



Change with Innovations

Rural Finance Knowledge Management Partnership (KMP)

Experiences from East and Southern Africa- ESA



Mainstreaming Gender in Rural Finance

Women have traditionally borne the brunt of discrimination and disempowerment for a long time, but rural practitioners have also been making great strides to level the playing field. But this also alienated men. The Gender Action Learning System methodology is being used to mainstream gender in rural finance to progressively create more equity between men and women in a participatory way, and without disrupting household power relations.

Introduction

Rural microfinance has gained recognition as an effective way to enhance growth and reduce poverty and inequality by providing affordable financial services to farmers and communities. Women have been the main receivers of microfinance loans, for several reasons.¹

First, welfare levels of women are generally lower than those of men.

Second, women have to cope with power balances at household, community, cultural and legislative levels, which leave them at a disadvantage compared with men.

Third, women are believed to be more responsible for the wellbeing of their families and are thus expected to use financial services to invest in such a way that income-generating capacities and food security are improved in the long term.

Fourth, accessing microfinance can be an effective tool to increase women's empowerment, their role as 'businesswomen' and to reach gender equality overall.

These considerations make them interesting beneficiaries for rural finance practitioners.² However, there are a couple of bottlenecks:

In many developing countries, official ownership of assets (land, housing, etc.) by women is limited due to legal and cultural norms. Ownership titles are often critical requirements to access loans, limiting women's access to affordable financial services.³ In addition, in many cases women cannot open bank accounts or access loans, unless these are shared or underwritten by their husbands. This can lead to continued appropriation of the wife's income or credit for unproductive or alternative uses by the husband.



In reality, generating income is not always a priority for poor rural women: their priorities are meeting food, education or health needs of the household. Many women are mostly involved in household or farm chores and lack the time and necessary entrepreneurial skills to identify income-generating opportunities or to start or expand business activities. Practitioners that provide credit without accompanying its provision with other services such as business skills development to help women use credit productively cannot expect credit to lead to improved income-generating capacities of households.⁴

Many interventions are designed to be sensitive to gender issues or include specific gender components in programming, products or service delivery. In contrast, gender mainstreaming goes beyond this point by fully integrating gender considerations in rural finance interventions.

Mainstreaming gender is not only aimed at providing financial services to women specifically or to empower them, but aims for financial service delivery that is sensitive to local power relations, legislative contexts and cultural norms in order to provide access to both women and men. Contrary to benefitting women only, gender mainstreaming aims to make microfinance *less* gender specific by mainstreaming the gender dimension as an integral part of financial service provision.

Strengths and Weaknesses of Gender Mainstreaming

Strengths

Mainstreaming gender in rural finance has a positive effect on empowering both men and women and can contribute to gender justice, as demonstrated in Box 1.

Gender mainstreaming calls for services, products and interventions that are sensitive towards gender-constructs in local culture and needs, instead of a 'one size fits all' top-down approach. KMP conferences have shown that such interventions can improve outcomes.

Gender mainstreaming requires practitioners to address issues such as the contextual gender division of labor, decision-making processes and control, and legal ownership of income and assets in their products, services and processes. Addressing these issues can lead to more effective service delivery and improve returns in the long term.

Weaknesses

In practice, there is a tendency to believe that gender mainstreaming remains focused on women. When men perceive that benefits accrue mainly to women, interventions can lead to situations where men feel interventions lead to male 'under empowerment' as is further explained in Box 2.

Gender division of labor and power is often deeply rooted in society, traditions and cultural norms. When this status quo is challenged through providing rural finance interventions to women, traditional family power relations can be threatened (Box 2).

Box 1: Empowering women through integrated microenterprise and capacity-building services

The Bukhonzho Joint Cooperative Microfinance Service Limited (BJCM) includes capacity-building practices through a Gender Action Learning System (GALS) methodology. BJCM creates microfinance group forums where creating awareness on gender justice awareness creation is central.

Each member of the group sets objectives for their needs, and ideas about empowerment. These objectives are created through education and discussions. Through setting up concrete action plans on how to reach their self-designed state of empowerment, the following results were achieved:

- Increase in legally recognized equal land rights for spouses
- More shared household responsibility
- Shift in decision-making from 'norm-governed' to 'negotiated' decision-making and from male-dominated to joint or female-dominated decision-making'

Bukhonzho Joint Cooperative Microfinance Services, Uganda, by Getaneh Gobezie - KMP workshop 2012⁵

Box 2: Gender discrimination and male disempowerment in rural finance

In male-dominated societies, including women empowerment in microfinance services can have an effect on power relations and division of labor. There are cases where men experience women's empowerment as being equal to '**male disempowerment**' and 'handing power over to women'. Men can construe empowering women as a threat to their status in the household or the community and lead to conflict. For example, in most households, men have the final say in the use of household income. When women access credit or earn more income, such traditional power relations and labor divisions are threatened. Sharing leadership positions in groups can also diverge from the status quo.⁶

While inequality in the household and community mostly affects women, poor men can be as powerless as poor women. As women remain the target recipients in many microfinance programs, **gender discrimination** against men might actually become an issue in rural finance.⁷

To avoid gender discrimination and male disempowerment, mainstreaming gender in financial services is important. It is important to ensure that interventions create more equity between men and women in a participatory and step-by-step way, and do not disrupt household power relations.

