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Microfinance Development Programs for Rural Women in Asia and the Pacific – Issues and Strategies

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Following several decades of implementation, microfinance development programs are generally considered to have had a positive impact on the lives of women clients, particularly in terms of increasing incomes and enabling women to achieve a level of economic empowerment. Most impact studies on microfinance programs report success in terms of the number of women clients who are accessing their services and on the basis of high loan repayment rates. Using these measurements alone, microfinance programs worldwide could certainly claim to have had considerable impact in terms of reaching women who would otherwise never have benefited from accessing financial services.

However, measuring the impact of microfinance on women in this way allows for only a very narrow indication of empowerment and it is impossible to clearly determine the extent to which involvement in microfinance programs affects women's lives in other ways, either positively or negatively. There is still much to be done to find ways to capture data that will enable meaningful evaluation of levels of empowerment experienced by women. In the meantime, a useful body of work has evolved which can assist microfinance institutions to identify crucial issues for determining institutional microfinance and gender strategies.

Not surprisingly, institutional strategies are key to the design and implementation of microfinance programs and it is particularly useful for institutions to understand exactly how program design and implementation decisions can impact on, and be influenced by gender policies. There are a number of issues which must be considered in formulating program design and which have the potential to seriously undermine program impact in terms of women's empowerment. There are, however, strategies which can be implemented to mitigate or address these issues. Maximising women's empowerment is not possible through providing access to financial services alone. However, carefully designed and implemented microfinance services can certainly make a valuable and positive contribution to women's lives, particularly if integrated with other gender-related program interventions.

The conventional wisdom: what proponents of microfinance say it will do for poor women

I commence this paper by talking about "microfinance" institutions and about "microfinancial" services rather than about "microcredit". The reasons for this will become evident as my argument develops. Suffice to say for the moment that the distinction between microfinance and microcredit is an important one and that using the former term enables us to examine a much wider range of issues of relevance to the welfare of poor women.

The aim of most microfinance institutions (MFIs) is to contribute to poverty reduction and to increase the economic well being of the client base. Studies of successful microfinance development programs demonstrate that participation in these programs has created microenterprises that have generated employment and additional income for borrowers at the individual, household, and community levels. The programs have also provided a safe repository for small savings deposits, enabling clients to build up secure financial reserves thereby reducing their vulnerability to unexpected crises, as well as 'smoothing' expenditure to enable consumption to be maintained when income declines.

Another benefit often ascribed to microfinance programs is their ability to 'empower' women. However, it is important to understand that there are various facets of empowerment and different types of microfinance programs (in terms of models, institutional strategies and products and services offered) will result in different levels of empowerment. There is economic empowerment where women gain greater control of their economic welfare and/or increase their role in household decision making as a result of their access to financial services. Women may also achieve empowerment through their increased ability to direct expenditure towards better food, health services, and educational needs thereby increasing their own and their children's well-being.

By increasing their economic independence, microfinance programs have enhanced women's standing within their own households and communities. Women are seen to contribute more and are therefore more likely to be included in the process of household decision making. Their involvement in microenterprise outside of the home and their increased contact with other women and community members outside of their family group also results in increased knowledge and, in some cases, has led to a higher level of participation in development projects affecting the wider community. This type of participation, not previously experienced, represents a form of social and political empowerment for women who might never previously have considered that their contributions were of value.

The availability of additional income to women clients of microfinance programs has also resulted in increased spending on nutrition, health services (including family planning), education and housing. As women tend to contribute a larger proportion of their earnings to the basic needs of the household, microfinance programs with aims towards poverty reduction have generally targeted women as clients. In the short-term, a reduction of poverty may be achieved. In the longer-term, having access to properly designed financial services can yield increases in the human capital endowments of poor households.

