



Micro-credit: an alternative for women's empowerment?

One-day consultation organised by WIDE

Report

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Microcredit: an alternative for women's empowerment? Is a report of a one-day consultation, organized by WIDE on May 15th, 2009 in Brussels.
Brussels, 30 September 2009.

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Introduction

The consultation provided a great opportunity to share experiences with speakers from different parts of the world, to raise awareness about positive and negative impacts of microcredit on women and the role they can play in tackling poverty in the European Union.

In particular the following two main issues were discussed:

- Has/does microcredit really lead to women's empowerment in the South? Which are the improvements to make and the lessons learnt in the South?
- Can microcredit be considered a sustainable alternative to stimulate employment and fight against poverty & discrimination both in the Global South as well as in the EU?

Some 40 participants met and contributed their views on and experiences from micro credit and micro finance projects in Africa, the Middle East, the Balkans, the EU, Asia and Latin America.

The session highlighted growing concerns about the limitations of such schemes and proposed ways of addressing these.

Main concerns revolved around:

- how to ensure governments do not abdicate social policy responsibilities in the advent of micro credit schemes;
- the impact of the financial crisis on financing;
- the need for market education and follow-up training for women as part of Micro-credit schemes
- the role of the European Union
- the issue of the setting of interest rates.

Following is a summary of the day's presentations and debates.

Opening session: Introduction and welcome
by BENEDICTE ALLAERT, WIDE Executive Director

Bénédicte Allaert has been collaborating with WIDE in various capacities (information officer, project manager, capacity-building program manager) before taking on the role of Executive Director in September 2008. She is involved in various local associations and is currently on the Board of the Belgian feminist organisation Le Monde selon les Femmes.

We are very pleased to welcome participants and guests for what we think promises to be a very interesting day of exchange on micro-credit and women's empowerment

Two words about WIDE:

- WIDE is European feminist network of gender specialists, women activists and women and development organisations with national platforms in 12 European countries and membership in more than 30 European countries. We also work in close partnership with many other women's networks from all other regions of the world.
- WIDE's main role beyond the networking one is to monitor -from a women rights based agenda- EU & Member States external policies including development cooperation and trade, as well as -together with CSOs & coalitions- other international stakeholders' policies like the UN or WTO.

A few words about the reason of this topic:

In the context of the current economic, financial, environmental and social crisis, many debates focus on responses to promote at macro-level.

WIDE takes part in various civil society initiatives that are formulating alternative proposals and recommendations taking the opportunity of the crisis to promote policies that according to us enable lasting gender and social equality, economic stability and environmental sustainability.

For example, as unpaid and care work in the household and in the community is invisibilized by mainstream capitalist and neoliberal models and policies, such work and contributions remain at the core of gender discrimination and inequality world-wide. According to us those discriminations and inequalities have to be addressed in priority in the context of the current reforms. This topic will be addressed as a main issue at WIDE's upcoming AC in Basle in June 2009.

Another of our main claims is that constraints on women's access and control of resources (including land, credit) have to be lifted.

In this framework, we are interested in taking stock of current micro-credit experiences in different regions of the world.

MC is usually portrayed as a pro-poor tool that targets women in particular as key development actors. Is this so? Many other voices in our network have raised serious concerns regarding their ability to drive women's empowerment.

Among arguments commonly heard in the WIDE network is reference to comprehensive studies arguing that micro-credits and micro-finance – both formal and informal – are not likely to enable women to upgrade their activities. MC does help in the start-up stage of an activity, but is not sufficient per se for women to move beyond small-scale trading activities. The claim is therefore that MC only offers a survival strategy but offers no structural answer out of poverty or facilitates empowerment.

Another concern is the context of liberalisation of financial services, whereby foreign banks enter markets, invest in urban areas, and look for middle-class & high class income customers. This strategy of foreign banks means in turn that local banks are investing less in rural areas. Micro-credits have to take over to correct those market failures.

A lot of our members and partners argue MC schemes can not substitute for proper access of all to finance and financial services.

In a recession like the one we face today, it is likely that micro-credit will be promoted even further than they currently are: International stakeholders including the UN, the WB, the EU are putting into place legislation, new schemes and mechanisms to encourage micro-credit as a major tool for eradicating poverty. (Agnès Hubert who will facilitate the first two panels will surely briefly introduce those).

WIDE as a feminist organization is interested to define its position and to formulate recommendations that we can then use to monitor EU's development policies as well as those targeting its own citizens.

