

HERMA MAJOOR & JOKE MANDERS

MAY 2009

WOMEN'S EMPOWERMENT

COMPARING CONCEPTS & ASSESSING IMPLICATIONS FOR MICROFINANCE





Mrs. Khoren and her husband began growing potatoes in a small village outside Akhaltsikhe with loans from CREDO- MFO VisionFund Credo LLC (Georgia).

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Commissioned by

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Cover photo

"I feel empowered." - Rosalie Botie, director of Cocovico (Côte d'Ivoire) at the opening of the new Cocovico market, financed by Oikocredit, April 2008. *(Photo: Adama Ouedraogo)*





Alternativa - Centro de Investigación Social y Educación Popular (Peru) has a village banking programme managed by female entrepreneurs in Lima working in the informal sector.

Preface

With great pleasure I present to you the report entitled: “Women’s empowerment: Comparing concepts & assessing implications for microfinance”. This report is the outcome of a research commissioned to FEMCONSULT. This study is aimed at assessing whether there is a difference between the concept of women’s empowerment in the North and in the South, what aspects of women’s empowerment are most important to the clients of our MFI project partners and how microfinance contributes to the empowerment of women.

Poverty has a woman’s face. Worldwide, women and girls are poorer and more disadvantaged than men. Because of their limited or complete lack of access to education, property and economic rights, many women have few opportunities to lift themselves out of poverty and achieve self-determination. Gender inequality contributes to their vulnerability, with the result that women make up around 70% of the world’s poorest people. The Micro-credit Summit Campaign Report 2009¹⁾ states that as of December 31, 2007, 3,552 microfinance institutions reported reaching 154,825,825 clients, 106,584,679 of whom were among the poorest when they took their first loan. Of these poorest clients, 83.4 percent, or 88,726,893, are women.

Since their beginning, microfinance programmes have targeted women in order to contribute to poverty alleviation, and promote women’s empowerment. It is believed that providing credit to women has a multiplier effect. It has a positive impact on the women and their households, as their living conditions - such as access to housing, sanitary facilities, health services, education and nutritional food - improve. Furthermore, it is claimed that microfinance not only means access to money for women borrowers, but also creates opportunities to achieve economic and political empowerment within their homes and their communities. Although a cause-effect relationship between access to credit and women’s empowerment has not been proven overall, there is evidence of improvement of the social status and decision-making power of women within their household when microfinance has a strategic gender focus. Microfinance alone does not empower women but contributes to it.

A complex concept like women’s empowerment is liable to get different characteristics attributed to it in various parts of the world, depending on one’s own perspective and experience. Oikocredit has acknowledged this problem, and considers it essential to know what the concept entails for its microfinance project partners, their clients and other stakeholders, whilst at the same time avoiding the trap of using one’s own definition without validation. Furthermore the concept and its contextual adaptations need to be validated by the final beneficiaries on a regular basis, as the notion of women’s empowerment may be a dynamic one. Improving and widening the knowledge level of staff members worldwide by means of regular studies and reports will help us to better support the work of our partners in microfinance and in other sectors. As more clarity is achieved, the defined concept may be used in a number of future project-related activities, such as collecting case studies, monitoring and evaluation, social performance management, and designing new project activities.

1) State of the Microcredit Summit Campaign Report 2009 - Sam Daley-Harris. Copyright 2009 Microcredit Summit Campaign. ISBN# 978-0-9801540-0-9

This study could not have been successfully carried out without the invaluable support and contribution of many people. We are deeply grateful to the management and staff of our MFI project partners - Credo (Bulgaria), PAWDEP (Kenya), ASKI (Philippines), and Manuela Ramos (Peru) – as well as their clients for their readiness, patience and openness during the interviews. Special thanks to the FEMCONSULT team led by Herma Majoor and Joke Manders and local consultants Ludmila Mincheva (Bulgaria), Josephine Gichuhi (Kenya), Sara Pait (Peru) and Jurgette Honculada (Philippines) for successfully carrying out this study and giving above what was expected. It has been a pleasure working together. We are also very grateful to the staff of our International Support Office in the Netherlands as well as our regional staff, especially those in the selected countries, for having facilitated and participated in this study.

Women's empowerment and advancement is part of Oikocredit's holistic approach to social performance management and a bottom-up strategy to empowering the working poor. I hope you find this first issue of our women's empowerment studies enriching and challenging.

Amersfoort, May 2009

Tor G. Gull
Managing Director



Minjir Agro (Moldavia) supports small farmers and entrepreneurs involved in agriculture and canned goods. (Photo: Minjir Agro)

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Ruzieva Mukaram counts on MLF HUMO - Microloan Fund HUMO (Tajikistan) for fair lending to keep her shop well stocked and her customers coming back.

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Many female entrepreneurs benefit from the microfinance programme of ENDA Inter-Arabe (Tunisia) and its 21 branches throughout the country.

WOMEN'S EMPOWERMENT

COMPARING CONCEPTS & ASSESSING IMPLICATIONS FOR MICROFINANCE

Executive summary

Women's empowerment is an important consideration in activities targeted at world-wide development. In microfinance, gender equality and women's empowerment are also seen as a priority nowadays. However, the concept is a difficult one that can vary geographically, between stakeholders and in time.

Oikocredit is an organization that offers financial services to the working poor through its project partners. As such, they are interested in the different concepts of women's empowerment and the related consequences for clients at the grassroots level. Since its establishment, Oikocredit has placed high value on "people", and gender has always been an important element within this context. As per 30 April 2009, Oikocredit project partners have reached about 16.8 million clients worldwide.

Our enquiry

Since its establishment in 1975, gender has received attention within Oikocredit. After conducting a gender audit in 2007 and a developing a gender policy in 2008, the present research was commissioned to look deeper into the subject of women's empowerment. This enquiry consisted of a desk review of existing notions of women's empowerment and differences therein, and its relation to microfinance. A field study was then conducted, consisting of interviews with experts in the North, Oikocredit offices worldwide, MFI partners and clients at grassroots level. Results of the field research were compared with existing views in current literature. Based upon these findings, conclusions were drawn.

Understanding empowerment

From the desk review, consensus was hard to find. It appears that the concept of women's empowerment has changed over time from economic and financial empowerment to a broader concept including psychological, socio-cultural, relational, legal and political factors. Most writers agree that freedom of action and choice is essential and that empowerment is a process. There is even less agreement on the measuring of empowerment and the proper indicators to be used. Most writers agree that women's empowerment has many aspects. This is further complicated by the difficulty of ranking the importance of these aspects and the realisation that gender equality does not necessarily equal optimal empowerment.

Benefits & limits of microfinance

Microfinance contributes to women's empowerment, especially in economic terms, by offering women the opportunity to use their skills and talents to earn a living. Microfinance for women also correlates with better health and nutrition for themselves and their households. However, women sometimes face constraints, like the double burden of running a business while bearing responsibility for the majority of caring tasks. It can also happen that husbands use their wives' microfinance money, that women are not free to spend the money they earn, or that women are not involved in decision-making at various levels.

Oikocredit's influence on its partners

Half of the Oikocredit offices report that they give programmatic advice to the MFI part-

ners. The other half does not. Oikocredit uses gender-related criteria in their selection of MFI partners. Having a gender policy in place is not conditional to their selection, but Oikocredit offices are often prepared to offer support for developing and implementing a gender policy.

31% of the offices support MFI partners in setting up a gender policy for both staff and clients, in offering technical assistance, or by motivating the MFI partners to develop a gender program. In particular, Oikocredit offices with a gender officer (India, Philippines) are capable and prepared to offer technical assistance in this matter.

Some offices cite the setting of gender-related criteria in loan applications as their contribution to gender policy. Others mention supporting MFIs owned and managed by women as their criterion. 18% describe supporting MFIs with a mainly female clientele as their main contribution to the gender policy. 46% of Oikocredit offices admit to having little or no influence on the gender-related behaviour of the MFIs. The main gender indicator mentioned is the number of female beneficiaries.

Identifying clients

One MFI partner was interviewed in each of the four target countries. MFI partners are free to establish their own programme and loan conditions. They offer a vast array of microfinance products in various forms to their clients, most of whom are so-called “unbankables”. With regard to selection of clients, most of the MFI partners report that they wait for clients to approach them and then verify that they meet the selection criteria. Some do go into the field to identify future clients. In Kenya, 80% of the clients are starters, but in the other countries the starter group is not so popular. The MFI partners also offer their clients non-financial support, like capacity building and training, business development and technical assistance.

Client satisfaction

Many of the clients interviewed are content with the loan conditions and all are satisfied with the service offered by the MFI. 17 of the 20 clients used the microfinance to expand an existing business.

“Female” vs. “male” businesses

One-third of female interviewees work in small-scale trading and market vending. Other typical “female” businesses are beauty-related enterprises and embroidery. For men, 36% of the interviewees are working in agriculture. Other typical “male” businesses are transport and construction.

Reasons mentioned by men for women not being able to conduct male business were physical strength, security and cultural factors, as well as lack of capital, knowledge and land ownership. Respondents also mentioned that women worked shorter hours because of the need to carry out caring tasks.

Female clients had a slightly different view. 13 out of 18 found that women’s and men’s business were the same. 16 out of 18 said there was nothing they could not do as a result of being a woman.

Positive impact on women’s lives

As a result of their business activity, women reported positive changes in many aspects of their lives – except, notably, on decision-making in the household. While 75% of Oikocredit offices reported that female clients require the consent of their husbands, 80% of those clients reported that they are doing it without that consent.

Most of the clients have become happier, more self-confident and more respected in the community. Some have even been able to create employment in their communities. For clients, the financial aspect and growth of their business is the most important conse-

quence of their involvement in microfinance and has led to their empowerment.

What is empowerment?

As seen in the desk review, women's empowerment has many different faces for the interviewees. Respondents have different definitions, depending on their background and characteristics. Nonetheless, our research found broad agreement on the meaning of women's empowerment, especially on the ranking of aspects, among Northern experts, MFI partners, Oikocredit offices and microfinance clients.

With percentages ranging from 16.5% to 39%, economic factors (like self reliance, financial autonomy, ability to support the family) and psychological factors (like self-esteem, self-confidence, perceived esteem from others and fulfilment) were deemed most important by all interviewees.

The characteristics of an empowered woman mentioned were: inspiring, confident, courageous, charismatic and many other positive adjectives. Apparently, the empowered woman is seen as someone to be envied.

Freedom of movement is not seen as a problem by the interviewees, and all clients report that they currently have full freedom of movement.

Microfinance & empowerment

Regarding the contribution of microfinance to women's empowerment, most interviewees listed the facilitation of economic and financial independency (41%) followed by the increase in child and family welfare (18%).

All interviewees were ready to suggest how this influence could be expanded. Most mentioned financial-product innovation to fit women's specific needs (41%), followed by awareness-raising programs (19%). 48% of the interviewees suggested that training and

capacity building (on financial, legal and gender issues, technical, entrepreneurship, personal development and health issues) are services that could increase this influence.

When asked what contributed to women's empowerment, all interviewees found equal rights and opportunities most important, followed by increased welfare. Financial independence, decision-making in the household and education were deemed more important by Oikocredit offices and MFI partners than by the clients themselves. Expanded networks and elevated status as business-women were perceived as neither most nor least important by all interviewees.

Conclusions & recommendations

Based on the findings of the desk review and research, the definition of women's empowerment in the context of microfinance can be defined as follows:

Progress of women in their ability to make choices and become self-reliant, facilitated by the availability of microfinance.

Oikocredit has made significant progress in the area of gender and women's empowerment. Not only are more than half of all staff members female, a gender strategy is being developed, a gender audit has been carried out and this research has been commissioned looking into the effect of microfinance on women's empowerment.

In general, it was found that most interviewees are moderately aware of women's empowerment and gender considerations. Improvements may be made in the area of targeting the most vulnerable women, as well as even greater emphasis on gender-related programming and strategies.



"FIDERPAC gives credit to poor people, enabling women to start a business." - Zaida Guzmán, who used FIDERPAC microcredit to open a clothing store in Serbatana de Puriscal, Costa Rica. (Photo: FIDERPAC)

Introduction

Women's empowerment and gender considerations figure high on the agenda of all stakeholders connected to development-related activities and microfinance worldwide. At the same time, each stakeholder understands these concepts from his or her own unique perspective and experience. A concept like women's empowerment is, therefore, hard to define and especially liable to have different characteristics attributed to it in different parts of the world.

Developmental activities achieve the best results when they are tailored to the needs and circumstances of the beneficiaries. An activity like microfinance aims to enhance women's empowerment. So, it is very important to know from the outset what that notion means to the participants and other stakeholders. We must not get caught in the trap of using our own definition without validating it.

Oikocredit has acknowledged the importance of this problem, commissioning consultants to assess what women's empowerment means in different settings and what the implications are for microfinance. The newly defined concept may be used in a number of future project-related activities, like collecting case studies, monitoring and evaluation, and designing new project activities. This concept and possible future adaptations need to be validated by the ultimate beneficiaries on a regular basis, as the notion of women's empowerment may be a dynamic one.



Miriam Machaca is a handicraft retailer and president of her village bank, the oldest in the Lake Titicaca region, financed by CRECER - Crédito con Educación Rural (Bolivia).
(Photo: Antonio Suárez)

1 Oikocredit and gender

1.1 About Oikocredit

Oikocredit is involved in financing microfinance institutions (MFIs), cooperatives and small and medium enterprises (SMEs) working in sectors including agriculture, (fair) trade, services and manufacturing. Oikocredit focuses its support on a number of priority countries, and operates through a network of regional and country offices. Oikocredit targets the world's poor at the grassroots level, but channels the money mainly through local MFIs. As per 30 April 2009, Oikocredit MFI project partners have reached about 16.8 million clients worldwide.

As Oikocredit provides credit for development for the working poor, they serve a different group than NGOs that provide grants or development aid to the ultra-poor.

Oikocredit's objectives are:

- To empower disadvantaged people with credit
- To invest available capital in the income-generating activities of project partners

Oikocredit's mission is:

Oikocredit, as a worldwide cooperative society, promotes global justice by challenging people, churches and others to share their resources through socially responsible investments and by empowering disadvantaged people with credit.

Oikocredit's values are:

- Sharing of resources, wealth and power
- Ecumenical spirit
- Development, which stems from the grassroots
- All people are created equal.
- Integrity and respect between people
- A wholesome eco-system as the basis for life

Per 31 December 2008, Oikocredit had member capital of €358 million, and a portfolio of €365 million was outstanding with 739 projects in 69 countries. It gets its funding through investments from members, which are churches and church-related organizations, support associations (which consist of approximately 30,000 members), members of the International Share Foundation (with members like banks, development organizations, trade unions, fair trade organizations and individuals) and direct project members (project partners who have met their loan obligations for at least 5 years).

