



The All-Party Parliamentary Group on Microfinance

HOUSE OF COMMONS
LONDON SW1A 0AA

'Women are useful to microfinance: how can we make microfinance more useful to women?'

7th March 2012, Committee Room 12

Notes

14:00-14:05 **Welcome and introduction, Harriet Baldwin MP**

This is a well-timed meeting, taking place the day before International Women's Day. Microfinance is seen as a powerful way to provide financial freedom to expand the business and decision making-capacity of women. However, to date there has been far too little information on the impact of microfinance on gender issues, as highlighted by the APPG's 2011 inquiry report *'Helping or hurting? What Role for Microfinance in the Fight against Poverty?'*

15:05-14:20 **Inez Murray**

The report *'Helping or Hurting'* outlines many key areas to focus on if the sector is to empower women. There are 5 key areas which we in the sector need to deepen our knowledge if we are to fulfil the promise of empowerment.

The five areas are:

1. Increasing women's *access and control* over the use of loans
2. Product suites that build economic security
3. Holding the sector accountable for social performance
4. The role of social communications and financial education
5. Building purposeful leadership

Methodology should be Agnostic. The sector should figure out ways to empower NOT disempower women.

Topic 1: Increasing women's *access and control* over the use of loans

Access:

- Women's work is largely *invisible*.
- In many cases wives were actually earning more and on a more regular basis than their husbands.
- Yet women's contributions are often underestimated and undervalued by themselves, their husbands and credit officers, while the men's contribution is often overestimated.
- Women's World Banking have developed a communications campaign to make women's work more visible. This has had great empowering benefits from the positive reinforcement of women seeing other women like themselves on TV, on the radio and on buses.
- Marketing is an underutilised tool in the empowerment agenda.

Control:

- Women lack control over the loans they receive.

- In many cases loans were handed over to their husbands. In one study conducted in 2006 approximately 60% of cash borrowers self-reported giving money to husbands or sons. However, the true figure is likely to be much higher, up to 80% in some cultures.
- *Money is power* in households. This is not an easy thing to change.
- But control over the use of the loan is fundamental if we are to empower women through accessing credit.
- It is not just the gendered nature of the labour market that drives this: institutional policies within microfinance institutions (MFIs) can also indirectly encouraged men to have power over money. For instance in one WWB member loans required a nominee. Though there was no institutional requirement for this to be a man, in practice these are usually husbands, fathers... aka men. Since husbands had to sign the loan agreement, many perceived this as an entitlement or ownership of the money. As a result many expressed the belief that women required permission for the use of money. In fact, as credit officers come from the same social background as clients in many cases they said that the husbands were responsible for the loans.

What needs to be done:

- There needs to be leadership buy-in to cultural change.
- Lending policies and procedures need to be *designed with gender outcomes* as a goal.
- Staff should be gender sensitised.
- Reward systems should be aligned with gender outcomes.

Topic 2: Product suites that build *economic security*

Savings and insurance are key to reducing women's vulnerability and increasing their economic security.

- There are 3 reasons why women save: 1) Emergencies 2) Children's Education 3) Housing. Each of these require a different product tailored to the specific needs. Programmed savings accounts whereby clients can choose their savings goals as well as the amount they save and the length of time they will save for is a product being introduced by a number of WWB network members.
- The financial solution to health is insurance. This is a difficult area and not many solutions have been found, but one used by WWB is a micro-health insurance product called 'Caregiver' that covers the out-of-pocket expenses associated with hospitalization. Most widely used for births.
- The microfinance sector needs to figure out micro-housing and micro-mortgages.
- Women need property rights!
- There needs to be legal enforcement of property rights.
- A study done in Kerala showed that 40% of wives were subject to domestic violence whether they ran a business or not, but this dropped to 10% if they owned the house.

Topic 3: Holding the sector accountable for social performance

- Although there have been recent industry-wide efforts to increase the inclusion of social performance into MFIs' management, reporting, and evaluation systems, these initiatives have not yet focused specifically on indicators that demonstrate impact on women

- WWB is now working on the design and tracking of a comprehensive set of gender-based indicators that focus on three levels: the customer, the microfinance institution and the investor.
- There is an urgent need for sex-disaggregated indicators, beyond the percentage of women borrowers.
- Need for market research and customer segmentation to better understand the cultural context, household dynamics and needs of clients, particularly women, and inform the design of products needs to be emphasized. This is also relevant for client protection measures: men and women need different things from these.
- The need to track gender diversity in management and governance; in order to enhance the balance of experience and perspective at the institutional level, as well as ensuring that target markets (especially women) are well represented and served.

Topic 4: The role of social communications and financial education

- A social communications approach, used serialized drama on radio or TV as a cornerstone of national campaigns, shows tremendous promise in changing cultural attitudes about gender roles.