In order to build such a position and in order to move beyond the traditional clichés associated with micro-credit and women, positive and negative, we have decided to invite guests from various regions of the world, with various backgrounds but all currently directly dealing with micro-credit and women and

hence we think well-placed to share their thoughts and help us take stock of the current trends and challenges and help answer some critical questions that include:

- Is MC a pro-poor tool?
- Is it really empowering women as is it usually claimed so?
- Is more than a tool at the service of a neoliberal agenda that seek to transfer responsibilities of the state as service provider onto women without effectively providing them with more autonomy and power both a household and community level?
- What are the necessary mechanisms & policies needed to build empowering MC schemes?? How to ensure the necessary transparency and accountability of MC agencies? How to ensure sustainability of such financial services?

We would like to be able to come out of this exchange with some ideas on:

- 1/ What are the elements needed to ensure MC does empower people both North and South and
- 2/ How to address specific needs and constraints of women in a sustainable and integrated way.

Opening Speech

By AGNES HUBERT, Policy advisor at the European Commission

Agnès Hubert is currently an adviser in the Bureau of European Policy advisers (BEPA) of the European Commission. The mission of the BEPA is to provide timely, informed, policy and political advice to the President and Commission Services on issues relevant to the President's agenda and the future of policies in the Union. Before joining BEPA, A.H., who holds degrees in Economics and in Political Science of the University of Paris 1, has held various responsibilities in the European Commission and the European Parliament. She negotiated international commodity agreements; developed information tools for the EU development policy; She directed the women's rights unit in DG employment and social affairs. She continued to work on gender issues as a member of the Forward Studies Unit and when seconded for two years to the European Parliament to assist the president of the Women's rights committee. She also contributed to the White paper on European Governance (2001) as a member of the governance team of the European Commission.

Does micro credit and micro finance alleviate poverty? Projects around the world have generated sufficient experience to:

- begin to question the optimistic notions of such projects: women are still frequently pressured into conferring control of funds to male relatives, though they retain responsibility for their repayment. In countries such as India women are known to have used micro loans for prenatal testing; often women take their daughters out of school to run households whilst they work using their micro credits.
- share experiences and best practice: why do so many women give up their projects after three to five years?
- address the effects of the economic downturn: is the financial crisis an opportunity to readdress the structure of these credits? To what extent will it slash governments' education and health budgets? What gender perspective can be brought to bear on national stimulus packages?

Recommendations

- Men often react violently to empowerment, so it's important to include men in empowerment processes. There is a need to raise awareness of women on the fact that they are stakeholders, not just machines creating wealth.

Southern Perspectives on Micro-credit

'Revisiting the Concept of Women's Empowerment': Looking at the Micro-credit programmes and its impact on women's empowerment level in India

by AYESHA PERVEZ, Programme Executive, Rajiv Gandhi Foundation, India
Development professional involved in social research for more than 3 years. Is currently working in New Delhi, India. She has a background in gender studies and most of her research projects were on gender and development. She has also published academic papers in well known journals in India.

Benefits

Micro credits have had some positive results: they have boosted household incomes and asset creation; increased mobility and led to the creation of some collectives.

Limitations

Micro credits don't often lift women out of income poverty, serving more immediate consumption needs. They are not market oriented, focusing on low risk and yielding low profits. Women have no marketing or price negotiating skills and few decision-making powers. Their mobility is limited and they still keep most of their household duties. Men often control the loan amount. Women often hand profits to male family members. Repayment pressure is often severe, with women taking out one loan to repay another. The poorest women continue to be excluded from micro credit schemes.

Do micro credits undermine empowerment?

Women are often seen as little more than instruments to get money into a household. Few NGOs address fragmentation or control of resources. Micro credits are generally given on a laissez-faire approach and assume women want to be self-employed. There is little link between micro and macro loans; and there is little evidence of collective action.

Recommendations

- Micro credit cannot be a substitution for government-led education and health plans.
- There needs to be a cap on interest rates and a shift away from the idea of homogeneity.
- Loans should be adjusted to the needs of individual women.
- Women need training in skills such as business planning and accounting.

Struggling for gender justice in Eastern DRC: the role of micro credit

By DESIREE ZWANCK, Gender Advisor, HEAL Africa
And MULIRI JEANNE KABEKATYO, Project coordinator, "Gender and Justice Maniema", HEAL Africa
Ms. Kabekaty looks back on three decades of community development in Eastern DRC. She has trained local NGOs in responses to sexual and gender based violence and headed the Union of Protestant Women in Nord Kivu for 20 years. Since 2005, she holds a leadership position with HEAL Africa, a local NGO based in Eastern DRC. Ms Kabekaty currently heads the Dutch-funded project "Gender and Justice" one of HEAL Africa's Programs to combat sexual and gender based violence.