Approximately 75% of Oikocredit's support is given as microfinance to poor populations at the grassroots level through 480 MFIs.

Microfinance support consists mainly of microcredit (individual or group loans), savings, debit cards, money transfers, remittances, currency exchange, insurance and other financial products and services to small entrepreneurs and low-income families who usually have no access to commercial banks and formal financial institutions. Moreover, Oikocredit provides financing to people at the grassroots level through MFIs considered by other Microfinance Investment Vehicles (MIVs) as too risky to be financed.

Oikocredit works through country and regional offices and regional development centres. Local staff is responsible for assessing the economic viability and the social relevance of funding requests from project partners and for monitoring and supporting projects that have received loans or investments. Oikocredit has 202 staff members (116 women and 86 men), of which 70% work in regional and country offices.

1.2 Focus on gender

Since its establishment in 1975, gender has received attention within Oikocredit as part of the organizational values. On 24 March 2007, a gender workshop was conducted in Barcelona, focused on institutionalizing gender awareness in Oikocredit, with the following objective:

To create awareness that Oikocredit International integrates gender – understood as fair and equal relations between men and women – as one of the decisive values of the organization and goals of its activities.

From this workshop, a number of findings emerged, among which:

- There is a need to further increase gender awareness.
- Congruency must be created between outward appearance for promotion, project beneficiaries and Oikocredit as an institution.
- Women should be considered as a growing group of investors.
- Gender should be included in the ongoing impact study of the partner projects.

The gender audit, which was carried out in the first half of 2008, reiterates these points and specifically emphasizes gender balance at management level. It seems that gender considerations have slowly but certainly been finding their place in the organization and progress is being made. Gender has become a fixed item on the agenda of Oikocredit's member meetings and in 2008 the organization has developed a gender policy on institutional issues, to be followed by a gender policy on operations.

Oikocredit's values, as listed above, imply that women's empowerment and gender are a priority, stipulated under the value related to equality of people:

All people are created equal. Oikocredit thus extends microcredit to marginalized people irrespective of their faith, culture, age or gender and favours initiatives of women, as they are the backbone of their families and this society as a whole.

Gender-related criteria are specified in the Standard Operating Procedure:

Preference is given to enterprises in which women are direct beneficiaries and in which they participate in decision-making, in structures and procedures related to the concept, organization, implementation, control and evaluation.

The reference manual "An Introduction to Oikocredit" (June 2008) indicates that Oikocredit aims to empower people through credit, but that they realize that credit alone is not the solution. It is acknowledged that women do not have equal access to opportunities and resources, so they aim to make a contribution to gender equality through organizational structures and operations. Oikocredit is aware of the possible positive impact of microcredit on gender relations and, therefore, gives preference to project partners who benefit women directly and promote active participation of women in strategic decision-making and key organizational positions. Involvement of women in management and implementation is one of the selection criteria. Furthermore, gender is cross-cutting in the operation's social performance analysis.

All people are created equal. Oikocredit thus extends microcredit to marginalized people irrespective of their faith, culture, age or gender and favours initiatives of women, as they are the backbone of their families and this society as a whole.

With regard to the gender policy of its MFI partner organizations, Oikocredit does not

practice positive discrimination and does not want to enforce a gender policy through strict guidelines. Oikocredit is ready to offer the partners technical assistance for introducing gender issues but does not focus on designing or implementing a gender policy with the partners. Oikocredit does prefer and favour organizations that favour women. Two indicators taken into account in this regard are the number of female beneficiaries and the number of female managers.

In the survey, it appeared that the selection criteria of women in management and women among beneficiaries were indeed used by the offices when selecting MFI partners.

A couple of years ago, a monitoring unit was created at the head office in Amersfoort. This unit defines monitoring criteria and recently started gathering specific information on social performance. The number of female beneficiaries is the only gender indicator at this moment. 95% of partners are providing information on social issues and, for instance, about loan amounts and loan characteristics (group or individual). The offices also monitor their partners and clients, and use systems like CERISE (mainly in Central America) and PPI (Peru/Latin America, Philippines). The MFIs monitor the clients and share this information with the Country offices who subsequently share the monitoring data with the regional and head office.



Añece Smeding is pursuing her dream of becoming a doctor thanks to a scholarship from CLAEH - Centro Latinoamericano de Estudios Humanos (Uruguay). CLAEH also supports public health centres for low-income populations.

2 Women's empowerment in the literature

2.1 A complex concept

Empowerment is a complex concept, which may vary between cultures, persons, sexes, occupations and position in life. It may also vary in time and geographically (between North and South, between continents, between regions, between countries and possibly even between rural and urban areas). Furthermore, men and women may have a different view on empowerment in general and women's empowerment in particular. The word "empowerment" does not even have a literal translation in many languages.

Where it is already difficult to define and conceptualise empowerment in general, women's empowerment is even more complicated. Women's empowerment may specifically refer to economic uplift, but also to increased wellbeing and transformation of power relations, all depending on someone's

status quo and viewpoint. Empowerment may reflect itself in women's participation in social and political activities, thus ideally empowering other women as well.

Some people find that women's empowerment is an imposition of the North, as it warrants cultural and social changes. In practice, however, it appears that women's empowerment is very much alive in the South as well, and has been for a long time. It is suggested that the term dates back to the 1960s and stems from the African-American movement¹⁾. The concept may vary, but subjects like equal rights, decision-making and self-esteem are acknowledged all over the world. Therefore, it is of the utmost importance to check back with the women in the South themselves and collect their views on

1) Commission on Women and Development, 2007

the issue, in order not to bypass criteria of empowerment valued by all.

When designing interventions, it is important to start off by defining what we think women's empowerment is and what the existing differences in conception are between various groups. It is even more important to make sure, that the notion of empowerment we use to create project goals and objectives coincides with the notion of the ultimate users of the microfinance funds.

2.2 Understanding women's empowerment

Most of the literature researched shows that even though definitions of women's empowerment may differ, the majority of writers at least agree on the fact that empowerment is a process, and more specifically a process of change, enabling people to gain the power so neatly incorporated in the word "empowerment".

Furthermore, there is an element of "agency", meaning that the women themselves are actors in the process. A process that would benefit the women incidentally, like the effects of an economic upturn, would therefore not truly be called "empowerment". This does not mean that the empowerment cannot be brought about by other (or male) actors – like a government designing gender-concerned legislation – but the action must be specifically targeted to promote women's interest and/or gender equality and, ultimately, women must figure as actors.

SIDA²⁾ defines empowerment "in the context of South Asia" (thereby acknowledging the fact that the definition may be location-dependent) as:

2) SIDA, 2006

"The process in which women challenge the existing norms and culture to effectively improve their well-being."

Linda Mayoux³⁾ defines empowerment as:

"A multidimensional and interlinked process of change in power relations."

Some writers define women's empowerment as:

"The process through which women achieve gender equality (and equity)."

DFID⁴⁾ describes women's empowerment as:

"A process of transforming gender relations through groups or individuals developing awareness of women's subordination and building their capacity to challenge it."

Krishna⁵⁾ gives the following definition:

"The process of increasing the capacity of women to make choices and to transform these choices into desired actions and outcomes."

Naila Kabeer⁶⁾ notes the following definition:

"The expansion in women's ability to make strategic life choices in a context where this ability was previously denied to them."

A loan officer in Ghana⁷⁾ defined empowerment for a woman as:

"Enabling each woman to reach her God-given potential."

3) Mayoux, Linda, 2005.

4) Waterhouse, 2003

5) Krishna, 2003

6) Kabeer. 2001

7) Cheston, Kuhn, 2002

Another part of the definition most writers agree upon is freedom of choice and action. Even though this freedom should be part of any definition of empowerment, for women it is less obvious. Women not only face various gaps as females, but they may also belong to another disadvantaged category. Their lack of empowerment often originates within the household or family and their empowerment needs a major transformation, especially in patriarchal societies⁸⁾.

Gender equality and empowerment are not necessarily reflected by (equality in) numbers, but in balance of power. Some writers classify the power in four levels:

- **Power over**, i.e. one person has power over another, which suggests an unequal relationship
- **Power to**, i.e. the ability to make decisions and find solutions
- **Power with**, i.e. social or political power, exerted by people on a common ground
- **Power within**, i.e. self-awareness and esteem which enables people to influence their own lives

2.3 The effects of microfinance

Microfinance has been used in development for many decades. Interest in women's empowerment as well as women's access to microcredit has increased since the International Women's Conference in Mexico in 1975.

There was rapid growth in microfinance. Despite interest in women's empowerment, microcredit was initially mostly aimed at poverty alleviation. Only in the last 15 years has women's empowerment come to play a major role in microfinance. Today, microfinance is now seen as one of the strategies to con-

tribute to achieving Millenium Development Goal 3 (MDG3) on gender equality.

Microfinance is used worldwide by various parties as an instrument to fight poverty. Microfinance increases both economic opportunity and self-reliance for the recipient. Women are often specifically targeted for varying reasons, such as high level of female poverty, high repayment rates among women, contribution of women to economic growth, and the advancement of gender equality.

Estimates of the percentage of microcredit clients over the last decade who are female vary between 55 and 75%, but all writers agree that currently the majority of microcredit clients are female. Women are often victims of situations that are more difficult for them than for men, like a heavier domestic burden, less education, and limited business-related networks.

Microfinance may contribute to equality and equity by offering everyone the chance to deploy their talents, even those with no access to regular financial services. Microfinance offers "hope to many poor people of improving their own situations through their own efforts".⁹⁾ This allows people to actively improve their own lives, in contrast to some development activities that use a more top-down approach.

Research in Kenya¹⁰⁾ showed that even though microfinance often improved women's economic situation, they did not relate their access to microfinance to those changes in their lives, which they perceived as positive or important. In this survey, the interviewees were more positive, as the majority mentioned business related issues, or improvements created by having the busi-

8) Malhotra, 2003

9) Economist, The hidden wealth of the poor

10) Vreeken, 2008



In December 1997, Deida Arias and her sister opened a beauty parlour with a loan from Banco Ademi (Dominican Republic). A single mother, Deida can now combine family and work. (Photo: Tim van der Ark)

ness, as most important in their lives. These have been made possible or at least have improved by the microfinance availability.

If microcredit is taken out in a woman's name, this does not necessarily mean she uses it for her business or even has decision power over the money. It is possible that a husband or male family members use the money, with the woman taking the microcredit simply because she is more eligible. Obviously, women are best placed with regard to empowerment if they have control and spending power over their own microfinance products. Nonetheless, even if the husband spends all or part of the microloan, these women often appear to be better off with regard to their bargaining position within the household and financial security than those married to male borrowers. In this survey, 65% of the female clients reported that they used the microfinance money solely for their own business purposes. The remainder mentioned using

a portion of the money for their children's education.

Moderate, sustained income growth does initiate empowerment, according to a number of writers¹¹⁾, provided that women get the opportunity to make decisions on spending the money. Increase in income for poor women is related to improved education, health and reproductive health¹²⁾. This creates the enabling conditions for further empowerment. Also, women's education is one of the strongest determinants of poverty¹³⁾, and education and health are basic necessary conditions to create empowerment. Empowered women may be more liable and capable to give their daughters access to education. Looking at the determinants this way, empowerment, poverty, health and education are part of the same circle and it is unclear what is the best starting point for improvements.

One criticism often heard is that while microfinance offers women the opportunity to start their business, this is often confined to traditional (home-based) enterprises. Women often lack the chance to graduate to more profitable work and, therefore, the gender gap remains the same. But even in the case of traditional labour, women who did not work, or worked on a less intensive scale before receiving microcredit, may now have access to better communication, a larger network and more mobility, which contributes to women's empowerment through a different mechanism. Furthermore, they often improve their decision-making ability by experience and the fertility rate declines¹⁴⁾. Contrary to these findings, none of the clients in our survey appeared to be involved in home-based traditional enterprises.

11) Gaiha, Thapa, 2006

12) UNFPA, 2006

13) Haddad, Lawrence, 1999

14) Gaiha, Thapa, 2006

For microfinance providers, the question of the essence of women's empowerment and how to contribute to improving it is also very important. Linda Mayoux¹⁵⁾ distinguishes 3 paradigms in this regard:

1. **The feminist paradigm.** Microfinance as an entry point to gender equality. Microfinance may often lead to economic empowerment, but are property and land rights, for instance, registered in the women's names?
2. **The poverty-reduction paradigm.** Women are specifically targeted for microfinance strategies because they are, in general, poorer than men. Access to microfinance will automatically increase women's control over the household, thereby enhancing wellbeing and improving empowerment.
3. **The financial-sustainability paradigm.** Large self-supporting financial systems need to be created targeting small entrepreneurs. Women are specifically targeted as their repayment rate is higher.

Apparently, microfinance often leads to poverty alleviation and, hopefully, better wellbeing for all. But, income improvements are small and the assumed correlation between income and empowerment does not always materialise, even though it does often increase self-esteem, respect, status and networking.

This may mean that the level of women's empowerment does not change at all. Political empowerment, in particular, is hardly ever the direct outcome of microfinance. Even if the household situation has improved, gender inequality may be left untouched. To assure gender equality improves with increased income, supplemental effort may be warranted. The fact that women have access to resources does not necessarily mean that they have control over these resources.

Access to resources is a critical condition to enable empowerment, but to achieve this women must be free use those resources for their own interest. They need control to use the resources for a purpose chosen by them for their own benefit. Women must be, at least for a large part, actors in the change process while simultaneously having access to the necessary resources. If well designed, microfinance can provide the resources as well as the possibility for women to act. This underlines the importance of participatory planning as well as a gender focus and strategy to simultaneously challenge gender inequalities.

On the other hand, increased empowerment may happen as a result of microfinance, but may not be immediately visible. Microfinance often plays a role in the empowerment of women through strengthening their financial base. If increased spending power in the household leads to increased education for girls and increased economic empowerment leads to improved self confidence and networking among women – results which are cited as common by many writers – then women's empowerment may ultimately improve, even if it may take more time. And indeed, one of the things women appeared especially proud of as a result of business income was their ability to enrol their daughters (as well as their sons) in education¹⁶⁾, thus paving the way for “second-generation” empowerment. They also become able to share their knowledge with other women, not only as a result of increased skills and experiences, but based on enhanced self-confidence. While it is not always possible to distinguish the definition of women's empowerment as used in microfinance from other definitions, it seems that in microfinance the focus is more towards women's financial and economic independence.

15) Mayoux, Linda, 2005

16) Kabeer, 2001

Even though microfinance may not always lead to women's empowerment, many writers acknowledge a positive relation between microfinance, health and nutrition. Microfinance not only allows women to start a business and generate income, but also to increase or diversify their income. As many women applying for microcredit already own a business, it seems this aspect is highly valued by clients.