Robinson (2001) uses actual stories from 'economically active poor' clients of microfinance institutions to discuss the types of changes that have occurred as a result of having access to financial services. She finds:

> "Among the economically active poor, the quality of life is typically improved in small increments, matching the small, gradual income in increases that generally characterize the successful use of microfinance. The family begins to eat more and to have more nutritious food, a room is added to the house, a child is sent to school, medicine is provided for an elderly parent. Eventually the children are "launched," a new house is constructed, grandchildren are sent to school, and the quality of life has improved." (117)

Limitations: What microfinance programs may not be able to achieve

Microcredit and microfinance programs address a specific need, i.e. to provide access to financial services to people who would otherwise not have such access. One of the goals of the implementers of these programs is usually poverty reduction but poverty is multi-faceted and has many causes. Poverty is an issue far more complex than can be dealt with by microcredit or microfinance programs alone. Accordingly, microfinance should be viewed as just one of a variety of programs which might be introduced to alleviate poverty by addressing social, economic and structural issues including health, education, family planning and child care, environment, legal rights and land reform, in addition to low incomes.

Some limitations of credit-only programs

One important criticism, specifically of "microcredit" programs, is that they don't necessarily reach the poorest of the poor. This group is often cited as the target client group for microcredit. However, they are usually too vulnerable to feel able to participate. The risk of losing what little they have is too great. And while non-participation by this group is often through self-exclusion there is also overt exclusion of the very poor by others. In group-based lending schemes, other more well-off members will not accept those who are poorer into the group because they are concerned for their own increased risk of liability. For the poorest of the poor, it is perhaps better to consider social security–type initiatives in the form of food subsidies and other direct income supplements as a more suitable intervention.

Microcredit programs by design imply a demand for credit for microenterprise and other income-generating activities. However, a lack of necessary skills on the part of potential borrowers, or limited demand for potential products on the part of consumers means that in some environments there is insufficient opportunity for successful microenterprise. In this case, it may be better for program designers to consider employment creation through labour-intensive public works projects.

Finally, not all poor people are natural microentrepreneurs. Credit programs which offer a limited range of products and services and which require women to borrow for income-generating purposes may not actually help clients but may force them into unnecessary debt. In addition, the assumption that women should borrow only for productive purposes needs to be examined. Several major studies have now demonstrated that in some of the most well-known microcredit programs, a significantly large number of the loans disbursed are not used for the purpose stated on the loan application.

Microcredit, Microfinance, Microdebt, Microfinance 'plus.' Why is it important to know the distinction between these terms and how that distinction impacts on women's empowerment?

When considering the types of financial products and services which will meet the needs of poor women, it is important to understand the terminology of micro-lending and saving and to be able to clearly distinguish between the various levels of services offered. The terms "microcredit" and "microfinance" are often, incorrectly, used interchangeably. There is a very important difference between the services offered under each of these two headings. **Microcredit** refers to the delivery of predominantly credit-based financial services. Microcredit programs emphasise the disbursement of loans. If savings services are offered, they are generally aimed at providing collateral for the loan amount. This emphasis on lending has lead to some commenting that microcredit should really be called **microdebt**[1]. By offering a credit product only, the client's only option in accessing the services of the MFI results in the client becoming indebted to the MFI.