Topic 5: Leadership

- Building the industry's capacity to respond to the needs of women requires leadership. As the industry has commercialized we have seen less women at the helm and we have seen a struggle between commercial interests and social interests.
- Institutional capacity is the main restraint.
- Most CEOs say they have not learnt the basic management techniques. Leadership can and should be taught.

14:20-14:35

Dr Linda Mayoux

Linda started off as one of the critics of the microfinance sector, but now very interested in microfinance and gender issues, particularly gender justice.

Why gender mainstreaming?

- Women are not the problem. Women are the norm. If microfinance cannot be useful for women it is not serving its purpose. **Women should not be seen as an extra add on. They are the core.**
- Human rights.
- Poverty reduction: income in women's hands spent more on family, than when given to men.
- Economic growth: higher growth in countries where they focus on gender equality.
- Financial stability.

The interactions between microfinance and gender are complex

- **Microfinance can empower women in household decisions where they are usually least empowered, for example decisions related to the purchase of large consumer goods; however they can also make no difference, or even do harm.**

- In Pakistan groups of women and men were asked to draw pictures of what they wanted in life. Responses included: mobile phones, fly in a plane to see world, women and men actually being together and working together with mutual respect, an end to domestic violence. The last picture Linda shared showed a woman dead in a cemetery – she had committed suicide because he couldn't stand her situation any more – the community said that 5% of women were on the edge of suicide.
- A lot of what is being done on access to finance is just enabling women to cope. How can we establish products that allow women to transform and challenge their situations? This needs to be built in to products.

Gender mainstreaming framework – Linda and colleagues have developed this and it could be useful for Social Performance Management in the microfinance sector. There are four main points:

- Do no harm
- Include women - no discrimination
- Empower women
- Transform relationships between women and men

Do no harm:

- Products and services for women should not make women worse off.
- Products and services FOR MEN should not make women worse off.
- Microfinance should not replace state provision and services for health and education.

Including women

- Women have a right to non-discriminatory access to ALL loans and financial services.
- Women are **not one category**. Elderly women, young unmarried women, young married women etc... all have different issues and needs

Women's empowerment

- Beyond small increases in income. So far, microfinance often only helps them to cope, but not to challenge and transform.
- It is a false assumption that giving women money will automatically help them set up successful businesses.
- Microfinance for small income increases can decrease pressure to change market access. No pressure on husbands or society to change.

Gender transformation

- We need to create products for men that are enabling them to become the kinds of people they want to be, as often they do want to change. Gender relations can be questioned in the product application process, for example property rights, head of household/money. Application process can challenge household dynamics.
- If asset ownership is just for men, this creates conflict in households between men and women. Identified as a key cause of conflict.
- Saving products for men for girls' education. Not just responsibility for women.
- Encouraging men's general responsibility for household.

Group meetings of women can be a basis for collective action. This has fallen off the agenda with increasing commercialisation of the sector and focus on financial sustainability, but it can be consistent with this.

14:35 – 15:00

Questions

Anne-France Kennedy, FINCA UK:

Is what Linda is discussing with regard to groups social capital?

Linda:

Gender Action Learning System. This gets women and men to think through for themselves where they want to get to with gender relations. In Uganda its use enabled a community to go from 6% to 76% women's land ownership within 15 months. It is a financially sustainable model because it is spread through peer learning.

Sarah Livingstone, Maxwell Stamp:

How do you persuade men to participate in these sessions?

Linda:

It empowers men too, and lets them think through where they want to go.

Julia Modern, Coordinator, APPG Microfinance

How do we move the sector towards doing more on gender in the face of the sustainability and commercialisation trends?

Linda:

There are problems with tracking gender data. One organisation reporting to the MixMarket said that they consistently had precisely 70% of clients who were female, and this didn't vary year to year. When questioned they found that they were collecting data on this on paper but not entering it into their system, and so what they were reporting to Mix was an estimate. Why don't we track whether women are using the loans?

Inez:

In the drive for commercialisation it is extraordinary how gender-blind the sector has been. CGAP particularly is gender-blind. Empowerment strategies have to be financially sustainable, but they can be.

Lana Hersak, London Rebuilding Society:

Are there any studies on access to loans by women in the UK especially migrant women?

Barry Firth, VisionFund:

On the marketing point: MFIs are struggling to keep costs low so they can charge low interest rates, but marketing is very expensive.

Phyllis SantaMaria, Microfinance without borders:

Linda has come over to the argument for financial sustainability – what inspired this?

Inez:

Marketing is not always expensive. It is product design, promotion, placing – for example going into schools. This is how to get to women; it doesn't have to be fancy. Can we work out messages to empower women? We can use 'below the line' marketing, embedding financial education, which you have to do anyway.

Linda:

Has seen that it's possible through some of the strategies that Inez is talking about to do this at scale. Gender capacity building needs to be an integral part of organisational development and capacity building.

The concept note that has been developed for the gender action learning system is a good way to feed into SPM, and it can be financially sustainable. What we need is political will and up-front investment.