Thus, to contribute more to women's empowerment, microfinance should not only be used to finance income generating activities, but the strategy should also include leadership, self-management, networking and entrepreneurship¹⁷.

Some writers state that women, instead of benefiting, actually suffer if they have access to microfinance funds. It is suggested that their husbands may see this as an encouragement to decrease their contribution to the household. This is often worst for the most vulnerable women and, therefore, extra attention needs to be paid to empowerment issues when targeting them with funds. However, it is more difficult and time consuming to make a program for the ultra-poor self-sustainable. Therefore, for an MFI, it may be more attractive to finance the not-so-poor. It appears that extra emphasis and investment is needed to reach an equitable distribution, not only between men and women but also over all layers of poverty.

At the same time, too much emphasis on ultra-poor women may bypass those who are poor but not "ultra-poor", and who still need microfinance funds. These women may be especially promising, as they may have more opportunities to become socially and politically empowered, more perspective to graduate to larger loans and business, and greater likelihood to ultimately start serving

as a role model – giving a new impetus to the empowerment process for their poorer fellow women.

Based on our findings, women's empowerment in the context of microfinance can be defined as:

Progress of women in their ability to make choices and become self-reliant, facilitated by the availability of microfinance.

2.4 Measuring power

Measuring women's empowerment has been tried by many, but seems an almost impossible task. Improvements in self-esteem, self-confidence and networking are hard to quantify. The UNDP¹⁸ has tried with the Gender Development Index (using male and female access to basic needs as basis for indicators) and the Gender Empowerment Measure (evaluating women's access to political and economic opportunities). The World Bank¹⁹ uses the MDG3+ approach for measuring gender indicators.

When attempting to measure the change in empowerment at field level – for instance, to measure the effect microfinance has on women's empowerment – results depend on the researcher's conception of (women's) empowerment. Even if the researcher is aware of this, it is almost inevitable that his or her view and background will influence the conceptualisation and thus the outcome of the field research.

While it is difficult to measure the change in empowerment, it is even more difficult to ensure a positive effect on empowerment when planning and implementing a microfi-

17) Ahmed Obaid, UNFPA, 2002

18) UNDP, 1995

19) World Bank, 2001

nance program, especially if one is not sure which notion of empowerment lies at the basis. Indicators like decision-making and autonomy are very difficult to measure under any circumstance.

The UN classifies gender equality into three domains²⁰⁾: capability (basic human abilities as measured by education, health and nutrition), opportunity (access to assets, income and employment) and agency (the ability to make choices). Capabilities are the basis without which other forms of gender equality and, thus, full empowerment cannot be reached. Agency is finally defining empowerment as giving women the possibility to alter outcomes. The concepts are not strictly separate; progress in one domain can be made without the other being fully fulfilled.

The Commission on Women and Development²¹⁾ describes how the concept of empowerment can be broken down into: assets (material assets, loans, health centres, training), knowledge (practical and intellectual knowledge and skills, leadership), capacity (to make decisions, take responsibility, use assets) and will (psychological strength, self confidence, self-perception). This breakdown should facilitate the consideration and assessment of results and impact of development programmes. Malhotra et al.²²⁾ list the key terms, defining women's empowerment as "options, choice, control and power", but also admit that these may be overlapping.

CARE²³⁾ recognises 23 dimensions of women's empowerment and groups them into three categories: agency (among which self-esteem, skills, education, employment, mobility), structural (access to rights and justice,

political representation) and relational (norms that guide legitimate social relations).

Yet others²⁴⁾ classify social, economic and political equity and access to human rights as the target domains for improving empowerment, while measuring gender gaps along the lines of health, education, political empowerment, economic participation and economic opportunity.

Comparing the different classifications, it becomes clear that often the same forms of empowerment are acknowledged, but the grouping may be entirely different. Furthermore, women's empowerment can be distinguished and measured at the individual and collective levels.

At the individual level, women's empowerment may be reflected in expanding choices, capacity and opportunity for decision-making, and improvement in quality of life. At the collective level, ultimate empowerment would be reflected in gender equality throughout society.

The focus of our research is more on individual empowerment, not for reasons of importance, but because of feasibility, research set-up and time limitations. Furthermore, the role of Oikocredit is more specifically targeted towards individuals and less towards advocacy and policymaking. So, even though collective empowerment may be something to aim for, it is at individual level where changes are most feasible.

The gender gap itself – which may be closed by (increasing the speed of) women's empowerment – is probably easier to quantify. It has been measured by various researchers and institutions.

20) Millennium Project, 2003

21) Commission on Women and Development, 2007

22) Malhotra et al, 2002

23) Mosedale, 2005

24) Mosedale, 2005

The Gender Gap Index²⁵⁾ was carried out and published in 2006, covering 115 countries and approximately 90% of the population, making use of public data from international organizations and survey data. The writers themselves state that their index “ranks according to gender equality rather than women’s empowerment”, and that they “focus on whether the gap between women and men has declined, rather than whether women are winning the battle.”

While this view does not seem to give the empowerment of women the credit it deserves, and also suggests that women might have a certain advantage, the measurement does give an interesting picture of the four countries in our own research. The index shows, that none of the 115 countries surveyed has been able to close the gender gap with regard to the four indicators measured: health and survival, educational attainment, economic participation and political empowerment. It becomes painfully clear that women’s empowerment is an issue which does not only deserve urgent attention in the South, but all over the world. It also shows a relationship between per capita GDP and ranking. Causality is not explicitly discussed, but this may support the case for increasing women’s economic opportunities through microcredit.

2.5 Pyramid or circle?

Equal rights and opportunities in employment, education, nutrition and health are necessary conditions to achieve gender equality but they do not suffice to reach optimal empowerment. For instance, having equal employment opportunity does not mean the salary gap is closed. Equal education enrolment, and even completion, does not take women

beyond school age into account. However, without these conditions, optimal empowerment is not possible.

The concept can be envisioned in the context of a “pyramid of empowerment” comparable to the pyramid of needs. If there is no food on the table, economic empowerment may be desirable and, thus, quoted as the main issue. Once basic needs are fulfilled, wellbeing comes into the picture. Usually it is only after this stage, that a shift in power relations becomes an issue, actively pursued by women themselves; but is this then the “ultimate women’s empowerment” and, more importantly, will the lives of women in the South improve whilst aiming for this goal?

Economic empowerment alone does not give insight into the social context and the decision making process. Empowerment will not come automatically as it may be actively obstructed, especially by those who profit from the status quo or at least think they profit from it, and who cannot see that gender equality may also improve their own situation. This also emerges from the gender workshop and gender audit conducted by Oikocredit. In both cases, men estimate the gender situation as more positive and see much less need for change than women. This probably not only reflects the fact that the status quo is more beneficial to men, but also the fact that each has his or her own notion of gender and women’s empowerment, in which the perceived benefit of the existing situation obviously plays a role.

Even if women have more access to economic activities, we still do not know about the quality of the working circumstances and the level of their job. Furthermore, as long as husbands cannot be as fully involved in caring tasks as women, the heavy double burden of paid and unpaid work may obscure

25) Hausmann, Ricardo et al, 2006



Elizabeth Racho in Minglanilla receives a fair price for her woven baskets thanks to her membership in Cuanos Women Association, a partner of SPFTC – Southern Partners and Fair Trade Corporation (Philippines).

their bright future. Some writers²⁶⁾ state, that women's empowerment cannot be achieved before the "double burden" problem is solved, or at least has seen some improvement, meaning that men need to take up their fair share of unpaid care work. If the division of labour remains as it is, women will increasingly be involved in their income generating activities, but still have the same amount of care work, leaving them worse off than before. Unfortunately, division of household labour and care-related work is seldom targeted by MFI programs. In our research, the sharing of household tasks was not a major problem, as two-thirds of women with a partner reported equal sharing of the household tasks, leaving room for improvement for only 33%.

Finally, development-related support is only one of the mechanisms that can be used to improve gender equality and empower women. To ensure that equality is really within reach, policy in all areas must be targeted towards that goal.

2.6 Situation analysis

For our research purposes, all of Oikocredit's regional and country offices were interviewed. For our interviews with the final beneficiaries, the microfinance clients, a selection had to be made due to time and budgetary constraints.

Four countries were selected – Peru, Philippines, Bulgaria and Kenya – on the basis of feasibility and presence of an Oikocredit regional office. (In the case of Bulgaria, Germany is the location of the regional office.) The countries selected offer a broad and diverse variety of viewpoints because of their different cultural, economic, political

26) Esplen, Emily et al, 2007

and historic backgrounds, as well as the different poverty conditions and location on different continents, which may be reflected in existing notions of women's empowerment. With regard to women's empowerment and microcredit in these countries, the following information was found.

2.6.1 Philippines

The Philippines is a lower middle-income country, with a GDP per capita of US\$1,640 (World Bank, 2007) and has 36.8% of its population living below the national poverty line. 53% of the population is living below US\$2 per day and 14.8% lives on less than US\$1 per day (UNDP, 2008). Average income in the Philippines was approximately US\$150 per month in 2007.

The Philippines is a newly industrialized country with an economy anchored in agriculture, but with substantial contributions from manufacturing, mining, remittances from Filipinos working overseas, service industries such as tourism, and increasingly business process outsourcing. The unemployment rate in January 2008 was estimated at 7.4%. Males have a higher unemployment rate of 7.8% compared to females at 6.7%. Around one-half (50.2%) of the estimated employed persons work in the services sector, more than one-third (35.0%) in the agriculture sector and the rest (14.8%) work in the industrial sector²⁷⁾. According to the CIA, the literacy rate in the general population is 92.6%, and there is no substantial difference between women and men. The school-life expectancy (primary to tertiary education) is 11 years for men and 12 years for women.

The Philippines rank sixth in the Gender Gap Index 2006²⁸⁾ rankings, figuring well above the Netherlands, which holds 12th place. The Philippines share first place with regard to educational attainment as well as health and survival, fourth place for economic participation, and a 16th place for political empowerment.

Microfinance The microfinance sector in the Philippines has its origin in the early 1950s when rural banks and cooperatives started offering small loans to farmers and fishermen. In September 2004, the amount of loans through all microfinance programs in the Philippines had reached 2.5 billion pesos (US\$50 million)²⁹⁾. At this moment NGOs, rural banks, and cooperatives are the three major microfinance providers in the Philippines.

Through rural banks, credit cooperatives, development banks and other government financial institutions the Philippines government provided highly subsidized credit to the rural poor from the 1970s until the mid-1980s, with the objective of poverty reduction. In the late 1980s, microfinance oriented NGOs developed and started providing small loans for small entrepreneurial activities through individual and group loans³⁰⁾. During the 1990s, the development of the microfinance sector continued.

The Philippines government played an important role in this process. In recent decades, the government has worked for the creation of a favourable environment for microfinance. According to a JBIC Study, the Philippines can be considered as one of the few countries with a well-defined policy and regulatory architecture for microfinance³¹⁾. This favourable environment has contributed to the rapid

27) Income and Employment Statistics Division, Philippines, 2008

28) Hausmann, Ricardo et al, 2006

29) Daley & Sautet, 2005

30) Sicat & Graham 2006

31) Philippines Country Profile, BWTP (Banking with the Poor) Network; <http://www.bwtp.org>

growth of MFIs, as well as the strengthening of microfinance programs of (cooperative) rural banks and microfinance-oriented banks. However, studies show that more than two-thirds of poor households, or 17 million people, still do not have access to microfinance services³²⁾. This indicates that there remain are a lot of potential clients to be reached.

Oikocredit's activities Oikocredit has a regional and country offices in Quezon city. The regional office has 5 staff members, of which 4 are female, and the country office has 3 staff members, of which 2 are female. The office works with 27 partners, together covering over 1.5 million clients. Almost all MFI partners (94%) have a specific preference for women, and 18 partners have 80% or more women among their clients.

MFI partners are supported on issues with regard to microfinance but also on technical assistance and gender issues, upon request. MFI partners offer loan products (micro-enterprise loans, emergency loans, housing improvement loans, agricultural loans, consumption loans, multipurpose loans, mutual benefit loans), capital build-up and various other services with regard to micro-finance development, integrated community development, business development and support services, capacity building training, micro-enterprise/business training, community organizing, health and family planning, financial literacy, micro-insurance, gender sensitivity, Christian faith and values, and marriage enrichment, as well as a transformation training program.

2.6.2 Bulgaria

Bulgaria is an upper middle-income country, with a GDP per capita of US\$5,175 (World Bank, 2007). 12.8% of the population live

below the national poverty line and 6.1% of the population living below US\$2 per day (UNDP, 2008). The average monthly income in Bulgaria in 2008 is US\$340.

In recent decades, Bulgaria has made the change from communist state to market-led economy. It has undergone major economic, political and social transformation. In 2007, Bulgaria became a member of the European Union (EU)³³⁾. However, its GDP per capita remains among the lowest in Europe. As of 2006, the GDP structure comprised: agriculture 8%, industry 26% and services 66%. Unemployment rates have decreased to 7.25% in 2007. However, unemployment in rural areas continues to be high. According to the CIA, literacy in male population is 98.7% and 97.7% among females. The school-life expectancy (primary to tertiary education) for Bulgaria is higher for women (14 years) than for men (13 years).

Bulgaria ranks 37th in the Gender Gap Index 2006³⁴⁾ rankings. With regard to political empowerment, it comes 30th, for health and survival 36th, for educational attainment 55th and for economic participation 58th. As a former communist country, there is a strong belief in equality, especially "already achieved equality of the two sexes". This is an additional obstacle to reaching gender equality. However, the process of introduction of standards and principles of equality and equal opportunities is underway and enforced by Bulgaria's EU accession³⁵⁾.

Microfinance Microfinance in Bulgaria must be put in the context of the evolution of Bulgarian banking in recent decades and its more current financial health. As well as the economy, the banking industry has been transitioning to a market-based form. This

33) Duval, Goodwin-Groen, 2005

34) Hausmann, Ricardo et al, 2006

35) Stoichev, 2008

32) Sicat & Graham 2006

transition has been marked by two financial crises (1990 and 1996), which had a huge impact on financial systems. Commercial banks (both state and privately owned) have undergone significant restructuring for the past decades³⁶⁾. Economic reforms implemented in the nineties by, among others, the International Monetary Fund (IMF) led to financial stability that enabled microfinance institutions and other non-bank financial institutions (NBFIs) to start to develop and grow. With a more stable economy, average citizens have seen the ability to put money to work in small businesses to give them a chance for gainful employment and to build an economic future³⁷⁾.

To serve these small businesses, market institutions and programs sprang to life – such as the popular banks or *kasas* – built on institutions established during the communist era, private credit cooperatives, and micro and SME lending programs funded by EU and other donors and NGOs. These non-bank financial institutions (NBFIs) are able to serve a large number of small borrowers effectively and efficiently.