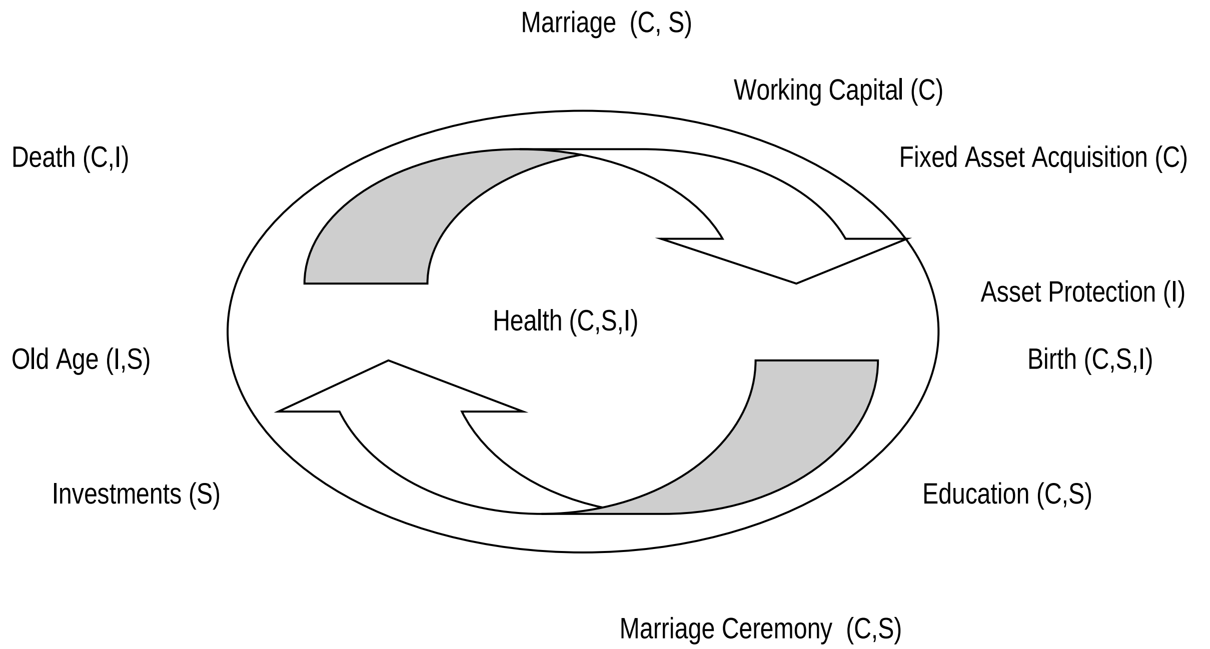
Microfinance refers to the provision of a wider range of financial services including credit, savings, insurance and payment transfers. Possible sources of financial services for women include both informal and formal mechanisms. Informal sources are usually far more accessible than formal sources but can nevertheless be much more expensive. The most commonly accessed informal sources include family, friends, suppliers, moneylenders, self-help groups, and savings and loan groups or rotating savings and credit associations (ROSCAs). Formal financial institutions including, most commonly, commercial banks, tend to be completely inaccessible to poor clients, but most especially to poor women. Their collateral requirements, discriminatory culture and relatively complex loan application, approval and disbursement procedures tend to effectively exclude the poor.

Microcredit programs and microfinance institutions have emerged as a result of the demand for financial services from poor clients not being met by either existing, local informal credit sources or formal financial institutions. At present, the largest numbers of microfinance institutions generally reside in the semiformal sector and include predominantly NGOs but also credit unions and cooperatives. There are, however, some institutions in the formal financial sector, including banks and nonbank financial intermediaries, who also offer well-patronised microfinance services.

Increasingly, microfinance programs are recognising the need to move from an emphasis on one product, credit, to a range of products more in line with clients' needs. (Rutherford, 2000) This range reflects client's needs over time. Not all poor people are entrepreneurs but at any one time, almost all will have a need to obtain money for reasons ranging from family obligations (weddings, funerals, travel etc.), educational needs and emergencies (serious illnesses, accidents, etc.) And clients will almost always have a need for some form of insurance services to protect their incomes and livelihoods from unexpected shocks. Cohen and McCord's pictorial depiction of this 'Cycle of Household Needs' (Cohen 2001:10) is reproduced in Table 1. It is important for microfinance institutions to continually liaise with their clients so as to recognise and respond to their financial needs and to ensure that the institution's products and services reflect their client's needs at the various stages of the household's life cycle rather than the institution's delivery capabilities.

[1] Von Pischke (as referred to in Hulme, David. 2000:26)

Table 1: Household Life Cycle Financial Needs



C – Credit; S – Savings; I - Insurance

Monique Cohen (USAID) and Michael McCord (NEF), September 2001

(Reproduced from: Cohen, M. 2001. *Towards a Market Driven Microfinance Agenda*.)

Microfinance 'plus' refers to the provision of the wider range of financial services plus the provision of other complementary, 'non-financial' services as well. Often, these complementary services include training (skills, budgeting, negotiation, business development, marketing, etc.), literacy, education, health, childcare and other types of more social intermediation.

The concept of 'Microfinance 'plus'' is particularly important in relation to women. Because of inherent gender-related access constraints, as discussed in following sections, these additional services are often crucial to the success of a woman's enterprise. A major issue for those designing microcredit or microfinance programs is, however, how to provide these additional services while striving to reach operational and financial sustainability.

Microfinance and Gender: Is targeting women clients automatically enough to address issues of gender inequality?