Desirée Zwanck holds a master's in Gender Studies from Humboldt University, Berlin. In 2008, she authored "On the Road to Empowerment?", a research paper on microcredit that was conducted with the Congolese NGO HEAL Africa. She is currently based in Goma, Eastern DR Congo, where she serves as Gender Advisor to HEAL Africa. She is sent as a consultant of the EED-coordinated Civil

Peace Service. This position allows her to conduct her doctoral research on community development in cooperation with the African Studies Department of Bayreuth University.

Context

DRC's social fabric has been damaged to a point where women have lost most of their rights but not their obligations. They are excluded from nearly all decision-making processes, and frequently exposed to sexual violence. Funds must be directed at the base of society as the state is dysfunctional. Micro credits and other projects in this environment must operate at the community level and use a holistic approach.

Benefits of micro credits

Micro credits have had a positive effect for women livelihoods: Women can pay for children's education. They can better maintain physical integrity over their bodies because they are able to pay for social services and daily needs rather than having to sell their bodies. Religious leaders can be efficient advocates for women, as they can have a positive influence on the way women are valued.

Recommendations

- Micro credit goes hand in hand with research and data analysis. Project planning must be participatory.
- Awareness must be raised among local leaders.
- Women must be encouraged to participate in local decision-making processes - a difficult task due to their reticence to do so and due to men's resistance.
- Capacity-building through education is crucial in order to improve women's physical and economic well-being;
- Women must be encouraged to work and make decisions that serve their own well-being, rather than simply for their families.
- Especially in a post-conflict environment, excessive encouragement of peer pressure should be avoided. Harmony among women is more important than a loan repayment as it helps prevent conflict between families.
- Solutions must be long-term, with follow-up and additional training.
- In the DRC context, the international community must urge Congo to address the issue of unpaid and traumatised soldiers in order to lower violence levelled against women.
- The economic crisis has a catastrophic effect on women's associations and cooperatives. Governments across Europe and North America should not cut funding for development work now, as it is more needed than ever.

Analysis of Social and Economic Impacts of Microcredit in Cusco, Peru (MIDE (Micro Credit for Development))

By LILIANA ALEGRIA ZEVALLOS, Freelance consultant, University of Salamanca

Liliana is a researcher from Peru currently working on her PhD on women and microcredit. In particular her work focuses on microcredit and its impact to change power relations, inequalities and gender relations. She has worked in collaboration with ONGs (MIDE, Selva Inka) on the review of these issues from a gender point of view. She is also currently collaborating to a study on how the media handles the information of women homicides/femicides caused by men violence in Peru.

Context

Andean women are discriminated against and poor. They work mainly in subsistence activities. Sexual violence is common. Families have six to eight children.

MIDE has about 1.4 million dollars and has given out 14,000 diversified credits, each worth up to 550 dollars. Rate of return is 95 percent. Up to 39 percent of credits have been given to the poor and very poor.

Impact of microcredit

- Some mitigation of poverty, but this has been very small.
- Some improvements regarding access to food & health.
- In some cases husbands or other family members have been employed.
- For every credit that has been granted, about 1.2 people have been employed.
- Women have greater physical consciousness and self-esteem; their economic situation has improved. General respect for women's activities has risen though this is not measurable.
- Many women leave their men once they are self-sufficient.
- Women have been better able to help determine household spending.

Limitations:

- Microcredit recipients have little knowledge of the market, so there's no real benefit until after the fourth or fifth credit.
- For the very poor, microcredits are often used only to survive.
- In cases where husbands have been employed as a result of a microcredit this has often been in an administrative function. This raises the question of whether women retain only productive roles while men control the administration. The perception is often that women are a source of income.
- In cases where microcredits have led to a redistribution of housework this has usually gone to daughters or other women. It is rare that men step in to do housework.
- Microcredit eliminates and replaces some state policies, turning them into bank policies. This is particularly true as more large banks turn their attention to the potential profit in microcredits.
- Microcredits often answer only basic needs rather than spurring long-term growth.
- Provide no stable or permanent employment.

Recommendations:

- Microcredit must not be seen as the only path to gender equality or to tackling poverty.
- Funds must be given continually. Projects such as MIDE must know customers and tailor credits to their needs.
- Microcredits must be tailor-made to address differing degrees of education and health.
- Greater diversification of customer base; transfer from urban to rural context.
- International community must not hand responsibility of poverty mitigation and gender equality to small community projects.