Moreover, since Bulgarian law requires a cooperative form of organization for these kind of financial institutions to operate, their customers are represented on the boards of directors. This has a positive effect on serving their niche market customers³⁸⁾.

The commercial banking sector has been slow to develop SME lending. Access to credit for the poor, individuals, consumers and entry-level entrepreneurs, particularly in rural areas, is not available except through programs supported by USAID and other donors, such as the EU PHARE programme.

Commercial banks continue to view this type of lending as unprofitable, high risk, and labour intensive. Microfinance institutes have become an important stakeholder for many entrepreneurs, as it provides them with loans for starting up or expanding their businesses. However, a survey of the market for micro credits conducted by NBFIs in 2008 revealed that the potential market amounts to some 490,000 people. At the moment, non-banking institutions have covered only 14-15% of the market, i.e. 70,000 people³⁹⁾.

Oikocredit's activities Oikocredit's Bulgarian country office is based in Sofia. The office has 6 staff members, of which 4 are female. The office works with 40 production cooperatives and 11 MFI partners. Together, the MFI partners are covering around 4,223 clients. None of the MFI partners have a specific preference for women, and none of the partners have 80% or more women among their clients. MFI partners are supported on issues with regard to microfinance, and also gender issues, upon request. MFI partners in Bulgaria offer mainly short-term loans for working capital and mid- or long-term loans for investment purposes. Some MFIs offer technical assistance, for instance on the implementation of borrower's business plans.

2.6.3 Peru

Peru is a lower middle-income country, with a GDP per capita of US\$ 3,910 (World Bank, 2007) and 53.1% of its population below the national poverty line. 30.6% of the population lives below US\$2 per day and 10.5% lives on less than US\$1 per day (UNDP, 2008). Because of the great disparity between highest and lowest incomes, average income is seldom used as an indicator in Peru. By law, the minimum income for formal labour (*remuneración mínima vital*) is around US\$180.

36) USAID/The Peoples Group, Ltd., 2002

37) USAID/The Peoples Group, Ltd., 2002

38) USAID/The Peoples Group, Ltd., 2002

39) www.econ.bg



Having lost everything due to the disastrous effects of El Niño and the bankruptcy of her local bank, Augusta was able to start a food stand with a loan from Fundación ESPOIR - Fundación para el Desarrollo Integral (Ecuador). (Photo: Fundación ESPOIR)

Services account for 53% of Peruvian GDP, followed by manufacturing (22.3%), extractive industries (15%), and agriculture (8.5%). Peru's population is concentrated in urban areas, with 73.5% in urban areas in 2002 and an estimated 78% in urban areas by 2015. 60% of Peru's urban workforce is employed in SMEs, which account for 95% of all business in the country's manufacturing, commercial, and service sectors. In 2008, the unemployment rate in metropolitan Lima was estimated at 8.4%. According to the CIA, the literacy rate of the Peruvian population is 87.7%. Males score higher (95.3%) on literacy than females (82.1%). The school-life expectancy (primary to tertiary education) for Peru is 14 years for both men and women.

Peru is 60th on the Gender Gap Index 2006⁴⁰⁾ rankings, placing 31st for political empowerment, 58th for health and survival, 70th for educational attainment and 86th for economic participation.

40) Hausmann, Ricardo et al, 2006

Microfinance Microfinance in Peru started in the early 1980s when Municipal Savings and Loan Institutions (MSLI, also known as CMAC) were created with the cooperation of the German government to replicate the success of the German *Sparkassen*. The MSLI are owned by local governments and mainly assist small business to expand their services by offering them financial products from funds collected in the communities. Early 1990, Rural Savings and Loan Institutions (RSLI, or CRAC) were created, after the Agrarian Bank was closed due to the 1992 financial reforms. RSLI are mainly owned by local private entrepreneurs and operate in rural areas. A third Microfinance Institute in Peru is Entities for the Development of the Small and Microenterprise (EDPYME, the acronym in Spanish). EDPYMEs were created in the mid 1990s to formalize those NGOs that were granting loans to micro-entrepreneurs. Since NGOs did not have experience collect-

ing deposits from the public, EDPYMEs were created as credit-only institutions⁴¹⁾.

By the end of 2004, there were around 40 microfinance institutions operating in Peru. These MFIs had total assets of US\$1.2 billion, representing 5.8% of total assets of the entire Peruvian financial system. According to estimates, MFIs have 30-40% of borrowers in the financial system and the micro-enterprise sector in the Peruvian economy accounts for 42% of GDP, employing 75% of the working-age population⁴²⁾.

MFIs vary greatly in quality and size. By economic sector, most of microenterprises tend to operate in the retail sector in urban areas. Rural microfinance is considered both unprofitable and highly risky. As a result, only 3.2% of formal MFI lending is for agricultural and livestock credits. In Peru, microfinance has provided access to new capital to approximately 1.5 million clients, the majority of whom previously did not have access to finance. On the other hand, research shows⁴³⁾ most MFIs could not focus their operations on the most vulnerable populations with historically low access to finance.

Oikocredit's activities In Peru, Oikocredit has a regional and a country office. The total combined staff number includes 2 men and 2 women. The office works with 38 partners, covering 350,000 clients combined. 70% of the partners have a specific preference for women, and half of them have 80% or more women among their clients. The regional office not only supports MFIs in financial services but also with technical assistance and programs aimed at women's empowerment. The MFI partners offer microfinance services in general, such as individual loans, village banking, solidarity group loans, and savings.

Financial management and business development services in the area of education, health and business training, democracy and good governance, farming development, basic infrastructure and services, education, prevention and response to disasters, and health are also offered. According to the office, many MFIs in Peru maintain a gender policy, for example, Manuela Ramos and ProMujer.

2.6.4 Kenya

Kenya is a low-income country, with a GDP per capita of US\$786 (World Bank, 2007). 52% of its population lives below the national poverty line. It had 58.3% of the population living below US\$2 per day and 22.8% lives on less than US\$1 per day (UNDP, 2008). The average income in Kenya is approximately US\$40 per month.

Approximately 65% of the Kenyans live in rural settings and derive their main income from agriculture. The two other principal labour sectors are industry and services. In contrast to the large population working in agriculture, this sector contributes only 23.8% to Kenyan GDP. Services account for 59.9% of GDP and industry 16.7% (CIA). The unemployment rate in Kenya is very high, with an average of 40% the past couple of years. According to the CIA, the literacy rate in Kenya is 85.1%. Males score much higher on literacy (90.6%) than females (79.7%). The school-life expectancy (primary to tertiary education) for Kenya is 10 years for men and 9 years for women.

With regard to gender, Kenya ranks lowest in the Gender Gap Index 2006⁴⁴⁾ in 73rd place. Kenya places 40th with regard to economic participation, 88th for educational attainment, 93rd for political empowerment, and 96th for health and survival.

41) Ebentreich, 2005

42) Ebentreich, 2005

43) Kane et al, 2005

44) Hausmann, Ricardo et al, 2006

Microfinance Since the 1970s, policies have been developed concerning the role of microfinance in rural development. These are mainly aimed at increasing productivity through new agricultural technologies, later broadened to individual use for different purposes such as handcrafts and home-based businesses⁴⁵⁾. In the nineties, the Kenyan government indirectly provided a boost to the microfinance sector. The Structural Adjustment Program it implemented resulted in liberalisation of the economy. Small-scale and microenterprise projects were identified as needing external donor support in order to avoid possible negative social impacts of the liberalisation process⁴⁶⁾. The Kenya Rural Enterprise Programme (K-REP) can be considered as the pioneer of NGO microfinance in Kenya. It was designed as an intermediary NGO in 1984 to provide credit and technical assistance to other NGOs.

Microfinance providers in Kenya can be divided into formal and informal, depending on the extent to which the provider is registered and regulated under formal law with transactions governed under the various statutes of contract law, or rather by self-regulation or group-based rules. Furthermore, MFIs can be client-based microfinance agencies (CMFAs) or member-based microfinance agencies (MMFAs). The customers of CMFAs are not the owners of the institution, are not directly involved in the management, and do not have a share in the returns made by the institution. In contrast, MMFA members play an important role, as they manage the arrangements and they are the main target group for service provision⁴⁷⁾.

Like other developing countries, most formal financial agencies do not exist in rural Kenya because of high transaction costs and

perceived risks. As a result, most people in rural areas do not have access to financial services. The MFIs provide an alternative to the rural population by offering, for instance, trader and agricultural credit and crop insurance, which well serves the needs of this agriculturally based population. A study⁴⁸⁾ found that microcredit given to former farmers was used by 15% to start canteens or teashops, with the rest involved in small shops like retail, tailoring and food vending. In the same study, only 37% of borrowers spent the full amount on their business. The rest used it to various extents for different purposes.

Oikocredit's activities The focus countries for East Africa are Kenya, Uganda and Tanzania. In Kenya, Oikocredit has a regional office based in Nairobi. Uganda and Tanzania both have country offices. The regional office, which includes Tanzania and Uganda, has 15 staff members, of which 8 are female. The Nairobi Regional Office has 8 staff members, of which 5 are female. The regional office works with 32 microfinance partners in the three East African countries, together covering 1,590,000 clients. 7% of the partners have a specific preference for women, and 7% of them have 80% or more women among their clients. Oikocredit's office not only supports MFIs in financial services, but also in gender issues if required. The MFI partners offer microfinance services in general – mainly group and individual loans – and also training for clients, in areas like recordkeeping and business development.

For more details on Oikocredit's offices worldwide, see Annex 1.

45) Kiiru, 2007

46) Hospes, 2002

47) Hospes, 2002

48) Kiiru, 2007



Kasturi is a client of ASA Grama Vidiyal (India). She dreams of starting a factory to provide employment in the community and provide training in valuable skills. (Photo: ASA GV)

3 Women's empowerment in the field

3.1 Key questions

This research was designed to collect data on the notion of women's empowerment and its consequences for the microfinance programme. The key research questions were:

- Is there a difference in the concept of women's empowerment between North and South?
- How do we measure a change in women's empowerment?
- What is the role of microfinance with regard to women's empowerment?
- What are the consequences of the different conceptions of women's empowerment for the microfinance programme?
- How can the contribution of microfinance to women's empowerment be expanded?

While focussing on these issues, a number of constraints arose:

- How do we measure empowerment created by Oikocredit's microfinance programme? Empowerment is a process. While the current status of empowerment can be reviewed, albeit among a limited group of participants, there is no baseline data available. Therefore, the change over a certain period of time cannot be measured, apart from the changes reflected by the respondents themselves. The changes found are not statistically relevant, due to the size of the sample and the unreliable of human memory in general.
- Even if the empowerment "status quo" were to be measured, a conclusion would still be difficult to draw. As described in our desk review, the content of the word empowerment is still not agreed upon. It might differ per geographic area, which is reflected in the results.
- It is difficult to separate improvement in the lives of women from the household

focus. Improvement at household level may also (indirectly) contribute to women's empowerment and vice versa.

- Respondents may not always convey the entire truth in their answers. This is especially a risk in the case of the women, whose security and wellbeing often depends upon their relationship with their husband. They will tend to give answers which are more socially acceptable or which paint a rosier picture of their husband than he may deserve.

Still, by interviewing clients, offices, and MFIs on four different continents, a wealth of information was uncovered.

"Women's empowerment is to think of your own progress without relying on a man's ideas."

Microfinance client, Kenya

3.2 Method & approach

This research was commissioned by Oikocredit to establish whether there are differences in the notion of women's empowerment in the North and the South, or between money provider and final client. If so, what are they and what are the consequences for their worldwide microfinance programme.

The research specifically concentrates on the different concepts of women's empowerment between various stakeholders. It tries to find the implications of achieving the optimal effect of microfinance on women's empowerment.

In order to compare notions of women's empowerment, data was collected from both areas and various sources. In the North, a desk review was carried out, as well as a limited number of interviews with people involved in projects related to women's empowerment

and microfinance. Also, several staff members were interviewed at Oikocredit's head office.

In the South, a desk review was done on the current status of women's empowerment and microfinance. To collect more data, extensive surveys were implemented with MFI partners and clients through all Oikocredit's regional and country offices.

Furthermore, four target countries were selected on four different continents: Peru, Bulgaria, Kenya and the Philippines. These countries were initially selected because of their different (cultural) backgrounds and poverty situations. In each of the four focus countries, a staff member of an Oikocredit MFI partner was interviewed, as well as five of its clients. Women in the South were asked not only to define women's empowerment, but also to list positive changes in their lives, in order to compare the extent to which the two coincided. Thus, utmost effort was made to collect data, unspoiled by Northern views.

Finally, the data were analysed and compared. Based on the outcome, differences and similarities were described and recommendations were made on the incorporation of the results in future case studies, monitoring and evaluation and other future project activities.

Our research was carried out within a time span of 4 months, starting from the end of December 2008. On the basis of the existing time frame and budget, a data search and analysis large enough to be statistically relevant was not possible. Therefore, it was decided to take a more in-depth approach with a (relatively) limited number of beneficiaries and stakeholders. By distributing questionnaires and collecting data through the regional offices, a large enough population was reached to make the results interesting and useful.

As a result of this approach, the sample size of the research is too small to draw general conclusions about financial data, like size of loan and interest rate, and their differences between men and women. On the other hand, these data do not necessarily reflect empowerment, as women may have transferred the money to men and, even when directly asked, may not always be willing to admit it.

Furthermore, apart from a missing baseline survey, there is no control group. Therefore, it is difficult to say anything about changes brought about by credit and the situation of microfinance clients versus those without credit. The memory of interviewees is not reliable enough to measure changes between the moment of interview and the time before using microcredit. The research, therefore, can only give in-depth information on the current status quo of the interviewees and their feelings about that situation, and compare it to the existing literature.

This research uses a mix of quantitative and qualitative questions. Individuals were interviewed in a number of target groups. Within each target group, the questions were the same. There were open-ended questions as well as questions with fixed-alternative and plain-quantitative questions, like interest rate and loan size. The target groups are:

- Oikocredit's regional and country offices
- Oikocredit's MFI partners (one per selected country)
- Final beneficiaries (5 per selected MFI)
- Staff members in Oikocredit's head office
- Experts in Europe on women's empowerment and microcredit

The research was carried out by two international consultants from Femconsult, supported by four local consultants, one from each of the four target countries (see Annex

2). Local consultants conducted the interviews on the ground.

Local consultants collaborated with the project offices and MFI partners to collect the data, and reported it to the international experts. They were selected on the basis of their gender, microcredit experience, and familiarity with the participative approach, gender and local language, as well as knowledge of English. They each spent approximately three working days collecting their data.

3.3 Analysis

3.3.1 Partners & clients

Oikocredit offices Oikocredit has country offices, regional offices and Regional Development Centres (RDCs) all over the world. Data was collected from 9 regional offices, 28 country offices and 3 RDCs spread across Asia, Latin America, Africa, and Central and Eastern Europe, giving an almost worldwide overview (see Annex 1). After a first round of analysis, questions about unclear replies were fed back and the interviewees were asked to complete missing answers.