Within the microfinance industry, the importance of targeting women as clients is now accepted almost as a 'given.' The World Bank[2] confirms that disparities in gender inequality are pervasive worldwide but most particularly in developing countries. "The differences in outcomes between men and women – and between boys and girls – are a consequence of differences in the opportunities and resources available to them." (23) By targeting women, microfinance programs hope to reduce these differences in opportunities and resources. Women are also regarded as better credit risks and a greater proportion of their income is contributed to the household.

[2] World Bank Indicators. 2000

The Microcredit Summit campaign is "working to ensure that 100 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 year 2005." To date (2000), they find that the 1,065 microcredit institutions who self-reported their results to the Summit Campaign have "reached 13.8 million poorest clients, 10.3 million or 75 percent of whom are women." (1) However, Johnson and Kidder (1999) express some disquiet at the Summit's global campaign both in terms of its emphasis on microcredit and on its push to target women with microfinance. They believe that targeting women does not automatically address issues arising from gender relations. "Making more loans to women does not necessarily improve or empower women."(6)

Microfinance programs often report their activities as having been successful in terms of their impact on women on the basis of the number of women who are accessing their services and high repayment rates.
However, along with Mayoux (2001), Johnson and Kidder believe that whether or not a woman is advantaged or disadvantaged from accessing microcredit services depends upon the socio-economic and cultural circumstances of that particular woman. They conclude (1999:6):

> [i]t is important for microfinance programmes to address gender relations in programme design which requires more than just involving women directly in the programme. It requires that organizations consider their own internal gender policies, the way they deliver their services, the products on offer, the means through which women and men participate in the programme, and gender strategies directed to men.

Microfinance and gender 'paradigms' in program design

Mayoux (2000) describes three different microfinance and gender 'paradigms' in program design: financial self-sustainability, poverty alleviation, and feminist empowerment. She provides a very useful overview of the strategies and underlying assumptions behind each paradigm and how each paradigm defines women's empowerment and participation in microfinance programs. A summary of the paradigms and the underlying policies and assumptions for each is produced in Table 2. Although the assumptions and strategies for most microfinance programs, particularly in relation to gender policies, do not fit neatly into any one paradigm, the Mayoux overview does provide a very useful summary of how the assumptions or goals of the microfinance program provider immediately impact on gender issues.

The Financial Self-sustainability paradigm (Mayoux 2000: 3) currently enjoys particular prominence as donors tie funding to achievement of substantial outreach and both operational and financial sustainability of programs within given timeframes. Under this paradigm, women are targeted rather clinically as being more cost-effective to deal with. They are better credit risks and they are easier to organise and maintain contact with (because of domestic and household responsibilities, they are likely to remain close to home). The main gender policy focus of these programs is simply to provide equal access to financial services for women. The underlying assumption is that by accessing financial services, women will be economically empowered. These are minimalist programs in the sense that no other complementary services or levels of intermediation are offered. It is assumed that women will be empowered by having increased choices and self-reliance through their increased economic capacity.

The Poverty Alleviation paradigm (Mayoux 2000: 3) sees microfinance as part of an integrated poverty alleviation program. Women are targeted because of their higher levels of disadvantage and because of their acceptance of responsibility for the wellbeing of the household. Program sustainability is measured by successful development of long-term community self-reliance via establishment of local, community-owned institutions. The main gender policy focus is on increasing women's participation in self-help groups. Women's empowerment is determined by increased well-being and group participation and is intertwined with the alleviation of household poverty and community development.

The Feminist Empowerment paradigm (Mayoux 2000: 4) sees microfinance programs as an entry point enabling implementation of a much broader agenda encompassing women's economic, social and political empowerment. Women are targeted so as to address gender inequality and issues relating to women's human rights. The main gender policy focus is on building gender awareness and feminist organization. The program's sustainability is measured by its ability to generate self-sustaining participatory women's organizations in the context of a wider effort to transform gender relations. The underlying assumption is that there must be fundamental change and explicit support at the macro-level to challenge issues of gender inequality at the micro-level. Women's empowerment is measured by the "transformation of power relations between men and women." (Mayoux. 2000:4)

Depending on the particular paradigm, the impact of microfinance development programs on poor women is likely to vary considerably. As Mayoux demonstrates, the strategy and underlying assumptions of the microfinance provider result in very different methods of product and service delivery which, in turn, produce very different levels of empowerment. Those who are looking towards microfinance programs as a means of empowering women therefore need to be aware of exactly what 'type' of empowerment they are seeking for women. In this respect, there are a number of issues which must be either addressed or, perhaps, consciously ignored in program design.