As presented during the KMP workshop 2009 and 2012.



Critical Success Factors for Gender Mainstreaming

To avoid 'one-size-fits-all' approaches and top-down rural finance, interventions should give way to more **participatory methods** that build on cultural and legal norms, local socio-economic realities and existing social networks. In this way, interventions can cater more closely to the specific needs and expectations of beneficiaries.⁸ The Gender Action Learning System (GALS) (Box 3) is a tool with a proven track record of a successful participatory method.

Sensitizing men builds awareness of the importance of empowering women and takes away the fear that female empowerment leads to *male disempowerment* or gender discrimination. Sensitization can for example be achieved by assigning both female and male members of savings and loan groups' decision-making power or leadership positions. Involving men in such groups enables women to be more open about their needs and aspirations in wider society, and creates more acceptance among men of women being in leading positions.^{9 10}

Many poor women lack basic education or business skills—often related to division of labor and unequal schooling of boys and girls—which can lead to inappropriate use of credit and over-indebtedness. Gender mainstreaming therefore also requires that interventions are **accompanied by other services** such as business skills development, labor-saving technologies and education on gender.¹¹

Box 3: Gender Action Learning System

The Gender Action Learning System (GALS) is a community-led empowerment system that aims at 'constructive economic, social and political transformation' in gender relations.¹³ Its main goals are:

Individual livelihood planning: GALS allows women and men, including those who cannot read and write, to determine what empowerment means to them and to create their vision for change in gender relations. Members create concrete action plans on how to reach those goals.

Institutional awareness-raising and changing power relations: GALS is used to communicate members aspirations and strategies to financial service providers for staff to reflect on and learn. More respect for the views and interests of poor men and women is created, while challenging current gender behavior. It also aims to provide more voice to women in institutional decision-making.

Collective action and gender advocacy for change: individual visions and strategies developed in workshops are shared in discussions with microfinance staff, development agencies and government officials to develop collective strategies for gender mainstreaming.

GALS has been used successfully to mainstream gender in rural finance interventions. It has allowed beneficiaries to determine how empowered they are and to set up goals on how to reach gender equality through the intervention.¹⁴ As the system uses tools such as pictorials and symbols, persons without formal education get the opportunity to participate in this learning system.¹⁵

Staff in microfinance institutions without training on the topic can be insensitive towards gender issues. **Sensitizing microfinance staff on gender through discussion and training** is a successful method to improve service delivery to women. Topics to discuss include improved awareness of bottlenecks to women face in accessing finances, which can lead to changes in loan application requirements but also in practical issues such as adjusted opening hours or outreach at specific events where many female community members are likely to be present.¹²

Critical Failure Factors for Gender Mainstreaming

Rural women are not a homogenous group. Their position in society differs between ethnicities, cultures and religions in many areas. When the **local context is ignored** there is a likely chance that gender mainstreaming in rural finance interventions will fail.

To access financial services, **collateral or a male co-signatory** is often required. As many women have little access to assets, they have limited access to financial services. Institutions should therefore consider ways of adapting requirements that allow women who do not legally own any property to benefit from service provision or ways that take better stock of assumed mutual support that should exist in a marriage or partnership.^{16,17}

Project costs: Mainstreaming gender by including additional services or programme components on gender with separate targets, budget lines and monitoring and evaluation requirements can greatly increase costs of rural finance interventions. It is therefore important that gender mainstreaming is conceived as an integrated service in rural finance interventions.

Criteria for selecting financial intermediaries should include:

- Possess or be willing to develop appropriate credit packages suitable for small-scale producers
- Have the capacity to scale up and to serve rural clients engaged in the agricultural sector
- Be profitable, have a high outreach serving more people and reaching more of the under-served
- Have the capacity for resource mobilization and the appropriate legal status of operations
- Should include poor farmers even if it is a modest percentage of the institutions business, as institutional sustainability requires a certain level of diversity of both clients and risk
- Have a poverty outreach, i.e. offering products and services that are pro-poor such as minimum balances for basic deposit products and loan sizes for loan products

Terms and conditions of engagement should include requirements for transparency and disclosure on the pricing structure of credit, terms and conditions of financial products.