Annex 1 also displays the number of staff members, the male/female ratio, the number of MFI partners of each office and the total number of clients covered by their MFI partners. The number of staff members varied between 1 and 9, with an average of 3.25 per office. The percentage of female staff members varied between 0% and 100%, with an average of 54%.

The number of MFI partners per office varies from 2 (Ivory Coast and Moldavia) to 39 (India), with an average of 11.91. The number of clients covered by the MFI partners of a single office varies greatly between



ACASEN - Senegal Peanuts and Cashew Nuts (Senegal) exclusively employs women in the Dakar area to process nuts, coconuts and potato chips.

3,800 (Russia) and 2,249,778 (Guatemala), with an average of 437,234.

Half of the Oikocredit offices give programmatic advice to their MFI partners, while the other half does not. Oikocredit uses gender-related criteria in the selection of MFI partners. While a gender policy is not conditional to selection, Oikocredit offices are often prepared to offer the MFI partners support in developing and implementing one. 31% of the offices support their partners in setting up gender policies for both staff and clients, in offering technical assistance, or by motivating the MFI partners to develop a gender programme. One office mentioned setting gender-related criteria in loan applications was their contribution to gender policy, and another office mentioned supporting MFIs owned and managed by women as their criterion. 18% described supporting MFIs with mainly female clients as their main contribution to the gender policy. 46% of the offices admitted to have nothing or not much to do

with the gender-related behaviour of the MFIs.

When asked for gender indicators, used in the monitoring system, 54% of the interviewees reported that the number of female clients is their main gender indicator. 23% mentioned the number of women staff and board members of MFI partners. 14% measure the number of women in management positions. Five interviewees have no gender indicators at all. The MFIs echo this lack of gender indicators. None of them use gender indicators. One office uses empowerment indicators, like decision-making, group participation ability, and capacity of a woman to make a business plan.

MFI partners The local consultants interviewed one Oikocredit MFI partner in each of the four countries:

- CREDO, Bulgaria

- Pamoja Women's Development Programme (PAWDEP), Kenya
- CrediMujer Programme (Movimiento Manuela Ramos), Peru
- Alalay sa Kaunlaran, Inc. (ASKI), Philippines

In general, most of the MFI partners have around 50% female staff members. In some cases, they have all female staff (see Annex 3). In the last few years, a trend has arisen in MFI management: more men are entering the field. The microfinance industry has acquired a larger share of the economy and has become more accepted and respected. As a result, it could be possible that the gender balance will change in favour of men. This may also influence the gender balance of the target group. In general, there is a positive correlation between the amount of female staff members and the percentage of women among clients. More details on these MFI partners can be found in Annex 3.

MFI partner offices offer a vast array of microfinance products and related services. The majority of them offer group and individual loans for purposes such as income generation and business development, education, housing and home improvement, consumption in general, and lending with collateral. Sometimes these loans are offered through a village bank. One office mentioned that it offers microloans to its own staff members. Furthermore, some of the MFIs offer micro insurance, savings (voluntary and compulsory, including deposits), money transfer and remittances. A few are involved in micro leasing, credit card programmes, social benefit payments, money exchange and services like training, consultancy and enterprise development.

The money is mostly made available through the banking system (55% of cases), through bank account withdrawals, cheques, transfers and mobile banking. 42% mentioned that money is made available in cash. Two

interviewees mentioned clients' accounts with MFI partners. All systems are evenly used in all continents.

MFI partners are free to use their own programmes and loan conditions, such as interest rates. In Latin America, the interest rates are highest, with maximum rates up to 150%, probably as a result of the economic situation and high inflation in various countries. On average, minimum rates are between 18-30%, and maximum rates between 26-90%. These answers coincide with the interest rates as reported by the 20 interviewed clients.

Of the 20 interviewed clients, 13 (65%) have been involved in designing or contributing to the development of their own payment schedule. In Kenya, none of the interviewed clients reported to have been involved in designing a repayment schedule, even though the Oikocredit office as well as the MFI reported that there was such a possibility. 67% of the interviewed offices confirm that clients can be involved in designing their own repayment schedule, if they wish. 85% offer the possibility of a grace period at the beginning of a loan, to enable the client to earn initial income and be able to make a repayment. In the desk review, it was found that female borrowers are often preferred because their repayment rate is higher and they tend to spend their increased income on household nutrition and education. In our survey, the average repayment rate was between 85-100%. 60% of the interviewees find that women, in general, have a better repayment record than men. Among female clients, if microcredit funds are not spent on business, in the majority of cases, interviewees report that it is indeed spent on education and health in urgent cases.

Selection of clients MFI offices select their clients in various ways. While some go into the field to select and/or encourage clients,

most wait until potential clients turn up on their doorsteps or are referred by others. As a result, services do not always include the poorest part of the population. The MFIs select their clients:

- Through entry criteria, such as minimum saving, identity card, pay registration, no other loans, type of business, references
- By residence/community/place of work
- By product marketing/economic activity
- Through other group members (in the case of group lending)
- By limiting themselves to rural women involved in agriculture and small income-generating activities
- By test forms and poverty scorecard
- Through personal visits to communities (including testing to select the poorest villagers)

As shown in Annex 4, only 15% of MFIs use poverty-related criteria. The majority use general criteria that may or may not reach the poorest population. With regard to criteria specifically meant for selecting women, 47% of MFIs have criteria that aim at selecting vulnerable women. Most of these are criteria belonging to programmes which specifically target vulnerable women and vulnerable groups in general. Three MFIs have all-female clientele and, therefore, all their actions are benefiting women. One MFI carries out promotion through advisors visiting women's groups.

35% of interviewees state that there are specific actions or programmes targeted at the most vulnerable population. 54% mention that there are no such actions. Three interviewees confess that sustainability and profitability of their own organization are more important than implementing actions to lift the poor out of poverty, actions that will need more financial input and efforts by the MFI.

54% of interviewees mention that MFIs have special programmes or group meetings for women, with subjects like business development, gender, technical assistance and health. 46% mention that there are no such programmes available. 17% carry out group meetings for men as well as women.

In Annex 4, it becomes clear that – at least for the MFIs selected – starters are not a popular target group, with percentages ranging from 4-25%. The exception is Kenya with 80% of its clientele being starters. This office also has a special program for starters, making them aware of loan options and business development possibilities. Peru does not have a programme for starters but does offer a special form of loan. The other offices do not have such programmes or loans.

Client characteristics 20 clients in total were interviewed by the local consultants, 5 from each target country. The respondents were 18 women and 2 men. In Kenya and Peru, only women were interviewed as the MFIs in these two countries have only female clients (see Annex 3). The ages of the clients varied between 28 and 64, with an average age of 44.4. One female client was single, one widowed and all other interviewees were married. 16 interviewees had children; the average number of children was 3.2.

80% of the clients reported to have a stable income. Four clients, all from Kenya, did not have a stable income. Their daily turnovers varied from €3.75 (Philippines) to €8,000 (Bulgaria). The number of working hours varies from 4.5 per day to “7 days a week, 24 hours a day”. The average is 9.47. There is no clear correlation between number of working hours and daily turnover. For the Kenyan interviewees, the average input of working hours in their businesses is lower than the rest of the respondents.

On the whole, clients are moderately satisfied with the service, conditions and interest rate of their loans. In Bulgaria, there were no complaints at all. In Peru (2 persons) and the Philippines (1 person), there were complaints about the interest rate. In Kenya, the situation was less rosy: 4 clients were not satisfied with loan conditions and 2 complained about the interest rate. With regard to service, all clients, without exception, were positive.

The average loan amount for Bulgaria (€7,663) is much larger than for the other offices. This fact was confirmed by data extracted from the client interviews. According to the Bulgarian consultant, this could be due to biased selection of clients, but it is possible that with this MFI average credit amounts are considerable. The selected clients from Bulgaria all have very successful businesses. The other loans varied from an average of €138 in Kenya to €182 in Peru, which is more in line with expectations of a microcredit loan than the Bulgarian example.

Non-financial support As areas for non-financial support, MFI offices mentioned in 34% of cases that they offer training, in fields such as recordkeeping, health issues, and capacity building. Business development is mentioned in 21% of cases and technical assistance in 13%. Micro insurance, including health insurance, is offered by 10%, even though that is not entirely non-financial. Only one interviewee mentions women's empowerment and gender issues as areas for extra support.

Clients also mention a range of support activities, offered by their MFIs. In Peru, all clients mention the new micro life insurance service. In the Philippines, the MFI is involved in a community development programme and works on sanitation and construction. Furthermore, clients report that MFIs offer education, trainings, seminars and information. Business management, debt manage-

ment and monitoring are often part of the package. Many clients praise the friendly relationship with their MFI. When asked what form of support they would like to see offered, clients mention exchange with other clients, technical support, and technical training and education, as well as support in the form of credit and health insurance.

16 out of 20 clients report they are participating in group meetings and find them useful. Two of the four remaining clients would like to participate, but cannot as a result of time constraints. Of the 16 reported group meetings, 5 are related to MFI business, such as Annual Meetings, Board Management Meetings and Credit Union Meetings. 9 are related to client business, including business management, exchange of business experiences, financial management and business growth. One is about technical support and one about self esteem, family and group behaviour.

Clients and MFIs report a number of different non-financial services. Most probably, in the majority of the cases, they are referring to the same services but using different definitions, like "technical assistance" which may be seen as "technical support" or "seminars" by the clients. As the interviewees did not elaborate on the content of the services, it is not possible to compare them.

3.3.2 Clients and their business

Women's versus men's businesses Different opinions emerged as to whether women's businesses differ from men's businesses – in both the desk review and research. Not only are there various views about the acceptability and feasibility of certain businesses for women, there are also different ideas of how women conduct their business and use their profits as opposed to men.

In the literature, women are said to use profits more often for family needs. One writer⁴⁹⁾ reports that women adopt more effective enterprise strategies incorporating social responsibility and environmental concerns and, therefore, have better prospects for future development of enterprise development. In this survey at least, women appear to be successful, as most of them have conducted their businesses for a number of years.

Out of our 20 respondents, 17 used their microfinance funds to expand an existing business. 10 of the interviewees have an individual loan, 3 have a group loan, and 7 have a combination or have been involved in both individual and group loans. 13 of the interviewed clients have had one or more microloan before. For the remaining 7, this is their first loan. Annex 5 shows the years in which clients started their businesses. Two clients have been involved in their businesses for 20 years. The majority have had their businesses for 7 or more years. Only 3 are starters (2008). Most of them faced no problems repaying the microfinance loan. One client reported that she had problems before, and two still had problems from time to time.

The clients reported to be involved in the following businesses:

- Retail: hardware, beauty products, grocery, shoes/clothes, gasoline (6)
- Dairy farming/cattle (4)
- Trading: rice, textile, flower, international shipping (4)
- Restaurant/bakery (3)
- Shoe production (1)
- Real estate (1)
- Management consulting (1)

49) Mayoux, Linda, 2001 (1)



Lopepe Viliamu used a loan from SPBD - South Pacific Business Development Foundation (Samoa) to upgrade the family taro plantation and turn it into an income-generating business. (Photo: SPBD)

Oikocredit offices and their MFI partners were asked to name (if possible) three businesses that women were most commonly involved in, three that men were most commonly involved in, and three they consider difficult for a woman to be involved in. (Annex 6 shows an overview of businesses women were most commonly involved in, according to the offices. Annex 7 reflects male business involvement as perceived by offices and MFI partners.)

Around one-quarter of the interviewees mentioned petty trading and market vending as businesses carried out mostly by women. 19% mentioned agricultural and fishery related businesses. Typical “female” occupations mentioned, which are not brought up as carried out by men, were hairdressing, cosmetics, beauty shops, and embroidery.

The percentage mentioning agricultural and fishery-related business as mostly carried out by men (36.25%) was slightly higher than women. The percentage involved in trading and commerce was slightly lower among men, at 17%.

Typical “male businesses”, which were not seen as possibilities for female involvement, were transport-related businesses (16%) and construction work (5%). This coincides with the answer to the question of what businesses the offices and MFI partners perceived as not suitable for women. The main businesses mentioned were transport and construction. Furthermore, specific businesses like working with computers, consultancy, furniture making and shoemaking were mentioned.

*“I would not like to drive a tractor,
but I stand for empowerment!”*

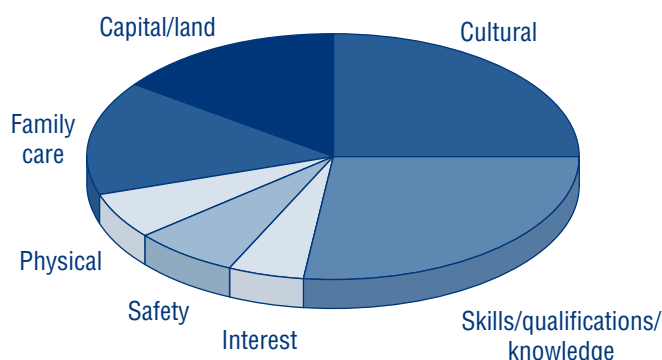
Microfinance client, Bulgaria

Interestingly, the interviewees used different terminology in the case of men’s businesses.

For women, it was called “small trade” or “petty trading”, whereas for men interviewees spoke about “trading and commerce”. It is not clear whether this also meant a difference in business size. In the case of men, names used were also different and less specific, like “production” and “service”. Whether female businesses were smaller or not, people did reflect them (probably unconsciously) as smaller in the definitions they used in their answers.

Lack of capital and physical strength were perceived as a constraint mainly for women in starting businesses like agriculture and construction. Land ownership by men was another problem for them with regard to agriculture. Lack of skills was seen as preventing women from entering the construction business, whereas illiteracy would prevent them from any business where writing or computers were necessary. Lack of knowledge in general would not enable women to work as farmers. Women would not be able to travel long distance and work long hours, as that would leave them insufficient time for their caring tasks. A number of people found women not interested in certain businesses, whereas safety and security were also an important issue. But the main reasons mentioned for women not being able to enter certain businesses were lack of education and skills, with tradition- or culture-related reasons coming a close second.

Figure 1 Reasons for women for not being able to be involved in certain businesses



The female clients interviewed did not completely agree with this view. 13 out of 20 thought that business for men and women was completely equal. Three thought that women would own different businesses than men, such as cosmetics, beauty products and handicraft. Some clients thought that women could have the same kind of business but work at it differently. One thought women's businesses were smaller, one said women have different relations with their clients, and another reported that women had different interests. The last one said that women have the same businesses, but have to put in more effort to reach recognition. 16 out of 18 reported that there was nothing they could not do as a result of being a woman. One said she could not buy a house because her husband would not allow it and one found that she could not learn to drive a car.