Some crucial issues relating to program design which impact considerably on women's empowerment

Access

Providing *access* to credit with the overall goal of reducing poverty is usually the *raison d'etre* for establishing a microcredit program. 'Access' here might, at its simplest level, be defined as providing an opportunity for an individual to obtain a particular financial service, i.e. credit, which he or she might not otherwise have been able to obtain. The concept of access and particularly, constraints to access, requires a much more multi-layered study however when considering access issues for women. Is it only lack of access to credit that hinders women's economic empowerment or are there other issues that constrain women from accessing opportunities to increase their economic wealth and capabilities? Do women need gender-specific assistance to access credit and to develop microenterprises?

TABLE 2: Microfinance and Gender Paradigms (as developed by Linda Mayoux , 2001)

	PARADIGMS		
	Financial Self-sustainability	Poverty Alleviation	Feminist Empowerment
Strategy	Financially sustainable microfinance programs which provide access to financial services to large numbers of people, including women.	Microfinance programs as part of an integrated program for poverty alleviation and increased wellbeing for the poorest households.	Microfinance programs used as an entry point for women's economic, social and political empowerment.
Implementation	Interest rates cover costs; separate accounting for microfinance from other program interventions; push for program expansion to increase outreach and economies of scale	Products and services designed to meet the needs of the poorest (small loans and savings); group formation for community development; poverty targeting methodologies	Gender awareness and feminist organization.
Reason for targeting women	Efficiency considerations. Women are better payers and contribute more.	To address higher levels of poverty among women and because women take responsibility for household wellbeing.	Gender equality and women's human rights.
Definition of empowerment	Economic empowerment. Increase choices and higher capacity for self-reliance.	Increased wellbeing, community development and self-sufficiency.	Transformation of power relations between women and men throughout society.
Main gender policy focus	Providing a framework for equal access for women.	Increasing women's participation in self-help groups.	Gender awareness and feminist organization.
Definition of sustainability	Program financial self-sufficiency.	Establishment of community-based participatory institutions for long-term community self-reliance and self-determination of the poor.	Self-sustaining participatory women's organizations linked to a wider women's movement for transformation of gender relations.
Definition of participation	As a means to increased efficiency through consultation for 'market relevance'; Group formation for self-help to decrease cost of service delivery; some participation in decision-making to increase commitment and innovation.	Participation as an end in itself. Increasing skills through consultation in decision making, group formation for community development and development of self-owned and self-managed people's organizations.	Participation as an end in itself to enable women to articulate their collective interests and organise for change in gender relations.
Underlying assumptions	Increasing access to financial services will lead to economic empowerment without other complementary interventions or change in the macroeconomic environment.	Women's empowerment, Household poverty alleviation and community development are synergistic; increased well-being and group formation will automatically enable women to empower themselves.	Women's empowerment requires fundamental change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at the micro-level.

Lack of access to credit, especially during the initial start-up phase has been identified as one of, if not the major constraint faced by female microentrepreneurs.[3] Other access constraints include exclusion from markets or labour because of their gender and/or socio-cultural norms and practices, e.g. *purdah*; discrimination in terms of their ability to own property or to obtain employment resulting in lack of access to productive resources; lack of access to education opportunities resulting in lower levels of literacy and training; and because of customary division of labour in terms of domestic and child rearing responsibilities, lack of time to access opportunities to increase economic wealth and stability.

As gender inequality is usually a result of a combination of access constraints, not just relating to a lack of financial services, simply providing a minimalist microfinance program may not result in the level of empowerment that program designers are hoping to achieve. The type of program to be established will therefore very much depend on the strategy, focus (particularly in terms of levels of empowerment) and gender policy of the microfinance service provider. A crucial underlying part of this strategy though will usually be tied to the question of sustainability. What form/s of sustainability is the microfinance institution hoping to achieve? Financial self-sustainability of the microfinance program and/or self-sustaining participatory women's organisations. The answer to this question will largely determine the design of the microfinance program in terms of institutional operations and the products and services offered.

