



Microfinance and the Empowerment of Women: Will the Silent Revolution Take Place?³⁹

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In September 2003, Selvi J. Jayalalitha, then Chief Minister of Tamil Nadu, gave a speech evoking the “silent revolution” underway in the Indian countryside thanks to microfinance. Women, she said, had acquired “top status” in society and the era of their dependence on men had changed forever. A glance at the Indian countryside unfortunately shows that such assertions are more utopian than realistic. Selvi J. Jayalalitha could be accused of naivety or dishonesty. This simplistic view, which lends microfinance excessive “virtue” in matters relating to the empowerment of women, far exceeds the Indian context. At the same time, a completely opposite position maintains that microfinance is only an instrument of neo-liberalism and patriarchy, increasing the burden of responsibility that falls to women without giving them any more power in return (Fernando, 2006).

Postulating an automatic, linear connection between microfinance and the empowerment of men – a position shared by many international organisations – is a convenient argument serving to justify public disengagement and delegate a growing number of responsibilities to impoverished populations, and women in particular. Nevertheless, condemning microfinance, on the grounds that it acts as a vehicle for an ideology that is necessarily harmful to the interests of the poorest populations, does not hold true either. As we have previously written on a number of occasions, in a context of growing financialisation (Servet, 2004), access to microfinance services must be considered a right (Guérin, 2004; Guérin and Palier, 2005).

39 Source: Finance & the Common Good / Bien Commun, Issue no. 25, Autumn 2006, p.76-82.



Only Subtle Changes

On the basis of the Indian example and a dozen impact studies conducted over the last few years, this article proposes to summarise the effects of microfinance on the empowerment of women, defined here as the process of gaining access to more power, the notion of power being understood in its broadest sense (economic, social and political). In spite of the variety of results in the impact studies – which is as much attributable to the diversity of contexts and mechanisms as it is to the methodologies employed – a few common conclusions emerge. In short, the “revolution” announced has not yet taken place, and will probably never take place – not thanks to microfinance, in any event. Access to microfinance services serves to begin or accelerate some changes, but proves incapable of modifying structural constraints – how can one claim to turn social norms upside down by using a simple financial tool, when decades of feminist struggle have not managed to shake them – all while sometimes causing tension and conflict. Here again, the opposite would be surprising: any form of social change necessarily gives rise to resistance and opposition. Any process in which relationships of power are at play is, by its very essence, conflictual.

The Impact On Relations Between Men and Women

Let us now go into more detail.⁴⁰ Access to financial services is already an innovation in itself. For many women, it is the first time that they are saving in the form of money. Up until now, either they did not save in this way or they tried to hide it, in order to avoid any risk of their husbands appropriating it. The acquisition of goods in women’s names is probably one of the major effects, particularly when it is known that access to property remains a fundamental source of inequality in the Indian context. For many, it is also an opportunity to benefit from a “productive” loan, even though the use and control of such a loan escapes them in many cases. Largely denounced by a number of observers following a study conducted in Bangladesh in the 1990s which showed that only between 10% and 40% of women actually controlled the use of a microloan, this issue of “misappropriation” seems to be difficult to avoid as often the family budget is managed by the head of the family.

On the other hand, what is interesting is the evolution: A growing number of women now have a say in how the family is managed. Let us also note that a large number of businesses are jointly run, with the husband in charge of external relations and large purchases. Businesses managed by women remain

40 All the effects mentioned in the following paragraphs are taken from the impact studies presented in the collective work by Guérin and Palier, 2005.



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confined to typically “female” sectors that are generally not capitalistic, but rather are part-time, based at home and often generate little profit. The sexual division of productive activities therefore has difficulty in evolving. It has also been noted that the diversification of activities is in fact very limited: few women really become entrepreneurs thanks to microfinance. Either they already have an activity that they consolidate and strengthen through microfinance, or they use the microloan for consumer expenses; considering the often very high costs of informal loans, the impact can be very positive, but the risk of excessive debt cannot be excluded either, and has already been observed.

Improvements in Status: Tensions and Compromises

The issue of improvements in status yields mixed results. While some women feel that they are given much more acknowledgement and attention, on the other hand there are others who believe that access to microfinance changes absolutely nothing, and even creates more problems than it solves. The opinion and position of men and the in-laws are decisive here: support for some, outright resistance for others, the family position most often takes the form of a compromise, the woman/wife being allowed to take part in the microfinance mechanism on condition that she fulfils her family obligations beforehand. For a great many women, access to microfinance services is given concrete expression in an increased burden of responsibility as, in addition to their domestic tasks, they must devote time to group meetings and be involved in other activities imposed by the microfinance organisation. Such participation therefore sparks resistance and tensions with close relatives and for the women themselves, who are torn between their family and professional obligations.

The Ambiguities of the Collective Approach

The collective approach is predominant in India, in the form of the Self-Help Group “model”: Mutual aid groups of between 15 and 20 women in charge of managing the collection of savings, the allocation and repayment of loans, often with the support of an NGO. The collective approach appears to favour the empowerment process. The organisation of individuals into groups facilitates the creation of forums for discussion and collective action limiting isolation and withdrawal and favouring mutual reinforcement, mutual aid and a process for building self-esteem. This, however, is on condition that the operation of the groups be monitored and supported over time and, unfortunately, is far from being systematically the case. Convincing members of the group’s interest, expressing personal and collective aspirations, managing tensions and conflicts are elements of *savoir-faire* that are neither innate nor spontaneous.