According to offices and MFI partners interviewed, women are not always free to make business- or business-expansion-related decisions. 78% of interviewees say they need consent from their husbands, 33% find they need consent from other family members, and 10% mention needing consent from government authorities.

Some writers see empowerment as the process of improving the position of women relative to men within the household, which may be reflected in intra-household decision-

making, among other factors⁵⁰). In this survey, 75% of the interviewed offices and NFI partners find that women need consent from their husbands for household decisions and 35% state they need consent from other family members. Microfinance clients look upon this matter a little differently. From the 20 interviewees, only 4 (a mere 20%) confirm needing consent from their husband and 2 from their family members. With regard to household decision-making, clients report in 48% of cases that they (in this case all women) make decisions themselves. In 45% of cases, the decisions are taken in concerted interaction between husband and wife. Only one interviewee reports that the husband is responsible for household-related decision-making.

When asked whether the micro business had brought positive change to their lives, with regard to finance, position in the family, position in the community, enlarged networks, decision-making opportunities and/or mobility, clients reported that their lives had changed positively in almost all cases. They were least positive about their position in the household, where 5 reported no change. Furthermore, the categories position in the community, enlarged networks, and mobility, one client reported no change. All others reported positive change in all 6 categories.

50) Mahmud et al, 2003

When asked what they would do if they had more money, 10 clients reported that they want to expand or improve their business, while 6 want to build, buy or improve a house. One wanted to buy a car and one looks forward to travelling. When asked what their dreams are, most clients mentioned more or less the same. There were a few extra dreams mentioned, like working for an MFI, starting a children's home, helping the unemployed, giving their children a brighter future, and being independent at old age. As remaining constraints that prevent them from living the life they really want, they mentioned financial constraints (4), corruption and bureaucracy (4), finding child care and lack of time to study.

3.3.3 Use of funds by women

As found in the desk review, the money women receive for starting up and expanding their micro business is sometimes used by their husbands and (male) family members, and therefore, the question was asked: what conditions do the MFIs have in place to ensure money for female clients goes to their businesses?

Two interviewees admitted that MFIs were not interested in the loan destination. Two others thought that the selection criteria would prevent such misuse. One said that offering other loans for emergency and education would prevent use for different purposes. One MFI had a teaching programme in place to make the women aware of the need to use the money for their businesses. 60% of the interviewees stated that the MFIs had monitoring systems through credit officers and group leaders to make sure the money was properly used.

Judging from the client interviews, the monitoring system does not always work properly, even though the money is not necessar-

ily spent on the husband needs. Out of 20 interviewees, 7 admit to using part of the loan money for the education of their children and grandchildren. Six admit that others are using their loan money - in two cases to cover medical expenses for friends and family, in two cases to cover living expenses of a grown up daughter and other family members, and in two cases the money was used by the husband for his own business investments.

Changing lives The clients were asked what changes their business had brought about in their own lives, their families and in their communities. Table 1 reflects the changes they reported and the frequency the replies were given.

Most of the clients have become happier and more self confident since they are in business. They and their families have overcome the worst poverty and are able to make ends meet. Four of the clients reported that they are able now to offer their children education, and two could even offer their children employment. They also offer employment and business opportunities to community members. They are respected for that and for their role as business people. Their business also offers services the community needs.

"Empowered women should share business experiences with their daughters and encourage them to establish a business after they have finished school."

Microfinance client, Kenya

When asked about sharing household tasks, women often reported that the situation improved since they had started a business. 11 clients (out of 18 with spouses/partners) reported sharing household tasks, 4 said the husband contributed a little, and two reported no involvement of the husband whatsoever.

Table 1 Changes brought about by having a micro-business

To client's own life

Financial stability/standard of life	9
Network	7
Self-esteem/self-confidence	5
Occupied	5
Independency	2
Respect	2
Job satisfaction/performance	2
Responsibility	1
Decision taking	1
Joy	1
Mobility	1

To life of client's family

Financial stability	8
Happiness/better relation	6
Children's education improved	4
Children's employment improved	2
Quality of life increased	1
Children have better life	1
More time available	1

To the community

Employment	7
Offering services	3
Respected and wanted	2
Offering counselling and advice	2
Motivating others	1
Exchange of learning	1
Community development	1

When asked to name the two most important changes in their lives, the clients came up with a variety of responses, which are summarized in Table 2.

Interestingly, the birth of children and grandchildren was named by a male interviewee, even though a likewise answer would easily be attributed to a woman.

3.3.4 Women's empowerment

Definitions Most of the interviewed clients are advanced in their view of gender equality. The only exception is the male interviewee from Bulgaria, who thinks empowered women are bossy, masculine creatures. According to the Bulgarian consultant, the interviewee has a Roma background and his views are probably still based on gender norms where men are supposed to be breadwinners and women's major role lies in childcare.

Table 2 Most important changes in clients' lives

Financial/standard of living	7
Start/expand business	5
More respect from children, family and community	3
Happiness, enthusiasm	2
Decision-making	2
Became aware of my role/rights as a woman	2
Leadership	2
Feel younger	1
Absence of fear	1
More interaction with others	1
Kids enter business	1
Less stress	1
Self-esteem	1
More busy	1
Mobility increased	1
Birth of children/grandchildren	1

“An empowered woman is one that has achieved all her goals.”

Microfinance client, Peru

All interviewees were asked to give their own definition of women's empowerment. The answers were grouped, as far as possible, into categories. These categories are often used in existing literature⁵¹⁾ which tries to group issues related to women's empowerment. The outcome of the analysis can be found in Table 3.

The economic definition of empowerment appears most popular, with 34% of the interviewees using it. The psychological definition – with issues like self-esteem, self-worth, fulfilment, and power to control and judge – comes in a close second place with 27.5%. Socio-cultural (4.5%) and legal issues (6%) do not appear to be very important. Empowerment in relations (like decision-making in the household) and political

empowerment are mentioned in 8% and 16% of the cases, respectively.

The definition of empowerment derived from Northern experts almost equals the definition from clients in the South, as well as from the offices and MFI partners. This is even more apparent when looking at the ranking of percentages.

For the Northern experts the psychological (33%) and the economic definition of empowerment (30%) also appear most popular. Furthermore, they see no big differences in the meaning of empowerment for a woman living in the North, compared to a woman living in the South. One expert mentions that there is a difference in starting point. In the South, more needs to be done at the starting point, whereas in the North we are privileged enough to think more about the end point.

51) Malhotra, Anju, 2002

Table 3 Definitions of women's empowerment

		Offices	Latin America	Europe	GCU
Economic	Capacity of self-reliance	5			
	Financial autonomy	8	3	3	
	Access to opportunities and resources	12		4	
	Financial support to the family		1		
	Opportunity to earn a living/start a business		3	1	
	Financial & business-related decision-making	3		1	
Total %		34%	39%	30%	34%
Psychological	Sense of self-worth	4		2	
	Self-confidence to speak up	1			
	Power to control their own lives	19		2	
	Ability to take risks and judge opportunities		1		
	Fulfilment	2	2	1	
	Expansion of potential	1			
	Perceived more respect by others			2	
	Identity			1	
	Control over body and sexuality			2	
Total %		33%	16.5%	33%	27.5%
Political	Ability to influence social and economic change	3			
	Power to influence decisions of the community	4			
	Independent thinking and decision-making		4	5	
Total %		8.5%	22%	17%	16%
Relations	Take full responsibility of factors affecting life	2			
	Decision-making in the household	1	2		
	Play a better role in public life			1	
	Safe/free from violence			2	
Total %		3.5%	11%	10%	8%
Legal	Equal opportunities and rights	12		1	
Total %		15%	0%	3%	6%
Socio-cultural	Use education		1	1	
	Freedom of movement			1	
Total %		0 %	6%	7%	4.5%
Overarching	Gender equality	4			
	Support other women		1		
	The right to have a choice	1			
Total %		6%	6%	0%	4%

Table 4 How to measure women's empowerment

Economic	Through statistical date of MFI	1
	Increased income	6
	Increased number of businesses run by women	5
	Improvement of children's' welfare	3
Total %		28%
Socio-cultural	Freedom of movement	1
	Gathering with others	1
Total %		4%
Relations	Increased decision-making in organization or household	8
Total %		15%
Legal	Capacity to express themselves/defend their rights	2
Total %		4%
Political	Through increased voting powers at various meeting levels	1
	Playing an active role as citizen	1
Total %		4%
Psychological	Increased dignity and esteem	3
Total %		3%
Overarching	Through active participation of women as beneficiaries	1
	Increased involvement in all spheres of life (political, economic, education)	16
	Through increased products and services for women	2
	Ownership	2
Total %		40%

Another expert mentions that in terms of legislation, generally speaking, Northern women have achieved equality. However, the expert remarked that the work of consistently applying these laws while encouraging changes in public attitudes about women's roles and gender relations continues in the North as well as the South.

The overall impression is that the situation and status of women in the South is different and, therefore, other resources and opportunities are necessary to reach empowerment. Another expert states that the more a woman advances towards her expectations, the more likely she will be to feel empowered.

"An empowered woman has new and great ideas."

Microfinance client, Kenya

The next question, which was only asked to Oikocredit's offices and MFI partners, was how one would measure women's empowerment. Here, the answers were grouped into the same categories, which can be found in Table 4.

Here, the picture appeared a little different. A large number of answers could not be categorized, as they related to a number of categories at the same time, like increased

involvement in all spheres, ownership, and increased products and services for women.

From the ones that could be categorized, economic empowerment remained most popular with 28%, but now empowerment in relations, more specifically decision-making in the household, came second with 15%. This is all the more interesting since decision-making in the household was among the least important points of women's empowerment when judged by clients (see Figure 2 on page 56). Equal opportunities and rights were very important according to both offices and clients (figures 2 and 3, and figure 4 for the comparison). This does not necessarily contrast the findings from this question as these can be attributed to all categories, but mostly to the overarching category, as equal opportunities and rights are important in all spheres of empowerment. Political empowerment is only mentioned in 4% of the cases. This coincides with the desk review's finding that political empowerment is hardly ever a direct outcome of microfinance.

It can be concluded that perceptions of women's empowerment in the North and South are almost universal. However, the status of empowerment of a woman and her position vis-à-vis optimal empowerment may also depend on her position and situation at a given moment in time. As noted on page 28, one can speak of a "pyramid of empowerment". Therefore, the definition of empowerment may be a dynamic one for Northern and Southern women alike. However, optimal empowerment is likely to be the same for all.

Characteristics of an empowered woman The interviewed clients listed a number of characteristics that they attributed to an empowered woman. When asked about appearance, only one mentioned "well dressed", while the others mentioned characteristics like hardworking, inspiring, confident, coura-

geous, a role model, charismatic, generous, active, powerful, happy and self assured. Apparently, an empowered woman is someone to be envied. Empowered women were seen as not corrupt and able to perform any job, even men's jobs, on a regular basis as long as she could earn a decent income from it. The income of an empowered woman should be at least reasonable, but most interviewees mentioned "good". In the relationship with her husband and family, she is no longer a burden; she is independent. She is happy and there is mutual respect between her and all family members. She is communicative and there is total equality. In the community, she is respected and serves as a role model. She gives support and charity, teaches and guides the community members. She is popular and sociable and the community entrusts her with responsibilities.

Only one out of the 20 clients interviewed was not so positive about an empowered woman. He thought an empowered woman was good for nothing. She would be bossy and masculine, giving out orders and having only male friends. She was definitely not someone you would like to have in your household.

"An empowered woman is a survivor."

Microfinance client, Philippines

Out of the 18 women, 17 found themselves already empowered. Only one said she would need a stable income first, before she would be empowered. A number of women reported that optimal empowerment still needs to be achieved. When asked, what they would need to reach optimal empowerment, 5 of the clients found themselves already optimally empowered, while the others reported missing the following:

- More working capital (3)
- Improve business (3)
- Technical/vocational training (2)
- Educate kids for business (1)

- Self-esteem and faith (1)
- Esteem of women in general (1)
- Be able to lend instead of borrow (1)
- Purchase property in own name (1)
- Judicial system improvement (1)
- A place to relax (1)

It appears that most needs were related to their business. One woman's answer was particularly interesting. She would feel fully empowered once she was a lender instead of a borrower. The interviewees reported that, as a result of their business, they felt financially stable, safe and secure, able to travel and achieve change.

Freedom of movement Even though the desk-review literature mentioned controls on women's mobility as a constraint to empowerment⁵²⁾, this does not emerge from the research. Three of the MFI offices report total freedom. Only in Peru are there minor limitations. 83% of Oikocredit offices report total

freedom of movement for women. One office reports limited freedom for women as well as men, one office reports that there may be security and safety risk for women, one reports very few exceptions and 4 offices report that there are certain constraints.

Only one client mentioned that her freedom of movement was limited before by her husband, but is now unlimited. On the other hand, all but one interviewee state that their mobility has improved as a result of their involvement as a micro entrepreneur. Therefore, even though freedom of movement, as such, does not appear to be a problem, the micro-finance has contributed positively to the use of that freedom.

Microfinance & women's empowerment Interviewees were asked how microfinance contributed to women's empowerment. From Table 5, it becomes clear that the financial mechanism is considered the most important: 41% mention that microfinance makes

52) Esplen, E et al, 2007

Alima Iddrisu and Abiba Gariba harvest soy beans on a small farm. Savanna Farmers Marketing Company Limited (Ghana) provides access to markets for small-scale growers. (Photo: Bernice Agyekwena)



Table 5 Contribution of microfinance to women's empowerment

Business	Africa	Asia	Latin America	Europe	GCU	Northern Experts	Total
Financial/economically independent	8		15	4	2	6	35
Increase in family/children's' welfare and education	4	1	3	2	2	3	15
Improvement women's own welfare, talent, self-worth and confidence	1	1	7	2	3	3	17
Business improvement	3	1	1	1	1		7
Employment creation		1		1			2
Social network					1	1	2
Increases the burden on a woman		1				1	2
Decision making (household, community level etc)						2	2
Equal opportunities for women		1					1
Becoming a source of information			1				1
Political participation/access			1				1

Table 6 Increase the influence of microfinance on women's empowerment

	Total
Financial product innovation to fit women's needs (training, education, loan characteristics)	15
Awareness creation on different levels	7
Integrating women in decision-making process/management	3
Encouraging women to participate in leadership roles	2
Government policy to sponsor/promote micro lending to women	2
Successful women as role models for other women entrepreneurs	1
Increase property ownership	1
Help women access larger loans at regular banks	1
Sensitisation programmes for women	1
Defend women's rights	1
Promotion of gender policies and education to women by MFI	2
Increase village banking services	1

women financially and economically independent.