Microcredit in the EU policies

Microcredit in the EU and the Gender Issue

By CINDY FOEKEHRER, DG Enterprise and Industry, European Commission

Cindy Fökehrer is a national expert at the Enterprise and Industry Directorate-General of the European Commission. Since 2002 she has been working for the Austrian Federal Economic Chamber in the field of access to finance. Before joining the Commission in October 2006, she was seconded to the European Association of Chambers of Commerce and Industry, EUROCHAMBRES, where she lead

policy on finance, including participation in the European Commission expert group on microcredit and in the 4th and 5th Round Tables of Bankers and SMEs. In her current position she is responsible for microcredit and working with an expert group on the regulation of microcredit in Europe. She studied law at the University of Salzburg and has a specialisation in European law.

Context

- 18.8 million micro enterprises in the EU, for many of them microcredit is relevant.
- Microcredits in the EU are loans up to to 25,000 euros for business initiatives. Micro-enterprises have up to 9 employees and have a turnover or balance sheet up to 2 million euros per year.
- Besides credit, business services such as training and peer review to avoid entrepreneurs being isolated are essential.
- EU also provides guarantees on microloans via CIP and JEREMIE.
- With the EC initiative 'JASMINE' (Joint Action to Support Micro-finance Institutions in Europe) a new possibility to fund non-bank financial institutions is about to be started..
- 44 percent of EU microloan clients are women.
- EU created a European Network to Promote Women's Entrepreneurship (WES) in 2000 to raise the visibility of female entrepreneurs, improve their networks, access to finance and investment skills.

Limitations

- The entrepreneurial mindset is lacking in women: only 40 percent want to be self-employed compared to men. This lower preference is due to a combination of the following perceived barriers:
- Administrative burden – this is the most difficult thing for women;
- access to information
- access to finance
- perceived risk in starting a business.
- Microcredit is a market-based tool that does not change perceptions and preferences.

Recommendations

- Reduce red tape in general.
- Communicate this reduction of red tape.
- WES and similar schemes focus on changing women's perceptions of entrepreneurship.

Gender and Microfinance in Europe

By STEFANIE LAEMMERMANN, Junior programme manager, European microfinance network
Stefanie holds a diploma in Social Anthropology and Sociology from Albert-Ludwigs-University in Freiburg, Germany. During her studies she has gained working experience in the fields of development cooperation and International migration. She also finished a Master in European Project Management at University Paris 3 - Sorbonne Nouvelle. Stefanie joined the EMN team in January 2006. As Junior Programme Manager she is the contact for the EMN Research Working Group and has worked on several research projects as well as surveys. From June 2007 to February 2008 she has coordinated the EU-funded EMN project "Fostering Gender Equality –Meeting the Entrepreneurship and Microfinance Challenge" implying nine EMN members in seven European countries. Since April 2008 Stefanie is also part of a European research dissemination project on Gender and Migration (GEMMA project) at the Ecole des Hautes Etudes en Sciences Sociales (France).

Context

- Women are more affected by social exclusion than men; more are long-term unemployed; specific at risk groups are single mothers, older women and women members of certain other disadvantaged groups, such as immigrants, ethnic minorities, as well as the long-term unemployed and inactive, or those living in rural areas.
- Due to their disadvantaged position, women have lower levels of collateral, limiting their borrowing capacity.
- Women tend to start small businesses in less capital intensive sectors such as person to person services. They tend to have less business knowledge, less entrepreneurial spirit and need more training. In 2007, in Europe, only 44 percent of microloans went to women, up from 39 percent in 2004.

Limitations

- Women shy away from business activity because of family constraints, lack of experience, fear of debt, red tape, time constraints and lack of self-confidence.
- On the supply side only a minority of microlenders has adopted a gender-sensitive policy.

Good practice examples

- WEETU scheme (Norfolk, England) is a peer lending programme; it combines training with group lending circles; it has a 96 percent repayment rate; the training kit is now being sold;
- Credal Affaires des Femmes – Femmes d’Affaires (Belgium) targets unemployed women; it , provides individual and group training in business plan preparation and financial literacy, low interest loans and interest-only grace periods.

Recommendations:

- Promote data availability on access to finance by women;
- Governments to implement strong policies for female entrepreneurship backed by sufficient funding;
- Sufficient funding for Business Development Services (BDS) is necessary;
- Microloan providers to adopt gender-sensitive policies and conceive gender-sensitive programmes;
- Employ specialised staff; women in management positions;
- Initiatives, lessons learned and good practices should be brought together.

European perspectives of Microcredit

Women and Microfinance: a new path for development in Mediterranean countries?

By MARCELLA CORSI, Sapienza Università, Rome (WIDE member)

And FABRIZIO BOTTI, Sapienza University, Rome

Marcella Corsi is an economist, expert in short term analysis in the context of labour economics and government. Specific skills in economics of innovation and technical change. Expertise in European studies and recent interest in Mediterranean countries. Social (increasing) involvement in gender economics both in terms of participation in research networks (e.g., EGSI) and in carrying out international research projects (e.g., about financial exclusion and microfinance, women empowerment, and migration.).