Conclusion

To successfully mainstream gender in rural finance interventions, it is necessary to sensitize staff as well as female and male beneficiaries on issues of gender equality, empowerment and power relations. A proven way of mainstreaming gender in rural finance is the use of participatory methods where local communities and individuals are invited to participate in contextualizing local gender relations and setting out their own future actions, without requiring separate programme components in interventions.

More information

For more information, please refer to KMP's website at <http://www.ruralfinancenetwork.org/>, or contact KMP staff at info@ruralfinancenetwork.org.

Endnotes

- 1 KMP (2010), Value Chain Financing: Opportunities & Challenges, Joint Rural Finance regional Thematic Workshop, September 2009, Kigali, Rwanda.
- 2 WWB (2011), Solutions for Financial Inclusion: Serving Rural Women, <http://www.microfinancegateway.org/p/site/m/template.rc/1.9.50429/>
- 3 WWB(2011), Solutions for Financial Inclusion: Serving Rural Women, <http://www.microfinancegateway.org/p/site/m/template.rc/1.9.50429/>
- 4 KMP (2010), Value Chain Financing: Opportunities & Challenges, Joint Rural Finance regional Thematic Workshop, September 2009, Kigali, Rwanda.
- 5 KMP (2012), Workshop report: Effective Rural Finance Delivery Methodologies for Increased Productivity, September 2012, Maputo, Mozambique.
- 6 KMP (2012), Workshop report: Effective Rural Finance Delivery Methodologies for Increased Productivity, September 2012, Maputo, Mozambique.
- 7 KMP (2010), Value Chain Financing: Opportunities & Challenges, Joint Rural Finance regional Thematic Workshop, September 2009, Kigali, Rwanda.
- 8 KMP (2010), Value Chain Financing: Opportunities & Challenges, Joint Rural Finance regional Thematic Workshop, September 2009, Kigali, Rwanda.
- 9 KMP (2012), Workshop report: Effective Rural Finance Delivery Methodologies for Increased Productivity, September 2012, Maputo, Mozambique.
- 10 IFAD (2009), Gender and rural microfinance: Reaching and empowering women Guide for practitioners, http://www.ifad.org/gender/pub/gender_finance.pdf
- 11 KMP (2010), Value Chain Financing: Opportunities & Challenges, Joint Rural Finance regional Thematic Workshop, September 2009, Kigali, Rwanda.
- 12 FAO (2005), Promoting gender-sensitive entrepreneurship via microfinance institutions http://www.fao.org/sd/dim_pe1/pe1_050401a1_en.htm
- 13 KMP (2012), Workshop report: Effective Rural Finance Delivery Methodologies for Increased Productivity, September 2012, Maputo, Mozambique.
- 14 KMP (2012), Workshop report: Effective Rural Finance Delivery Methodologies for Increased Productivity, September 2012, Maputo, Mozambique.
- 15 WEMAN, Gender Action Learning System http://www.wemanresources.info/2_GenderActionLearning/2_0_GenderActionLearning.html
- 16 WWB (2011), Solutions for Financial Inclusion: Serving Rural Women, <http://www.microfinancegateway.org/p/site/m/template.rc/1.9.50429/>
- 17 Kristiano Raccanello, Collateral ownership and women's participation in informal finance schemes http://www.academia.edu/1046280/Collateral_ownership_and_womens_participation_in_informal_finance_schemes

About The Rural Finance Knowledge Management Partnership (KMP)

The Rural Finance Knowledge Management Partnership (KMP), now in its third phase, is an initiative of the International Fund for Agricultural Development (IFAD). The partners are the Alliance for a Green Revolution in Africa (AGRA), the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM) and the African Rural and Agricultural Credit Association (AFRACA).

KMP aims to strengthen rural finance delivery in Eastern and Southern Africa through knowledge management and experience sharing, capacity building and providing technical and implementation support. It does this by developing new, innovative ways to provide financial services to the rural poor.

An important focus of KMP is to share and disseminate best practices. The KMP experiences are intended to do just that, by bringing together all information collected by KMP and its partners on specific rural finance subjects, most notably during its Rural Finance Thematic Workshops.

This Guide highlights experiences in gender mainstreaming in rural finance, combining the results of Rural Finance Thematic workshops which were held in Kigali-Rwanda, Lusaka- Zambia and Maputo- Mozambique, with other KMP activities and recent information on this topic.

After detailing the benefits and difficulties of gender mainstreaming, the experiences provide a comprehensive analysis of strengths and weaknesses of gender mainstreaming in rural finance, and offers practitioners in Africa critical success and failure factors they need to consider to improve the affectivity and efficiency of their intervention.

Rural Finance Knowledge Management Partnership (KMP)

2nd floor, Shelter Afrique Building, Mamlaka Road, off Nyerere Road

P.O. Box 41378 – 00100, Nairobi, Kenya | Tel: +254 20 2713702/04 | Fax: + 254 20 2713706 | Email: info@ruralfinancenetwork.org

www.ruralfinancenetwork.org