38% of interviewees mention increased welfare of women themselves and/or their families. Other issues – like equal opportunities for women and political participation – are

mentioned by only one interviewee. They are either found to be less important or not seen as attributable to microfinance. Two interviewees even find that microfinance increases the burden on women. This finding coincides with the desk review, where financial empowerment emerged as the first and

Table 7 **Services needed to increase the influence of microfinance on women's empowerment**

Services	Total
Training/capacity building (financial, legal and gender issues, technical, entrepreneurship, personal development, health)	30
Health insurance/care	6
Campaigning/promotion/awareness raising	5
Technical assistance	4
Business concept/advice	4
Mentoring/counselling	3
Family plan/activities	3
Day care centres/kindergarten	2
Micro insurance	2
Programmes for gaining land titles and registration	2
Market information	1
Tailored loans	1

most important effect of microfinance, followed by the family's wellbeing and welfare.

When asked for a way to increase the effect of microfinance on women's empowerment, 37 interviewees (out of 40 from Oikocredit offices and 4 from MFI partners) came up with an idea.

Table 6 displays the possibilities mentioned by the interviewees for further increasing the influence of microfinance on women's empowerment. Product innovation to better serve the need of female clients is by far the most mentioned possibility and maybe the most feasible for the interviewees themselves. Table 7 presents an overview of the responses given by clients when asked what services would help increase the contribution of microfinance to increasing women's empowerment.

Apparently, most offices interviewed believe in training as a solution with regard to technical issues as well as gender issues. Health insurance is seen as a useful service as well.

Contributing factors All interviewees, from Oikocredit offices, MFI offices and microfinance clients, were asked to rank the following issues in order of importance to women's empowerment:

- Equal rights for women (land, legislation)
- Equal opportunities for women
- Increased welfare of microcredit female client
- Increased welfare of family and children
- Decision-maker in the household
- Own education
- Children's education
- Financial independence
- Networks increased
- Respect and status as business woman

In-depth analysis led to the following observations, ranked from the issue most important down to the issue least important. Figure 2 displays graphically the ranking by clients, Figure 3 the ranking by Oikocredit offices and Figure 4 displays a comparison.

"An empowered woman never leaves for tomorrow what can be done today."

Microfinance client, Peru

Figure 2 Importance to women's empowerment according to microfinance clients

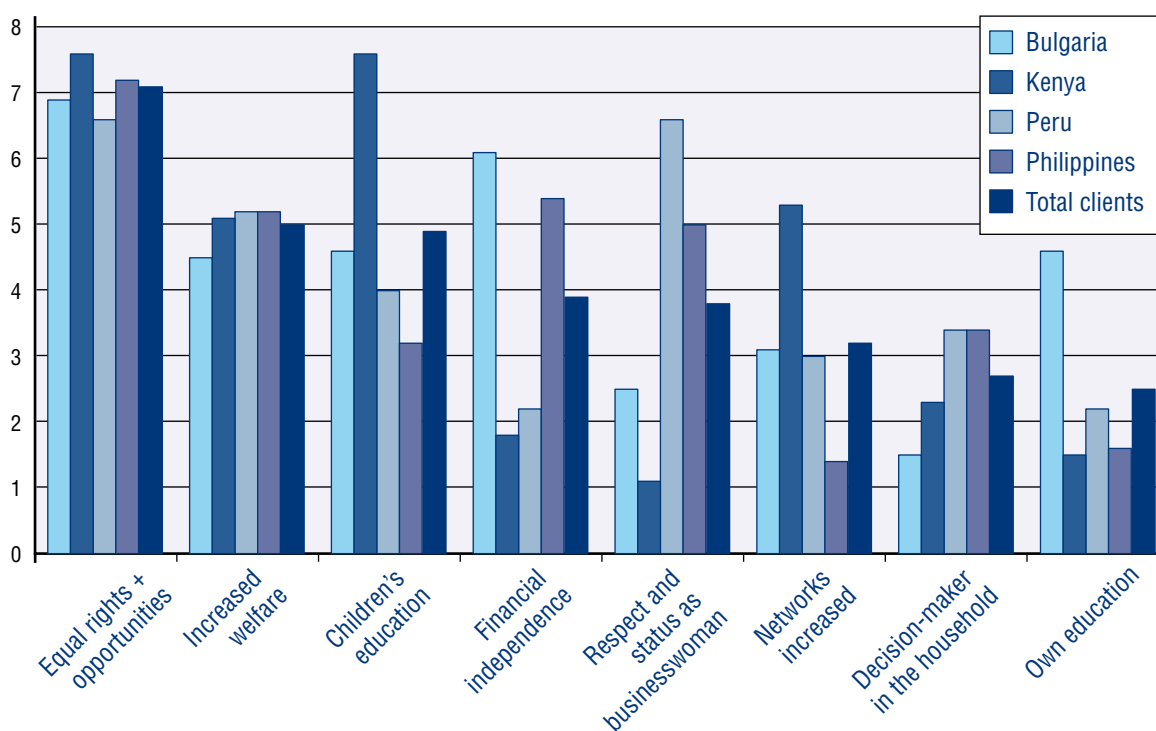


Figure 3 Importance to women's empowerment according to Oikocredit offices

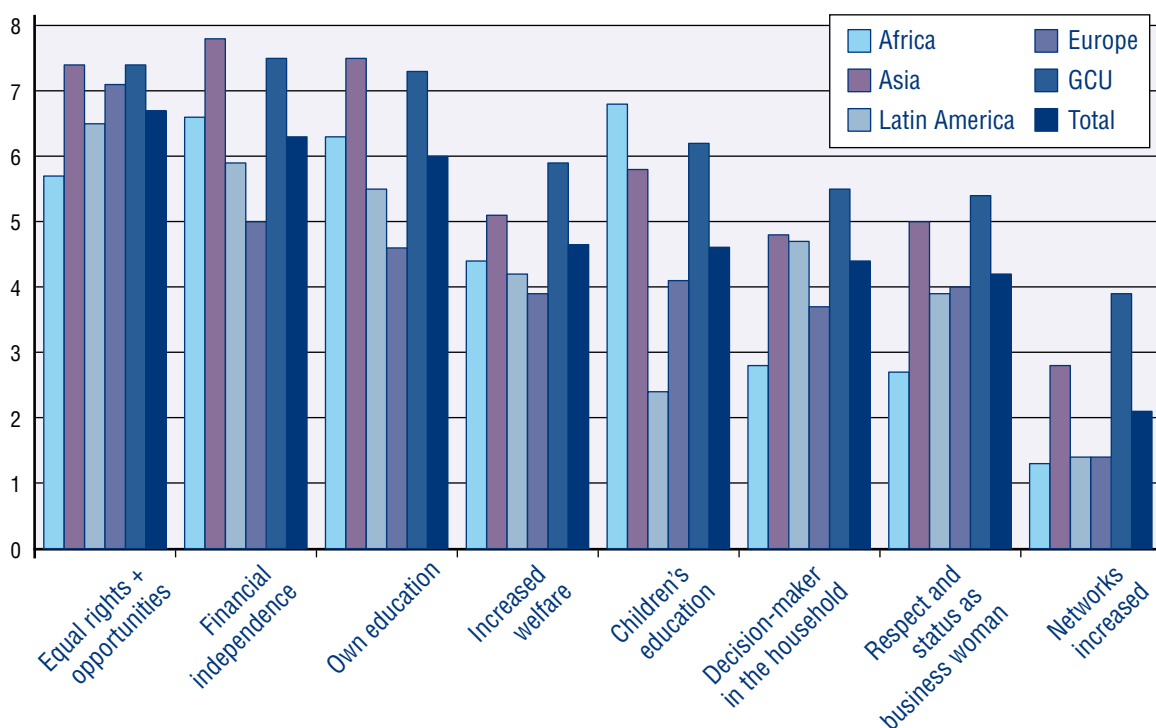
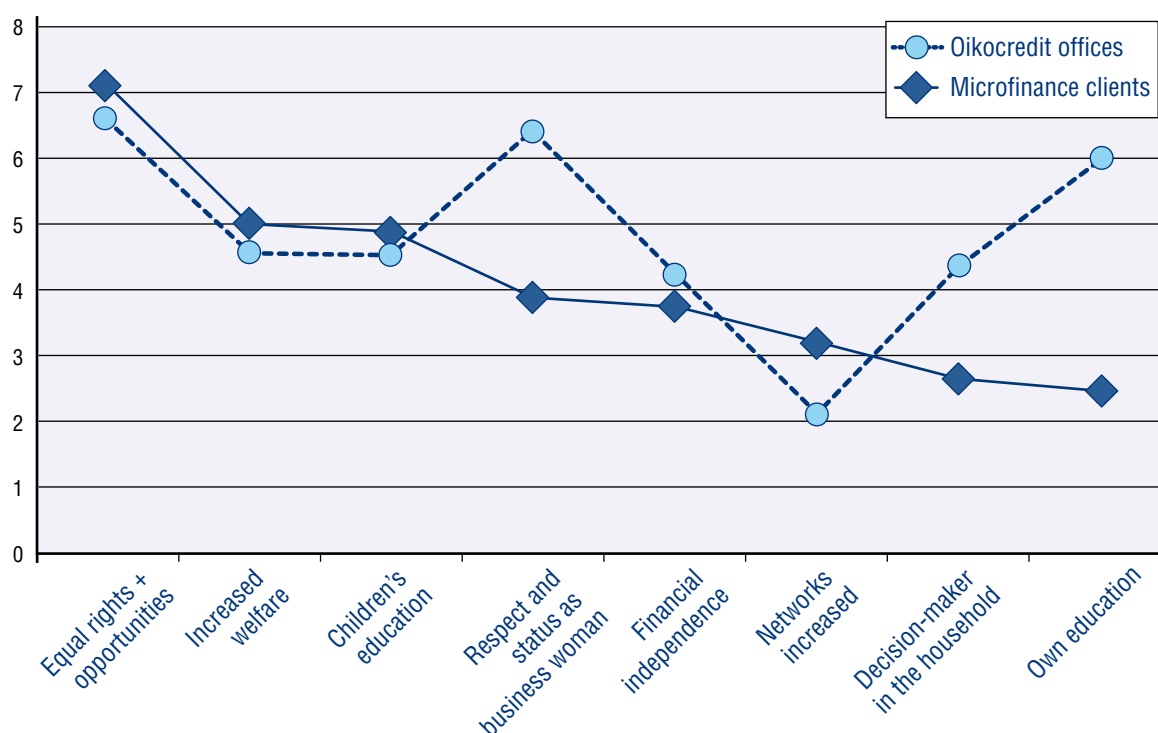


Figure 4 Comparing notions of women's empowerment: offices vs. clients



Equal rights & opportunities Equal opportunities for women were found most important by the average interviewee, closely followed by equal rights. If the two are taken together and averaged, they are clearly found more important than any other issue. Only children's education is given the same importance by interviewees in Kenya (both offices and clients). In Peru, the score for "status as a business woman" equals the score for "equal opportunities and rights". Some of the microfinance clients don't find equal rights important, even though everyone does highly value equal opportunities. Oikocredit's regional and country office takes a more positive view on women's rights; they highly value both women's opportunities and women's rights with regard to empowerment.

"An empowered woman sees opportunities where ordinary people don't."

Microfinance client, Kenya

"We are all the same, we should be treated the same, with the same rights and duties."

Microfinance client, Peru

Increased welfare In the questionnaire, interviewees were asked to rank how their own increased welfare contributed to the empowerment of women, as well as the increased welfare of their families. As the scores were almost equal from all interviewed parties, they were taken together and averaged. Increased welfare scored in the middle, apparently it is found to be important for empowerment but issues like women's rights and opportunities need to be in order first. Apparently, economic empowerment alone is not fulfilling. This was found in the desk review and it is confirmed here by all interviewees, offices and clients alike.

Decision-making power Decision-making in the household is given very low importance by microfinance clients with regard to women's empowerment. In Bulgaria, it ranks low-

est with all 4 interviewed women; it is only the interviewed man who attributes some importance to it. This outcome is not surprising if we look at who is currently making these decisions. Most women are making decisions on their own and only one takes decisions together with her husband.

As in the other focus countries, women play a strong role in household decisions. In almost 50% of cases, women are the decision-makers. The same percentage applies for couples making decisions together. In only one case, the husband was named as decision-maker and in one case a father had an extra say.

Oikocredit's offices rate this issue only slightly higher, namely as the third least important. They also view the role of the husband as more important. They estimate that in 77% of cases, the husband plays a role in decision-making, be it alone or together with the wife. The clients themselves find that the woman is the sole responsible in 48% of cases. The Northern experts also view decision-making, at household or community level, as a contribution of microfinance to women's empowerment (see Table 5).

"To be empowered for a woman means to be able to practice what she likes and what brings her pleasure, satisfaction and fulfilment."

Microfinance client, Bulgaria

"Women's empowerment includes such feeling as 'its okay to take a loan.'"

Microfinance client, Kenya

Educating women Women's own education generally scores very low with regard to women's empowerment as well, except for Bulgaria. This may be caused by the fact that the interviewees in this country all have an impressive education (3 have a university degree and two have finished secondary

school). In the former Soviet bloc, access to education used to be virtually the same for men and women.

In general, among the interviewees, the level of education is fairly high, which may explain their view of a good education as fairly normal (Annex 8 shows the education levels of microfinance clients per focus country.)

It is interesting to note, that financial independency and increased networks are only among the medium scores. In the question asking for improvements, brought about by the business (see Table 1 at page 48), the clients reported these two issues as most important changes. Probably, as they have already acquired a certain financial independency and increased networking through their business, the marginal value of more improvement becomes less, especially since many of the clients have been in business for a long time.

"Let me tell you, there is nothing as good as being a knowledgeable woman."

Microfinance client, Kenya

"Empowerment is the possibility of a woman to use her education and practice her profession."

Microfinance client, Bulgaria

Comparing notions: offices vs. clients Figure 4 shows that Oikocredit office staff largely agree with microfinance clients with regard to what is important for empowerment. The two issues on which they disagree most are financial independence and own education. It is hardly surprising that financial independence is judged important by the money provider. After all, it is part of the justification for providing credit. The fact that education is found less important by the microfinance clients is probably due to the group selected. Upon analysis, their education appears high, probably higher than the average microfi-

nance client. As a result, it was less important for them to achieve.

The last question on the client questionnaire asked what possibilities they saw for women to share the benefits of empowerment. The clients came up with the following suggestions:

- Exchange of ideas (6)
- Peer network (6)
- Share business opportunities and experiences, recruit women (4)
- Counsel, guide and motivate others (3)
- Educate women on loans and property rights (2)

Women appear not only ready to share their empowerment with others where they are said to provide support and employment to the community – as already became clear from Table 1. Without exception, they also come up with suggestions how this could be done. If MFIs are able to use this capability and interest, the spread of women's empowerment may get a new impetus through microfinance.