Farbizio Botti is temporary research fellow at "Sapienza" University of Rome working with Prof. Marcella Corsi on gender perspectives on microcredit. Worked on a women empowerment index to test the impact of women participation to microcredit programmes in Mediterranean countries during the UN International Year of Microfinance. He specifically focused on the Balkans. He was Survey Specialist for the Republic of Mali case study coordinated by Prof. Renata Serra (University of Florida) for the survey "Global Solidarity: Efficiency, Performance and the Role of Public Policy. A Survey of the Conditions for Financial Self-Sufficiency of MFIs" (GIAN, ILO, IUED, Université de Genève and University of Cambridge). He is currently working with Prof. Marcella Corsi on a report on Microfinance in Italy using data collected for the European Microfinance Network Survey 2006/07.

Context

The aim of this study is to analyse the social and economic impact that microfinance programmes have on participant's lives - particularly on women in the Mediterranean countries (i.e., Morocco, Tunisia, Egypt, Jordan, Lebanon, Bosnia, Croatia, Kosovo, Albania, France, Spain and Italy) - looking at consumption levels, savings, housing conditions and investigating whether the microcredit programme did indeed bring about women empowerment.

Hopefully, the study will be expanded to analyse microcredit impact in other countries and/or improve coverage of French-speaking countries (e.g. Morocco, Tunisia and France).

Benefits

Evidence shows that access to credit can change life conditions, giving women the chance to find their way out of poverty.

The results concerning female empowerment go in the same direction. Having built an index of change in the female condition concerning seven central aspects of empowerment, it is possible to affirm, despite differences among countries, that microfinance activities represent a strong stimulus to female emancipation: in the first place to the economic emancipation, then to emancipation in general.

Limitations

- Until recently, the international community of key donors and the mainstream economic literature has been dominated by a prevailing orthodoxy that have been translated into the most influential literature, guidelines, best practices and policy recommendations.
- According to this view, based on a selective understanding of both conceptual and empirical facts there is no trade-off between MFIs financial and social objectives: MFIs have been encouraged to focus on financial self-sufficiency and independence from subsidies.
- The resulting reduction in donors support and associated incentives for improving financial indicators have narrowed the margins for maintaining MFIs depth of outreach (serve and positively affect women and disadvantaged groups) when some contextual factors prevail.

Evidence

- Caisses Villageoises d'Épargne et de Crédit Autogérées des Pays Dogon (CVECAs) and Nyesigiso in Mali witnessed a gradual withdraw of donors financial and technical support during an observed time interval (1999-2004), leading them to improve their financial sustainability indicators in order to ensure survival through time. The two MFIs reacted differently to donor withdrawal: while Nyèsigiso has continued to assure sound financial profile as well as a growth in its clientele, by sacrificing in terms of poverty orientation, CVECAs have kept their focus on very poor and vulnerable clients, but suffered in terms of breath of outreach and financial sustainability: trade-off may exist between financial sustainability and poverty outreach.

- Microfinance in the Balkans as a model of post-conflict microfinance implemented in area as a component of a broader humanitarian intervention: mostly replication of mainstream best practices. Microfinance sector in the Balkans is currently mature, large in operational scale, profitable and mobilizes funds at market rates, but it has gradually weakened its orientation to women and poor beneficiaries during a period of decreasing external support. In terms of women empowerment, microfinance has proven to be an effective tool, despite some potential negative effects on reconciliation of work and care activities (Bosnia and Herzegovina) and intra-household limits.

Final Reflections (Recommendations)

- Trade-off may exist between MFIs financial sustainability and social goals (such as women empowerment).
- MFIs operating in challenging environments or targeting vulnerable beneficiaries have lower margins for achieving both financial and social objectives.
- In such context, pressure on financial sustainability (and phasing out of subsidies) may lead to MFIs weaken commitment to potentially vulnerable targets, such as women.
- Need of explicit targeting tools and specific products to meet women needs (integrated approach, involvement of informal institutions). Some forms of long-term support are needed.

Interactive debate between the participants and the panel

The session highlighted growing concerns about the limitations of such schemes and proposed ways of addressing these.

Main concerns revolved around:

- how to ensure governments do not abdicate social policy responsibilities in the advent of micro credit schemes;
- the impact of the financial crisis on financing;
- the need for market education and follow-up training for women as part of Micro-credit schemes
- the role of the European Union
- the issue of the setting of interest rates.