Financial Sustainability

While microfinance programs emphasise poverty reduction and income generation and claim to target the poorest, current best practice in program implementation combined with donor funding linked to the achievement of program financial sustainability within a given time can be in direct conflict with donor mission. Mayoux (2001) talks about "cost-cutting measures" having "potentially negative implications for poverty-reach and contribution to women's empowerment." (2)

Cost-cutting, when implemented in microfinance programs, is usually characterised by a series of measures including a drive to rapidly expand the program's outreach so as to achieve economies of scale; staff cuts and/or very high staff-to-client ratios; and a reduction in complementary services or providing only services for which fees can be charged. These measures are accompanied by concerted efforts to maximise program income by increasing interest rates and service fees and charges. Programs also work to ensure increased repayment levels, achieved by such means as coercion via programme penalties for non-repayment and group peer pressure.

These measures, implemented to ensure achievement of financial sustainability, can often directly 'conflict' with the provision of program implementations which would result in maximisation of program benefits to women. For example, the types of complementary services (training, group formation, literacy, etc.) which enable women to participate more effectively, are often not provided because their costs cannot be fully covered by income from the provision of financial services. Without training and/or business development support services, women may find themselves competing with each other in already saturated markets resulting in poor sales, reduced profits, failed businesses, indebtedness, and increased vulnerability.

The pressure to ensure high repayment rates exacerbates the tendency of groups to self-select those who are more likely to pay to the exclusion of the poorest of the poor and those who are most disadvantaged. These two groups often include predominantly women. While impact studies concentrate on the successes or failures of women participants in microfinance programs, there is very little, if any, analysis of the impact of competition created by clients of microfinance programs on poor women microentrepreneurs who have been excluded from accessing the services of the program.

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[3] ILO. 1996. Action to Assist Rural Women: Gender Analysis Study

High repayment levels in relation to women borrowers should not be taken at face value as an indication of women's successful involvement in microfinance. In some circumstances, where women have been able to repay, it is often because they have simply gone to another microfinance institution or source of credit and have accessed a second loan to repay the first.

Poverty targeting

The usual methods of poverty targeting which try to ensure that the benefits of microfinance programs go to poor clients, i.e. those whose incomes fall below a certain line, can have a negative impact on women's empowerment. The application of strict definitions of poverty may exclude women who are disadvantaged but who do not come from poor households. Furthermore, poverty targeting may result in the exclusion of women whose skills and experience would make them valuable mentors for other women.

The 'hidden' aspects of accessing financial services: why it's important to look beyond 'simple' indicators

Many programs report success in terms of increasing women's empowerment on the basis of relatively simple indicators, e.g. the percentage of women accessing the program's financial services (taking out loans and depositing savings) and rates of repayment. However, several studies[4] have shown that such indicators do not give a true picture of the extent to which women actually benefit from accessing the services.

In many cases, women are simply the conduits to otherwise unobtainable financial services for male members of the household who establish enterprises over which women have very little control. Women may be 'employed' within the enterprise but the benefits are few, if any, in terms of increased economic independence or household status. In some cases, women's access to financial services and their increased ability to contribute to household income has resulted in a corresponding decrease in men's contributions to household expenditure. Men are very pleased to 'support' their wives involvement in microfinance programs as it enables them to redirect some of their own income outside of the household.

While impact studies on microfinance programs generally measure levels of increased household expenditure on education, health, and food, it is also important to consider the extent to which this expenditure is directed towards boy children rather than girls. Simple indicators also do not allow detailed follow-up on program drop-outs and the reasons why women leave microfinance programs.

Gender relations

In the best circumstances, economic empowerment will enable women to improve their status as individuals within their own households and in the wider community. However, participation in economic activities may, adversely, result in situations where women have less control (where they are used to access loans for male members of the family), increased pressure (where responsibility for repayment of loans falls to them), and an increased workload (in addition to their domestic responsibilities). In these circumstances, poor women may find that participation in a microfinance program has distinctly added to their disadvantage. The consequences of tensions within households over income distribution and control can have devastating consequences for women in terms of incidences of domestic violence, divorce, etc. Within the wider community, particularly where gender inequality is entrenched, conflicts may arise if women's increased economic, social and political status is perceived as a challenge to traditional roles and hierarchies.

