

ENTERPRISE DEVELOPMENT

a) Micro-Credit and Equality Between Women and Men

What is the relationship between women's empowerment and micro-credit programmes?

Micro-credit, micro-finance and micro-enterprise are now seen as effective poverty alleviation mechanisms, especially for poor women. The 1997 Micro-Credit Summit Campaign aims to ensure that "100 million of the world's poorest families, especially the women of those families, receive credit for self-employment and other financial and business services by the year 2005."

Many micro-credit schemes specifically target women as they have proven to be very good credit risks with high repayment ratios even with credit at market rates.

Proponents argue that as well as increasing women's income, there are other benefits:

- Improvements in women's role in the household (i.e. through the provision of economic resources, a woman may gain a greater voice in expenditure decisions)
- Increased confidence for women gained not only through the economic success of their business but also through increased access to community services and collective action with other women.
- Changes at the community level in the perceptions of women's roles.

Yet there is now evidence that questions an automatic relationship between participation in a micro-credit (or micro-enterprise) scheme and empowerment. Specific issues include:

- Concerns have been raised that given women's unequal position within the family, women's loans may be ultimately controlled by male family members.
- Despite increases in income, many participants report an increased overall workload, as there is no respite from their domestic responsibilities.
- Many aspects of gender inequality cannot be dealt with through micro-credit. These include discriminatory labour practices, violence, unequal division of domestic responsibilities, and educational biases.
- Self-employment may not be women's (or men's) first choice. A job in the formal sector (with more security, benefits and protection) may be the preferred option.

The argument is not to abandon micro-credit programmes, but rather give careful consideration to what these programmes can actually achieve – both generally and in relation to women's empowerment.

How is equality between women and men relevant to micro-credit?

Reviews of experiences demonstrate that poor women face specific obstacles to both participating in and benefiting from micro-credit and micro-enterprise programmes. In order to ensure more equitable results, special attention should be paid to:

- **Unequal access to productive resources:** Given inequalities within the household, lack of formal property titles and fewer employment opportunities, women may have more difficulty than men providing collateral for loans and generating capital.
- **Education levels:** Poor women generally have less education than poor men. They often find it difficult to fill in forms or participate in training that requires a specific literacy level or vocational skills.
- **Confidence:** Women often have less self-confidence. They may be unsure about starting a business and can be intimidated when dealing with licensing offices and financial institutions.
- **Time availability:** Women tend to have less time than men, given their family responsibilities. Therefore it may be difficult for them to stand in line in financial institutions or free up time to effectively start their own business.
- **Mobility:** Women often have limited mobility (stemming from domestic responsibilities, cultural factors or even the lack of access to transportation). This constrains their ability to carryout business in numerous ways including attending training, and searching out new markets and possible suppliers.
- **Access to labour:** Although women may draw on the labour of daughters and other female family members, they often have difficulty drawing on male family labour (or contracting male wage labourers). Therefore their access to labour as an input may be more restricted than men's.
- **Differences among women:** Women's interests vary (economic position, age, and education levels, for example) and it cannot be assumed that all women can participate and benefit to the same degree.

Although these trends have been documented across continents, lessons indicate that each situation is different. Therefore the meaningful participation of potential beneficiaries is important in both the design and implementation of initiatives.

Micro-Credit and Micro-Enterprise Issues	Measures to Address Equality Between Women and Men
Enabling environment	Consider influences outside the scope of the specific initiative that will have an impact on women's ability to benefit from the initiative (such as discriminatory legislation, negative attitudes towards women in business...). Complementary strategies may be required to ensure maximum impact.
Expected results of the initiative	Question the assumption that women's involvement in a micro-credit scheme will automatically contribute to gender equality. Many gender inequalities cannot be addressed only through the provision of credit to women. There should be a realistic analysis of what the initiative can actually achieve and whether or not complementary supportive measures would increase the overall impact in relation to gender equality.
Management and planning issues	Base initiatives on gender-sensitive participatory mechanisms to ensure that the specific needs, interests and possible strategies for change of potential women participants are put on the agenda. Use ongoing evaluation to provide an opportunity for women to voice concerns and offer suggestions for change.
Type of financial services offered	Ensure that the provision of credit is supported with additional business skills (management, marketing, elementary financial management, risk identification and management, legal counselling, dealing with government offices...) Make operations 'customer friendly' and recognise women's specific barriers to participation. For example, locate operations close to women's homes, use simple application forms, and schedule meetings at times convenient for women. Extend small-scale loans with flexible repayment schedules. Repayment scheme can also be based on a consideration of the nature of the business established (for example, will it support rapid repayment or require a longer term to become profitable). Identify and minimize gender-specific constraints including the requirements for collateral (difficult for the majority of women since they rarely hold title to property) and for the signature of the husband. Explore the possibility of additional financial services, including savings schemes.
Types of enterprise supported	Consider efforts to broaden the range of skills and the options for women entrepreneurs. Women's small-scale enterprises tend to be concentrated in sectors related to traditional-female occupations (food production, handicrafts and sewing) with often limited potential for expansion or even financial viability. If possible, when supporting family-based enterprises, analyse the unpaid contribution of women and attempt to provide recognition for that work.
Training	Ensure that general training options are designed and scheduled so that women can attend, as well as men. Incorporate gender equality issues into training – both for women and for general programmes so that men, too, become aware of gender equality issues. Specific training for women (that meets their specific needs) may be an option. Women may benefit from training to compensate for lower education levels or to help increase confidence.
Non-credit supports	Consider the development of complementary social services that will: <ul style="list-style-type: none"> ▪ Support women's participation (child care, community organisation to lobby for improved community services...); and ▪ Help to ensure that daughters are not withdrawn from school to support family-run enterprises or replace women in domestic functions.
Nature and mandate of the organisation managing the credit programme	Encourage links between female participants in micro-credit initiatives and women's organizations with a broader agenda of gender equality. Encourage organisations to examine the role and position of women within the organisation (staffing, decision-making authority, opportunities for advancement...) Consider training for staff administering the credit programme to increase their understanding of women's economic potential and how to meet their specific needs.