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Gender and microfinance: one step forward, two steps back?

MICROFINANCE IS WIDELY REGARDED AS A 'MAGIC BULLET' CAPABLE OF RESOLVING AN ARRAY OF DEVELOPMENT PROBLEMS INCLUDING POVERTY, GENDER INEQUALITY AS WELL AS FINANCING DEVELOPMENT FROM THE BOTTOM-UP, WRITES **KAVITA DATTA**, A LECTURER IN THE DEPARTMENT OF GEOGRAPHY, QUEEN MARY, UNIVERSITY OF LONDON. YET, WHILE A FOCUS ON WOMEN HAS OFTEN BEEN INTERPRETED AS ILLUSTRATING THE CAPACITY OF MICROFINANCE PROGRAMMES TO PROMOTE WOMEN'S EMPOWERMENT, IT IS IMPORTANT NOT TO CONFLATE THE TWO.

Such is the popularity of microfinance, that 2005 was named the UN Year of Microfinance, while the founder of the Grameen Bank, Professor Mohammed Yunus, was awarded the Nobel Prize in 2006. Perhaps unsurprisingly then, a diverse range of organisations are involved in these programmes including international financial institutions, bi-lateral donor agencies, national governments, civil society, banks and other financial organisations.

In turn, women have emerged as key targets of microfinance programmes. In their 2002 report for UNIFEM, *Empowering women through microfinance*, Susy Cheston, Senior Vice President of Policy and Research for Opportunity International and Executive Director Emeritus of the Women's' Opportunity Fund, and Lisa Kuhn, Program Analyst for Opportunity International, note that women's access to microfinance has increased substantially over the last ten years. As such, women account for nearly 14.2 million (or 74 percent) of the 19.3 million poor people being served by microfinance institutions. Yet, while a focus on women has often been interpreted as illustrating the capacity of microfinance programmes to promote gender equality and women's empowerment, it is important not to conflate the two, says Susan Johnson in an article in the *European Journal of Development Research* in 2005. Even while microfinance programmes target women explicitly, they do so for a variety of reasons reflecting quite diverse understandings of gender and resulting in a variety of gender outcomes, including potentially the disempowerment of women.

Linda Mayoux, in her work, *Women's empowerment through sustainable microfinance: rethinking 'best practice' (2005)*, identifies three different approaches to microfinance even while acknowledging that there are considerable over-laps between them. They are the financial self-sustainability, poverty alleviation and feminist empowerment paradigms.

Taking these in turn, the financial sustainability model is essentially premised upon a liberal perspective that gender inequalities are harmful for economic growth and development. Proponents argue that increasing women's access to financial resources has two inter-related positive impacts: it enhances women's productivity and the overall economic development of communities and countries in the Global South. The efficiency and sustainability of programmes which target women also underwrite the interest in extending financial services to them. Research indicates that schemes which target women have potentially higher repayment rates.

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As such, one could argue that this approach essentially focuses on women due to an interest in economic growth, financial sustainability and efficiency, and is driven by what women can do for microfinance and development rather than the other way around.

The poverty alleviation approach is based upon a consensus that meanings, experiences and processes of poverty are fundamentally gendered. The 1995 UN *Human Development Report* estimated that 70 percent of the world's 1.3 billion poor were women and led to the coining of the phrase the *feminisation of poverty*. Widely popularised by subsequent international women's conferences, the prevalence of poverty among women informs the Millennium Development Goals which centred upon the need to eradicate poverty.

While more recent research has identified key deficiencies in the feminisation of poverty thesis, the aim of microfinance to extend financial services to the poor means that a focus on women is justified on the grounds that it can reduce their vulnerability to poverty. At the same time, women's greater investment in the household which is partly attributable to a 'feminisation of responsibility and obligation' (Sylvia Chant 2006) also means that targeting women has potentially beneficial impacts upon their dependents and households.

Arguably, the focus on women here is also related to wider concerns about poverty rather than women or gender relations per se. As Ms. Johnson argues, gender relations determine the effects that loans have on women, some of which may work in favour of women while others may not. Furthermore, neo-liberal restructuring means that women's responsibilities and duties within and beyond the household have intensified, adversely affecting their health.

Finally, and perhaps most significantly, the feminist empowerment paradigm explicitly views microfinance as an effective entry point to achieving gender equality and women's empowerment. This viewpoint is supported by the *Convention on the Elimination of Discrimination Against Women* (CEDAW) and the *Beijing Platform for Action* (BPFA). It is also firmly rooted in initiatives located in the Global South including the Self Employed Women's Association in India with programmes attempting to address both macro- and micro-level obstacles to gender empowerment.

But the challenge remains of how economic empowerment can be linked to wider social and political empowerment, and whether ironically, increasingly women's access to economic resources endangers their existing networks while also taking them away from other social and political activities.

As such, significant challenges remain in realising the potential of microfinance to promote greater gender equality and empowerment. There must be a renewed initiative to move away from simply targeting women to explicitly focusing on gender roles, relations and empowerment which must be the starting point of all interventions.