE SUMMARY**

**Post by: Linda Mayoux**

Dear Speaker's Conference Participants,

I would like to thank you all for the time you put into this interesting discussion. Just to recap on what I think were some of the conclusions:

Question 1: Empowerment Innovation: What do participants see as the most important innovations for women's empowerment?

- empowerment must be seen in local terms, and there may be trade-offs e.g. between savings and investment. It is also important to make sure men are brought on board to honour their household responsibilities. Not all the burden should be on women.
- key factors in empowerment are a program's vision and commitment
- there are many possibilities e.g. loan and training for non-traditional and lucrative businesses like transportation, but these require large loans and funding for the training
- we need to look at more than just loans for micro-enterprise. The relative merits of flexibility to clients versus simplicity need to be examined in particular contexts
- we need to look at more than traditional group mutual guarantee, though this may have its merits in the initial stages and in some contexts

Question 2: Which innovations, or any others do you think can be made financially sustainable? How can other innovations be made more cost-effective? Which innovations do you think can be implemented in commercial banks (given the political will)?

- enabling gender equality of access to MF services of all types - not just small group loans - through removing gender discrimination has little cost, more a question of vision and commitment



- many of the costs of promoting women's empowerment e.g. business development, and even health and literacy, can be seen in terms of long-term investment in developing this increasingly important market for services and part of a pure market/financially sustainable approach
- sustainability also needs to be seen in terms of sustainability of impacts, not just financial sustainability. In some contexts where markets are dynamic subsidies may not be needed to reach the very poor and/or help them grow their enterprises i.e. sustainability of impacts and financial sustainability are not in conflict.
- but some people felt the ways sustainability should be assessed will depend on the type of organisation, its function, target group and context. There must be room for justifiable subsidy needs to be considered in terms of reaching the ultra-poor and more significant contribution to empowerment and development.

Question 3: What do you see as the best strategy for mainstreaming empowerment in the MicroCredit Summit Campaign? Can you propose a gender or empowerment goal of the type adopted for poverty? What would you see as key gender indicators for social rating and performance assessment? What topics do you think any network eg genfinance or innovation fund should focus on to increase knowledge?

This did not have many takers as the discussion on sustainability continued.

But:

- it will be important not to overburden the system with too many demands for quantification
- the focus on property as an indicator of empowerment may be workable.

I hope some of you will continue these discussions on the genfinance Yahoo Group:

<http://finance.groups.yahoo.com/group/genfinance/> and that we may meet again somewhere virtually or face to face,

Best wishes,

Linda

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