General remarks:

- Need for more research and awareness raising: Women's groups are not sufficiently addressing link between microcredit and empowerment.
- Financial education is crucial to the success of microcredit schemes. Economic turmoil makes this more apparent: many women are unaware of currency fluctuations and lose profits when currencies lose value to the dollar. For savings groups to succeed women need basic concepts of profit maximisation. Wherever possible such training should be combined with literacy training.
- Indicators: Should success be measured in terms of economic growth rates and GDP, or rather in terms of citizens' wellbeing? How should this be measured? Reference to UNDP GDI and others.

Other elements arising from the session:

- Impact of the financial crisis : Now there are more unemployed there is more demand for micro loans, but is there a market for these services? EU is carrying out a survey to see what MFIs are doing to respond to the crisis. MFIs are taking measures to encounter the crisis, including setting up new partnerships with public and private institutions.
- Participants pressed speakers from the European Commission to take greater account of the needs of microcredit customers, rather than setting up inflexible institutional mechanisms. "Microcredit schemes should represent not just credit institutions but customers, and solicit input in terms of their needs. The commission's network is an institutional creation and therefore doesn't fully represent the whole picture," said one.
- Stimulus packages should integrate microcredit and empowerment plans.
- One innovative focus of microcredit, some suggested, could be to help the newly unemployed bearing the brunt of the financial crisis. Several participants warned economic turmoil could lead to a further exploitation of vulnerable communities.
- The financial crisis highlights the dilemma of the EU, said one participant, as it tries to reconcile its promises with the demands of large lending institutions. "European Union initiatives such as JASMINE ("Joint Action to support microfinance institutions in Europe") and JEREMIE ("Joint European Resources for Micro to Medium Enterprises") are hard to put into practice as often they involve large lending banks. The Commission and EIB prefer banks as interlocutors. We would like the state not to touch the NGOs but support them with projects and create a

guarantee fund with money that is seized elsewhere, such as money from the Mafia or other illegal activities,” said one.

- Interest rates: Participants questioned whether interest rates should be state-driven, rather than commercial.
- The EU has agreed there should not be too low a limit on interest rates, one EU speaker said. “In Germany you can charge no more than double the market rate. This enables institutions to cover the cost and other hand is still not asking too much of clients.” France has tried zero interest rates but is now moving to a 12 percent ceiling, with a goal of 17 percent.
- Several speakers warned of the danger of considering the poor to be a market for financial institutions, particularly in times of economic crisis. One called for monitoring schemes to avoid incoherent interest rate levels and lending schemes.
- The commission’s role in improving microcredits and women’s entrepreneurial spirit: The European Commission must harmonise the work of its various DGs to better tackle the issue of red tape and improve women’s ability to become market actors, one participant suggested.
- Access to finance by immigrants in the EU: several participants questioned EU speakers about what microcredit access there would be for immigrants.
- An EU speaker said recommendations are being drawn up currently. “There is a vast experience coming from Spain, Italy and France, on how to integrate these groups.” She quoted Roma projects underway in Italy, Hungary and Czech Republic, but pointed to problems of contacts within the Roma community, prejudices against it and entrenched lending networks operating within it.
- Involving/working with men: A HEAL speaker asked for advice on this issue: “This is a question that we’ve been asking ourselves for a while now. One solution might be to bring men and women together in leadership committees, to promote responsible leadership. However, while this sometimes works, men often walk out once there is genuine equality.
- “We still don’t really know whether economic activity and solidarity groups lead to a rise in domestic violence, because it’s an issue women don’t speak about. We need to better understand gender panic on the side of men.
- In Peru, MIDE is speaking about the tensions at home which are a direct result of women’s empowerment. “We thought of creating a tool where men and women could share responsibility. This would have to be aimed initially at women who have already had some success in business.”
- In India, there has been some success in dealing with this issue.
- Religion: HEAL’s speaker raised the issue of religion and asked for advice from fellow participants: “We are in a region where women have been discriminated against, even by other women, by the religion. It’s a region that’s Muslim, which has a profound implication for women. We are encouraging women to break out. There is resistance on the men’s side. Any ideas of what we can do?”