Group Formation

The formation of groups and the subsequent use of peer pressure as a form of collateral to ensure repayment of loans has been one of the mainstays in the development of the microfinance industry. Using microfinance and the opportunity to access financial services to bring women together to form self-help groups has been a valuable way of reaching, mobilising, and giving a collective voice to otherwise marginalised groups. However, these groups can also have negative impacts. As previously discussed, these groups can exclude the poorest. Being

[4] Harper (1995), Goetz and Sengupta (1996)

subjected to persistent peer pressure when experiencing repayment problems and increased indebtedness, can be especially devastating to already vulnerable women. In addition, the procedures involved in group formation can involve considerable investments in terms of time costs for women who already have onerous workloads. Finally, in the absence of a specific gender policy or empowerment focus, the group structure does not necessarily automatically provide a forum to address gender inequality issues or to increase women's social or political status within the community.

Women's workloads

While microfinance programs which encourage and support microenterprise development may have resulted in increases in women's incomes, they have also contributed to increased workloads. Women already bear a large proportion, if not all, of the domestic workload and household responsibilities including domestic maintenance work, childbearing and child caring. Their family responsibilities restrict time and mobility and involvement in microenterprises and the pressures of having to attend frequent, compulsory, time-consuming meetings and training sessions outside of the home can add enormously to the stresses of managing their daily responsibilities.

The need for an integrated approach

The diverse nature of these issues demonstrates the need to consider an integrated approach to maximise the potential for microfinance to impact positively on women. Microfinance institutions have particular expertise in the delivery of financial services. If, apart from providing women with access to otherwise unobtainable financial services, their goal is also to maximise women's empowerment, MFIs need to consider their own competencies and capabilities and, if necessary, develop ways to augment them.

> The implications of an integrated approach are not that any one organisation should provide an infinite range of services and overstretch its capacity. It is rather to think through the range of support needed by women for empowerment, identify the potential contribution of their particular expertise and organisational context and link strategically with other forces for change. Women's own networks, women's movements, advocacy organisations and gender lobbies within donor agencies should be considered as potential allies for change. (Mayoux. 2000:14)

Strategies which might be implemented to ensure women have access to, and benefit from, microfinance development programs

The strategies implemented by an MFI to ensure gender equality will be largely determined by its gender policy and the institution's overall goals and assumptions in terms of sustainability, participation and definitions of women's empowerment. The following strategies look at both institutional and product-level initiatives which microfinance institutions might consider implementing so as to maximise the positive impact of microfinance interventions for women.

Institutional strategies

Gender Policy. It is important for the institution to have an express gender policy clearly defining what the overall goal is in terms of both microfinance impact and gender issues. The design of the microfinance program and where the institution sits in terms of the goals and assumptions and the categories described in Table 2 can then be determined. Apart from determining the microfinance model and the types of products and services to be provided, the gender policy should explicitly outline the institution's strategies for dealing with issues of gender inequality, access constraints for women, power relations, etc.

The institution's gender policy should not, however, take the form of a 'stand-alone' document. Gender policies should be integrated within the overall strategy and operational guidelines of the institution. In other words, they should be an accepted and integral part of the everyday, 'mainstream' operations.

Physical environment. It is important that the environment and the manner in which the financial services are being offered is non-threatening to women. Ideally, the locale should be close to women's homes or workplaces. Meetings might be held in village halls or community centres or other places which are familiar to women borrowers. Simple buildings and office environments, and staff who appear approachable in their dress and mannerisms are important.

Staff. Staff recruitment and training procedures are crucial when it comes to ensuring that women feel comfortable accessing the MFI's services. The relationship that develops between program staff and their clients is critical to the successful implementation of the program. Program staff should, wherever possible, speak the local language and come from the region. More importantly, they should possess personal and professional attitudes (e.g. kindness, understanding and a good knowledge of microenterprise development) which complement the needs of their clientele and their livelihoods. The organisation should develop and deliver specific gender awareness training for both male and female staff.