Nguyen Thi Nhung established a business raising ducks and producing eggs in Hung Phuc (Vietnam) with a loan from TYM - Tao Yeu Mai Fund. (Photo: TYM)





Eight years ago, Yaqueline Callisaya opened a vegetable stall with a loan from FIE – Centro de Fomento de Iniciativas Económicas (Bolivia). Today, she has become a tomato wholesaler as well. (Photo: Antonio Suárez)

4 Conclusions

From our research, it appeared that the economic definition of empowerment was most popular. This includes financial autonomy, access to opportunities and resources, and financial decision-making. The psychological definition comes in a close second. This includes issues like self-esteem, self-worth, fulfilment, and power to control and judge. The definition of empowerment derived from Northern experts almost equals the definition derived from clients in the South, as well as from Oikocredit offices and MFI partners. For Northern experts, the psychological and the economic definitions of empowerment likewise appear most popular. Further, they see no big differences in the meaning of empowerment for a women living in the North as compared to the South.

It can be concluded that concepts of women's empowerment in the North and South are almost universal. However, empowerment status and position in relation to optimal empowerment may also depend on a woman's position and situation at a given moment in time. As mentioned in the desk review, one can speak of a "pyramid of empowerment". Therefore, the definition of empowerment may be a dynamic one, in the North and South alike. However, optimal empowerment is likely to be the same for all.

Based on the findings of our desk review and research, the definition of women's empowerment in the context of microfinance can be defined as follows:

Progress of women in their ability to make choices and become self-reliant, facilitated by the availability of microfinance.

Gender indicators Currently, Oikocredit uses gender indicators in selecting MFI partners, namely the number of female employees on staff, their management level, and the percentage of female beneficiaries. In future, Oikocredit may want to consider adding more gender indicators to the selection process. These could include: willingness to develop a gender policy, willingness and capacity to offer special lending programmes for female clients, and non-financial services targeted towards female clients. Working conditions for women in the MFI office may also be an indicator to be considered (e.g. pregnancy leave, availability of child care).

Vulnerability From the research, it appears that clients do not all belong to the most vulnerable category. They are well- to very well-educated, many have a stable income and their daily turnovers are sometimes high. While this picture may be distorted by biased selection, aiming at the clients with high communicative abilities, it seems that targeting the most vulnerable population is not always a high priority for MFIs. Some MFIs and Oikocredit offices admitted that there were not many activities operational for this group. A number even admitted that profitability and sustainability of their own organization was more important to them than reaching the most vulnerable population.

The group of starters among microfinance clients is also small. It is important to note that all MFIs have different missions and social goals. Some do target the most vulnerable, while others target the entrepreneurial poor and the not-so-poor. Furthermore, the clients interviewed may have started off very poor and improved their livelihood through the microfinance, made available by Oikocredit partners. Obviously, even if a client is not “ultra-poor”, she may have a long way to go before attaining a sustainable livelihood. Microfinance may make a valuable contribution to reaching that goal.



In just a few years, Bernadeta Lesuruan has gone from dependence on food aid to producing and distributing food products and employing members of the community thanks to loans from Samburu Teachers SACCO Ltd. (Kenya).

Awareness Based on the reasons given by Oikocredit offices and MFI partners for the cause of women not being able to enter into certain businesses, there is ample scope for gender-related awareness raising.

Time required for caring tasks, lack of education and training, and inadequate skills are mentioned as reasons women cannot perform certain work. Land ownership and sole capital ownership by men are apparently also still widely available and acceptable reasons for withholding opportunities from women. Culture and tradition are the rule, rather than the exception, for setting norms for “female businesses”.

While gender training and awareness raising will not change thinking overnight, it may facilitate a more gender sensitive approach in those responsible for providing women financial opportunities. Instead of naming certain issues, like lack of skills and education, as a reason to deny opportunity, women could be encouraged to embark upon skills training and specific education. Oikocredit may not currently have the human or financial resources to tackle this issue immediately, but may be willing to encourage their partners to embark upon such programmes or cooperate with other organizations to develop relevant trainings.

All in all, most interviewees seem satisfied with the microfinance services as offered. Most clients, in general, have a better life than before. By implementing a limited number of changes to the microcredit programmes of MFI partners – more direct involvement of Oikocredit offices in gender-related issues and gender training at various levels – optimal use can be made of knowledge already available and enthusiasm at all levels. As Oikocredit is working on a worldwide scale, an extra increase in women's empowerment could benefit women in many different countries.

In the Oikocredit offices that completed the questionnaire, 54% of staff are female. The number of women staffers is just one of many criteria in a gender audit, but this is a positive result. There is a relation between the number of women on staff and gender mainstreaming in general. It is mainly through female staff that gender issues are really mainstreamed, notwithstanding the fact that men have a positive view and input. With regard to the expansion of gender and empowerment-related programming in future, this is very promising.

Microfinance, one of Oikocredit's main activities, can be a very useful instrument in contributing to women's empowerment, providing it is well guided and offers women a free choice with regard to the way they want to use their talents. If some extra efforts are made, the contribution could be even larger.



Opportunity Albania Sh. A. provides agricultural, service, trade, and production loans to microentrepreneurs and SMEs in Albania.

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Each year, the members of PRODECOOP – Promotora de Desarrollo Cooperativo de las Segovias S.A. (Nicaragua) receive a package of school materials for their children. Fair trade premiums are used for capacity building programmes, scholarships, and rural development. (Photo: Alberto Vargas)

Annexes

Annex 1 Oikocredit offices participating in the research

	Country	Office category	# total staff	# female staff	# MFI partners	# clients of MFI partners
Asia						
1	Cambodia	Country office	3	1	9	662,891
2	India	Regional office	9	2	39	500,000
3	Philippines	Country office	3	2	27	1,570,714
4	Philippines	RDC	5	4		
Africa						
5	Benin	Country office	3	0	6	1,000,000
6	Ghana	Regional office	5	4	3	78,000
7	Côte d'Ivoire	Country office	1	0	2	900,000
8	Côte d'Ivoire	Regional office	5	2		
9	Kenya	Regional office	8	5	15	600,000
10	Mali	Country office	3	2	9	900,000
11	Senegal	Country office	3	1	10	--
12	Tanzania	Country office	3	1	7	290,000
13	Uganda	Country office	4	2	12	700,000
Latin America						
14	Argentina	Country office	2	2	6	19,000
15	Bolivia	Country office	5	2	15	440,000
16	Brazil	Country office	2	1	6	20,000
17	Costa Rica	Country office	2	1	10	12,000
18	Dominican Republic	Country office	2	2	3	115,062
19	Ecuador	Country office	2	1	27	492,024
20	El Salvador	Country office	3	1	18	17,010
21	Guatemala	Country office	3	2	9	2,249,778
22	Honduras	Country office	2	1	7	52,244
23	Mexico	Country office	3	1	11	150,000
24	Nicaragua	Country office	2	1	26	425,000
25	Paraguay	Country office	2	0	3	128,728
26	Peru	Regional office	4	2		
27	Peru	Country office	4	2	36	350,000
28	Uruguay	RDC	8	5		
29	Uruguay	Country office	1	1	4	73,344
Europe / other						
30	Bulgaria	Country office	6	4	11	4,223
31	Moldova	Country office	2	0	2	4,917

	Country	Office category	# total staff	# female staff	# MFI partners	# clients of MFI partners
32	Romania	Country office	2	2	5	15,000
33	Russia	Country office	2	2	9	3,800
34	Slovakia	Country office	2	0		
35	Ukraine	Country office	3	3	14	476,000
36	Germany	RDC				
37	Global Credits Unit	Central and Eastern Asia Region	1	1	5	264,230
38	Global Credits Unit	Caucasus Region	1	1	15	250,000
39	Global Credits Unit	Africa and Middle East Region	1	1	14	317,000
40	Global Credits Unit	Global Credits Unit Amersfoort	5	3		

Annex 2 Local consultants involved in data collection

Country	Consultant
Bulgaria	Ludmila Mincheva
Kenya	Josephine Gichuhi
Peru	Sara Pait
Philippines	Jurgette Honculada

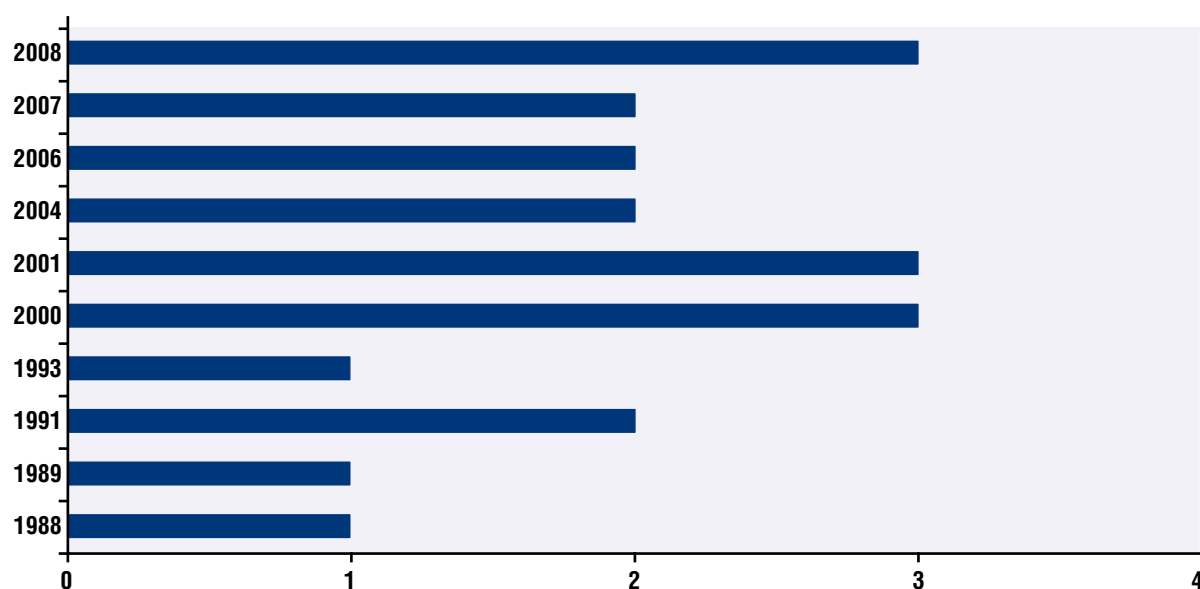
Annex 3 Client characteristics of interviewed MFI partners

Name of MFI partner	# clients	# female clients	average amount (Euro)	# starters
CREDO	420	30-40%	7,663	25%
Pamoja Women Development Programme (PAWDEP)	38,000	99.7%	138	80%
CrediMujer Programme (Movimiento Manuela Ramos)	2,300	100%	182	15%
Alalay sa Kaunlaran, Inc. (ASKI)	2,767 (Gapan branch)	93%	153	4%

Annex 4 Main selection criteria of MFI offices per continent

Selection criteria	Africa	Asia	Latin America	Europe	GCU	Total
Through entry criteria like minimum saving, identity card, pay registration, no other loans, type of business, references	2	1	11	7	3	60%
By residence/community/place of work	2					5%
By product marketing/economic activity	3	1	2			15%
Through other group members (in case of group lending)	1		1			5%
General criteria						85%
Only rural women involved in agriculture and small income generating activities	1					2.5%
By test forms and poverty scorecard		1				2.5%
Through personal visits to communities (including testing to select the poorest villagers)		1	3			10%
Poverty-related criteria						15%
Total (#)	9	4	17	7	3	40

Annex 5 Interviewed clients' year of starting business



Annex 6 Businesses women are most commonly involved in

Business	Africa	Asia	Latin America	Europe	GCU	Total	%
Petty trading, small trade	5	4	8	8	3	28	25.25
Farming/agriculture/nursery	6	3		5	1	15	13.5
Fruit/vegetable/food products retail	2		10		1	13	11.75
Dressmaking/tailoring	2		6		2	10	9
Handicraft/embroidery	1	1	5	1	1	9	8
Market/street vendors	2	2	4			8	7.25
Restaurant/baking	2		5	1		8	7.25
Cosmetics/beauty shops	1		5	1		7	6.25
Animal raising, dairy, fishery	2	2		1	2	6	5.5
Hairdressing	2			2	2	6	5.5
Medical sector				1		1	0.75

Annex 7 Businesses men are most commonly involved in

Business	Africa	Asia	Latin America	Europe	GCU	Total	%
Farming/agriculture/agro industry	6	2	8	7	3	26	24.75
Trading/commerce	6	2	5	2	3	18	17
Cattle/dairy/fishing	5		4	2	1	12	11.5
Transport	2	2	3	1	2	10	9.5
Car/bicycle mechanics/garage	1		5	1		7	6.5
Service	1		1	4		6	5.75
Construction/plumbing			2	3		5	4.75
Production	1		1	2	1	5	4.75
SME/pawn shop/shoe repair		2	3			5	4.75
Handicraft	1		3			4	3.75
Manufacturing/selling clothes		1	2	1		4	3.75
Supermarket/grocery/food supply			2			2	2
Bar/pubs			1			1	1

Annex 8 Education level of interviewees in focus countries

Highest education level	Bulgaria	Kenya	Peru	Philippines	Total
Incomplete secondary/high school		2	2	2	6
Complete secondary/high school	2	1			3
Incomplete post secondary			2	2	4
Complete post secondary	3	2	1	1	7



After many years of war and decreased production, Naza Heric used loans from Mi-Bospo - Microcredit Foundation MI-BOSPO (Bosnia-Herzegovina) to purchase a tractor and combine harvester, transforming her farm near Tuzla into a reliable business. (Photo: Amil Emric)

Acronyms

ASKI	Alalay sa Kaunlaran, Inc.
CERISE	Comité d'Echanges, de Réflexion et d'Information sur les Systèmes d'Epargne-crédit
CIA	Central Intelligence Agency
CMFA	Client-based microfinance agency
CO	Country office
CREDO	Credo Cooperative
DFID	Department For International Development (UK)
EDPYME	Entities for the Development of the Small and Microenterprise
EU	European Union
GCU	Global Credits Unit
GDP	Gross domestic product
IMF	International Monetary Fund
ISO	International support office
MDG3	Millennium Development Goal 3
MIV	Microfinance Investment Vehicle
MFI	Microfinance institution
MMFA	Member-based microfinance agency
MSLI	Municipal savings and loan institutions
NBFI	Non-bank financial institutions
NGO	Non-governmental organization
PAWDEP	Pamoja Women Development Programme
PPI	Progress out of Poverty Index
RDC	Regional development centre
RO	Regional office
RSLI	Rural savings and loan institutions
SIDA	Swedish International Development Cooperation Agency
SME	Small and medium enterprise
UN	United Nations
UNDP	United Nations Development Programme