ANNEX 1

Programme of the Conference

| | | |
|------------|-------------------------------------|---|
| 9:00-9:30 | <u>Registration of participants</u> | |
| 9:30-9:45 | <u>Opening Session</u> | Bénédicte Allaert, Executive Director – WIDE |
| 9:45-10:00 | <u>Introduction Speech</u> | Agnès Hubert, Policy Adviser – European Commission; Moderator of the morning panels |

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|-------------|--|
| 10:00-11:30 | <u>1st Panel: Southern perspectives of Microcredit</u> |
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Ayesha Pervez (India), Development professional - New Delhi, India
Désirée Zwanck (Germany), Gender Advisor, HEAL Africa – Goma, DRC
Muliri Jeanne Kabekaty (Congo DRC), Project Coordinator for the "Gender and Justice Maniema" Program, HEAL Africa - Goma, DRC
Liliana Alegría Zevallos (Peru), Freelance consultant - University of Salamanca, Spain
Nadège Bibila (Congo Br.), researcher, CERAPE – Congo Brazzaville

Moderator: Agnès Hubert, Policy Adviser – European Commission.

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| 11:30-11:45 | <u>Coffee Break</u> |
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| 11:45-12:30 | <u>2nd Panel: Microcredit in the EU policies</u> |
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Cindy Fökehrer, DG Enterprise and Industry – European Commission
Lämmermann Stefanie (France), Junior Programme Manager - European Microfinance Network

Moderator: Agnès Hubert, Policy Adviser – European Commission.

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| 12:30-14:00 | <u>Lunch Break</u> |
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| 14:00-15:00 | <u>3rd Panel: European perspectives of Microcredit</u> |
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Prof. Marcella Corsi (Italy), member of a Microcredit institution, researcher at the Sapienza Università – Roma, Italy
Fabrizio Botti (Italy), temporary research fellow on gender perspectives of microcredit on the Balkans at the Sapienza Università - Roma, Italy
Marion Bur (Luxemburg), Communication & Awareness Policy Officer, ADA – Luxemburg

Moderator: Bénédicte Allaert, Executive Director - WIDE

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|-------------|---|
| 15:00-16:30 | <u>Interactive debate between the participants and the panels</u> |
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Floor is open to interact, discuss and reflect on the presentations. Participants will have an opportunity to interrogate with the three panels and speak out!

Moderator: Bénédicte Allaert, Executive Director – WIDE

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| 16.30-17.00 | <u>Conclusions and closing</u> |
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| 17.00 | <u>Cocktail</u> |
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ANNEX 2

Reflections on the consultation day by Lilana Alegria Zevallos

- If their products and services take into consideration the power structures and those factors which perpetuate existing social inequalities, micro-finances can have a significant impact on the empowerment process. It has been suggested that those actors who design microfinance programmes and tools should examine the theoretical approach and the historical origin, structure and manifestations of inequality relations.
- To design innovative and tailored products and to increase the loyalty of customers with a successful credit history; often these people have the potential to become social and political intermediaries who can play a significant revitalizing role in their own local communities.
- To continue working towards harmonized indicators to monitor the impact of gender relations at a macro level.
- To promote and support the work of MFIs¹ using a comprehensive approach. That is to say, an approach which includes training and teamwork, because these contribute to the exchange of experiences and can trigger results at different levels, given the constraints placed on women's goal-fulfilment by the family, society and state.
- To encourage international governments, institutions and donor partners to focus on those institutions working according to comprehensive principles. These institutions are the only ones that include among their customers a significant number of people in extreme and structural poverty. Most of the large and medium-sized microfinance institutions use the slogan "fighting poverty" to obtain and channel financial resources from international cooperating partners, but their number of extremely or structurally poor clients is frequently insignificant.
- We believe that supporting the set-up of an ISSO 9000 quality standard is an urgent and necessary matter², in order to monitor whether MFIs work in the service of the population in extreme and structural poverty. This includes the elaboration and harmonization of a number of reliable and verifiable indicators by partner and donors.

CONSIDERATIONS:

We suggest an evaluation of the theoretical approach and historical origin, structure and manifestation of inequality relations according to the following arguments:

- We start by rethinking the role of credit as necessary but not sufficient to achieve women's empowerment. Micro-finance is mainly an instrument to provide financial services or part of a broader development strategy, but not the only way in which to improve the situation of under-resourced sectors
- From an institutional point of view, we believe that MIDE's initial intervention has not been firmly grounded on the knowledge of theoretical foundations of gender inequalities and its structural fabric. The goal of MIDE was to provide an economic tool to those population groups which have been historically excluded from the formal financial system, with the aim of alleviating poverty and, secondly, fighting gender inequality. It is worth pointing out that we have witnessed a change in MIDE's institutional policy approach regarding the conception, construction and adaptation of the concepts of impact and empowerment.
- We are aware of other lines of reasoning which should be included in MIDE's agenda and institutional policy. We believe that some issues which can have an impact on microfinance services have not been identified or dealt with, such as those of a structural nature, inequalities in the use of power, the use of time (in the public, domestic and private domains), as well as sharing responsibilities and increasing the visibility of domestic work and sexist, domestic or sexual violence.
- We believe that it is essential to examine the history and ethnology of the origin, structure and preservations of these inequalities in order to achieve full knowledge, understanding, questioning, and a raised awareness of this

¹ Microfinance institutions.