Hiring female staff to deal with female clients is, of course, preferable but is not always possible because of social, cultural and religious restrictions. Wherever possible, particularly if the program's objective is to provide access to financial services to women, the program's field staff should be predominantly women. Where this is not possible, the program's operations must be structured in such a way as to ensure women's inclusion. Monitoring and evaluation procedures should ensure that gender impact and levels of empowerment are available to be measured and analysed regularly.

Participatory management and planning structures to ensure women's involvement in program design and operations. Women clients should have the opportunity to be part of the organisational structure, eg. by participating in the organisation's management structure and/or Board. MFI's should be constantly consulting and working with female clients to ensure that products and services match their needs.

MIS systems which disaggregate client statistics by gender and enable deeper analysis. 'Simple' access statistics (e.g. repayment rates, numbers of women accessing loans) do not necessarily reflect the extent to which women benefit from accessing financial services. It is therefore important to ensure MIS systems incorporate empowerment indicators which will enable much deeper levels of analysis.

Partnering with other organisations offering complementary services. MFI's, particularly those for whom full financial sustainability is a goal, should consider working with other organisations to combine financial services with the provision of other forms of non-financial and complementary services which are particularly beneficial for women, e.g. literacy, health-care, reproductive planning, business development support, training, etc.

Networking. To maximise opportunities for influencing change at the macro-level, MFIs should consider linking with other organisations who are also working to reduce gender inequality.

Product and service-level strategies

Products and services

The most crucial element of an MFI's product and service strategy should be its ability to listen and respond to women's expressed needs. As discussed earlier in this paper, it is important to enable women to access a wide range of financial services according to household life cycle needs.

Savings services should be flexible, both in terms of deposits and withdrawals. Savings products should enable voluntary deposits as well as compulsory savings schemes. What is important is to consider women's needs in relation to their context. For example, women might express a preference for a longer-term, fixed deposit account which cannot be accessed easily. This seemingly onerous program-based regulation might in fact provide a useful form of protection of the women's savings from male members of the household.

Loans should be available for both working capital and consumption purposes. Loan products should include small loans with repayment terms according to loan use to enable women to make most effective use of credit and to build confidence in their ability overtime. At the same time, larger loans should be made available so that women have the opportunity to expand their business activities and to considerably increase their incomes.   So as to not lock women into traditional, low-income activities, loans should also be available which encourage women to undertake non-traditional activities and to access potential new markets.

The importance that poor women place on having access to insurance services should also be recognised and addressed. Institutions need to consider what types of insurance cover will result in increased security for women and what might be appropriate contribution levels for types of cover.

The ability to easily access remittances from family members working away from the home for long periods of time is increasingly important. It is important for MFIs to consider the role of remittances in their client's livelihoods and to provide appropriate services.

Collateral requirements. Collateral requirements should be non-discriminatory. MFIs should accept women-owned assets (jewellery, etc.) as collateral. MFIs should also encourage registration of assets, particularly when purchased via institutional loan products, in women's names.

Loan application and disbursement procedures. Loan application and approval procedures should be simple, timely and transparent. The procedures for loan disbursements and the place of disbursement should be appropriate and non-threatening.

Group structures.
Forming women into groups can maximise participation in microfinance institutions by addressing access issues. With appropriate support, these groups can also provide a supportive environment for women to begin to articulate their needs and to undertake collective action for change at the community and macro-level.

CONCLUSION

Microfinance development programs have had a significant effect on the lives of their women clients by enabling them to access financial services which they would otherwise have been unable to obtain. To date, MFIs have measured the success of their programs on women's lives on the basis of fairly simple indicators. These do not, however, reflect the complexities involved in providing microfinancial services to women. There are a range of issues which microfinance program designers need to understand, and there are a number of strategies which may be applied, to ensure that these issues are addressed so that the potential for women to be empowered at more than just an economic level is achieved.

Overall, however, it must be understood that microfinance programs respond to a particular need, i.e. to provide access to financial services to those people who would not otherwise have such access. Microfinance development programs should therefore always be regarded as just one possible intervention within a range of others, particularly in relation to poverty alleviation.

> *A poor woman who generates income through microcredit but who does not have adequate access to health care for herself and her family, who lacks essential information about health and nutrition and who is unable to send her children to school is still living in poverty.* (UNICEF 1997:2)

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