Taking stock

A new gender agenda for microfinance?

Debates about the impact of microfinance on women's empowerment have now been rumbling on for some time. The first problem is the term 'empowerment' itself, as it is often used loosely and its definition is often in the mind of the beholder. While I have often heard practitioners argue that they find it a useful term, at an analytical level the range of indicators employed has been extensive, ranging from objective indicators such as mobility and fertility to more subjective assessments of self-esteem and bargaining power within the household.

Along with these problems of definition, studies that have delved into women's experiences in detail have exposed a range of negative impacts, such as increased workloads for women, the withdrawal of male contributions to household expenditure, and domestic violence and abuse. This highlights the issue at the heart of the overall debate: is targeting women simply an efficient way to development – that is, of getting credit into the household – since women are more likely than men to be available in the home, attend meetings, be manageable by field staff and take repayment more seriously, even if they do not invest or control the loan themselves? Moreover, where they do use the funds themselves, then the resulting income in their hands is more likely to be used to make improvements in the welfare of children in particular. Or alternatively, is such targeting fully justified on the grounds of enhancing gender equity, that is, of helping to correct women's historic lack of access to credit in the market, and exposing women to skills and experiences through both group activities and their involvement in business. Of course, the reality lies somewhere between these two. Those of us concerned with the promotion of gender equity, however, have been alarmed that minimalist schemes targeting women take insufficient notice of the evidence of disempowering consequences for women, and pay inadequate attention to how to design their programmes to avoid this.

In this context, claims about empowerment impact may have been important for the microfinance industry politically, but, in my view, have been a distraction practically. When evaluating results it has tended to produce a focus on a particular question – are women more empowered? – that is, when evaluated at a particular point in time. But empowerment is not an end-state and the content and contexts are constantly changing. A focus on the dynamic aspects of gender relations reveals how women struggle to achieve improved outcomes for themselves and how they seek to build on these advances in strategic ways. For example, in their group meetings they raise issues such as domestic violence, and discuss their available room for manoeuvre and what strategies they have employed to expand this successfully. The empowerment discourse alongside the past emphasis on one-off impact assessment has therefore truncated the debate over gender relations.

A gender approach in programme design is needed instead, which not only works with women but also works with men to pave the way for changed attitudes to women's enhanced contribution to the household economy. The focus on financial sustainability and the neglect of operationally useful impact assessment has meant that the last ten years have been lost in expanding our real understanding of the role microfinance can play in transforming gender relations, that is, in finding out what works for which women and under what circumstances.

However, this neglect by MFIs and donors mirrors experience elsewhere in the development industry which also demonstrates that mainstreaming and institutionalizing gender has been an extremely challenging goal. Therefore I hesitate to suggest that progress might be achieved by an emphasis on enabling MFIs to understand the complexity of gender relations. A new approach is needed.

In order to move forward, it is necessary to engage with MFIs in a debate and language that they understand: for the mainstream microfinance discourse this is the language of the market and their financial bottom line. In this respect, two new opportunities are at hand. First, the last few years have seen increasing recognition of the need to listen to clients and develop products and services to respond to their needs (see 'Taking Stock' in the September 2003 edition of *SED*). This agenda offers scope for developing gender-sensitive products and services that will also be in the long-term self-interest of MFIs themselves. For these MFIs, investment in gendering their approach must generate returns in the short term. Moreover, as competition hots up, women will respond to the providers they find most able to support their own ambitions.

Second, interest on the part of donors and microfinance institutions themselves in operationally useful impact assessment is returning. MFIs who started with a social mission are in many cases aware that pressure for financial sustainability has resulted in trade-offs in terms of outreach to more marginalized groups and the depth of impact achieved. With the focus on the Millennium Development Goals, donors are keen to be able to assess the contribution of microfinance programmes. The achievement of a 'double bottom line' of both financial and social performance is therefore becoming both a necessity and a reality (Copestake, 2003; Simanowitz, 2003). Moreover, the presence of a Millennium Development Goal solely related to women's empowerment must serve as a renewed spur to consideration of how these impacts can be enhanced.

How then can these new opportunities be seized? The development and adoption of market research techniques involving in-depth discussions with clients is opening up new opportunities for gendered needs to be emphasized. Emerging findings from action research projects are starting to suggest how addressing gender needs can combine with improvements in the financial bottom line. Sinapi Aba Trust in Ghana found that few women were taking up their larger individual loan products, and is experimenting with a revised product and specific support services to get women over the barriers they face in terms of confidence and skills in making the next step in business growth. Opportunidad Latinoamerica in Colombia has found that childcare is a key constraint to women's business growth and is looking at options for overcoming it, recognizing that investment in these options holds the key to their sustainability in reaching these women in the long term.

These examples suggest that it is necessary for MFIs to address gender issues. Failure to do so affects their own prospects for retaining and growing with their clients and developing a range of products to appeal to them, and hence their own financial performance in increasingly competitive environments. One means to advance this work is to develop and disseminate further many of the market research tools and techniques that are available and which explore the gender dimensions of income, expenditure, saving, investment and business growth. Their dissemination would involve training to ask the right questions and understand the gender implications of the answers. This would enable MFIs to develop an understanding of how changes to products and service delivery can be adjusted in both gender-sensitive and cost-effective ways.

Susan Johnson is a Lecturer at the University of Bath and a lead researcher in the action research programme for 'Improving the Impact of Microfinance on Poverty' (Imp-Act, see www.Imp-Act.org). Email: s.z.Johnson@bath.ac.uk

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