² ISO 9000 are quality and continuous quality management standards established by the International Organization for standardization (ISO) which can be applied to any organization or systematic activity focused on the production of goods and services. They consist of standards and guidelines on management systems, and specific tools such as auditing procedures (verifying that management systems comply with the standard).

problem. From an institutional point of view, the solution to the problem of the empowerment of social capacities is seen as achievable by dealing with self-esteem and personal development, because limitations are thought to originate from a psychological problem. However, the origin and supporting fabric of gender inequalities, as well as the perpetuation of prejudices and stereotypes related to the female gender, are never called into question.

It is therefore suggested to look at the relevant theoretical framework:

1. To carry out a critical examination of the theoretical and scientific concepts backing women's current situation.
2. To promote the elucidation of ideological aspects not grounded on reason, which place women in a subordinated position.
3. To put the patriarchal ideology into question: the relationship between the Judea-Christian religion and capitalism, based on biologism, supports the differences and validates a hierarchical relationship between genders, which is reflected in all aspects of the social order in the form of sexual, economic, intellectual, religious, psychological and affective oppression against women.
4. To question some of the social manifestations of the historical-cultural Inca heritage³, which convey a significant amount of gender bias and discrimination against women.

Shared negotiation and debate spaces:

- We suggest that MIDE's institutional intervention should include a number of activities involving the joint participation of men and women on equal terms. Even if the credit is granted to a woman, the decision of whether to accept it or not, the use and allocation of the credit and usufruct of the profit seem to be discussed and evaluated with the partner or family. The institution will thus encourage shared debate, negotiation and reflection spaces and activities on the common rights and liabilities between genders. If done in any other way, the upsetting of historical male and female roles could create spaces for opposition instead of conciliation and shared responsibility. We also believe that this would be a valuable methodological tool to systematize negotiation processes among couples.
- Finally, we believe that the process of overcoming gender inequalities can also be observed in patriarchal family relations. That is to say, if women are freed, so are men, because when women have access to material resources, resulting in the benefit of their families, men also have access to new experiences and are liberated from gender stereotypes.

AGENDA:

- To carry out an in-depth examination of the gender approach in microcredit programmes, including participative workshops with the institution's work teams on gender approach and the daily life of MFI workers.
- To implement a number of policies when designing strategies and tools according to:
 1. Specific policies: to promote activities and resources benefiting women without regularly calling into question existing inequalities.
 2. Redistributive policies: to try to change existing gender relation towards greater democracy by redistributing resources, responsibilities and power between men and women. Planning this option entails the largest number of challenges as it not only tries to channel resources to women, but also to make men take responsibility in order to achieve a greater equality as a result of development projects and programmes. In order to empower women and not to reinforce their dependency, the aim is to guarantee the access and control of resources and profits, and to fulfil the revealed needs.

³ For instance, in the Ayni, the communal labor of women does not have the same value and cannot be exchanged for that of men. Ayni has a reciprocal family labor system shared by members of the Ayllu, which applies to agriculture and house building. It consists of a group of people working for their family members in exchange for a similar service should the need arise. As the saying goes: "If you scratch my back, I'll scratch yours". As compensation, food and drink was provided throughout the work. This tradition is still alive not only in many peasant communities, but also among mixed-race people from Ecuador, Bolivia and Peru, who help each other in cooking, shepherding and house building.

- To promote a critical conscience about reality, using existing social and organizational networks. The strengthening and advancement of these organizations can and should boost political mobilization to demand improvements in legal, health and education reform for women.
- To work on strategic alliances for specialised training services. The strategic alliances have worked to a certain extent, but their impact is not noticeable. Taking a comprehensive approach means that MIDE will work on training issues which would increase self-esteem and social esteem (effective appreciation). In order to achieve its institutional goals, MIDE participates in strategic alliances with other institutions on issues such as technical assistance, training and access to market. The work carried out so far has been moderate and we have not yet achieved our goals. However, we have managed to have an impact on women with feasible economic initiatives, such as women working in the bakery sector, chocolate, fruit drinks, delicacies and others, who are about to achieve business sustainability. This is also the case of women working with cattle and breeding small animals who have managed to get training at different times to give a boost to their businesses. Another idea is to set up new instruments by means of the strategic alliances in order to provide specialised training, production support or marketing institutions.
- To improve and achieve financial sustainability. The program is still fragile due to its operational and financial costs