Unfortunately, a great many NGOs are often pressed by fund providers who are more attentive to quantitative (number of loans and repayment rate) than qualitative (operational quality of groups, women's wellbeing) results; the NGOs also have very few means to dedicate to training and monitoring groups. Conflict, misappropriation, exclusion, disappointment and frustration: There are many problems linked to the malfunction or breakdown of groups.

In addition to the quality of the support given, the role of the group leaders is also decisive but – yet again – given little recognition or support. While there is often a fine line between leadership and authoritarianism, and the “frontier” between personal and group interests is sometimes blurred (leaders using “their” group to broaden their social group, and not hesitating in appropriating part of the loans for themselves, etc.), the fact remains that these women leaders are exemplary.

It is through them that new ways of thinking and acting are gradually spread. Considering the responsibilities that they carry, the travelling they must do and the personalities with which they must regularly come into, it is for them that the empowerment processes are the most pronounced; but it is also for them that the risk of conflict and tensions are the most marked. The competences required go against social norms in matters of feminine virtues.

Political Empowerment?

The collective approach is supposed to favour so-called “political” empowerment, i.e. involvement in local political institutions, participation in public demonstrations, protests in support of individual rights, the lobbying of public authorities, etc. A great many Self-Help Groups are called upon to play this role and thus supposed to support the process of decentralisation that is currently underway in India. But what do we see in practice? Spontaneous mobilisation is exceptional. It is when the microfinance organisation offers adapted support that women's groups become involved in the management of shared goods on a local scale, in supervision groups for public interest works, in protest action to obtain basic services or even in local assemblies resulting from decentralisation. Some federations are also beginning to see the light of day. While groups are producers of externalities, the fragility of these forms of collective action and the resulting risks of dissolution ought to be highlighted: lack of transparency, poor management, conflicts with men or with other communities. Finally, exploitation by political parties are permanent dangers.



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Becoming Aware of Limits...

Should we abandon all hope and condemn microfinance, on the pretext that it will only have a limited impact? No, but it is becoming urgent to increase awareness of the limits of the instrument and not to overestimate its potential.

Microfinance is simply a financial tool allowing families – and especially women – to better manage family cash flow. On the other hand, there is no reason why this financial service should automatically lead to a process of empowerment. When, from an economic point of view, the effects are limited or disappointing (low profitability, repetition of the sexual division of labour and its hierarchical nature), a major impact is seen nonetheless. The new mobility experienced by a large number of women who had, until now, been confined to the village or even the neighbourhood. A Western observer who is unfamiliar with those kinds of interdicts and sexual norms may hastily conclude that the impact has only been minor. This newfound freedom is, however, essential. Naturally, it is relative, and not without its ups and downs. Women are still permanently faced with resistance from their family and their in-laws, and they are also the subject of many suspicions on the part of their close relatives. While the process is necessarily chaotic and sometimes laborious, the opening on to the outside world and the awareness that the horizon of the village or the neighbourhood is not an unchanging frontier, represent considerable progress.

... As Well As The Potential

Appreciating the collective dimensions of empowerment for their actual value also supposes a proper understanding of the initial context: In the Indian context where - unlike a great many African or South American countries – the concept of women's collective action is only just emerging, the mere fact that women are being allowed to come together as a group is already a huge step forward. In a context where democracy remains very formal and non-egalitarian – particularly as far as women are concerned – the principle of Self-Help Groups represents an unexpected opportunity to give rise to truly democratic practices and to fight against these forms of inequality. Financial independence (which remains relative, this cannot be stressed enough) must be understood, not as an automatically transformed resource, but simply as an element that is likely to modify the parameters of choice (Kabeer, 1997). Financial independence increases women's margins for manoeuvre within a structure which is only evolving slowly itself. This perspective served to interpret the potential of microfinance in a realistic, reasonable way.



This tool offers women an additional opportunity that is likely to increase their negotiating power within a framework constituted of all social and sexual norms in force in a given society, and which regulate the respective behaviour of women and men. These norms are the result of a permanent dialectic between individual practices and collective constraints. They are neither set nor irreversible. But the weight of systems of representation and their normative nature gives them an inertia that is sometimes disconcerting. Being aware of the weight and inertia of social norms incites one to remain modest as to the possible effects of microfinance: Whatever the quality of the range and the degree of technicality of the financial products available, the road to equality will necessarily be long and, if microfinance does indeed contribute, that can only be in a marginal way.

Going Beyond Instrumental Concepts

As a conclusion, what suggestions can be made for improving the effects of microfinance? There is an increasingly urgent need to go beyond the instrumental concepts that prevail today. At this point in time, the targeting of women can be explained essentially by reasons of effectiveness. It is supposed, on the one hand, that women will allocate more of the income to their family's wellbeing (Guérin, 2000) and, on the other hand, that women are more "docile" and more "disciplined" in matters relating to repayments. The equity arguments – considering microfinance as a right for women and serving the fight against gender inequalities – are ultimately limited to a minority of organisations. This statement, which has been made a number of times on a global level (Brown, 2002; Fernando, 2006), is seen once again in India, where 95% of customers are women.

For many NGO managers, the question "why do you target women" is, in fact, surprising as the answer seems to go without saying. They have little awareness of the discrimination that comes to bear on women and do not develop specific courses of action in that sense. The position adopted by public authorities is even more problematic. Whereas microfinance was originally introduced by civic organisations favouring a global approach to microfinance (Fisher and Sriram, 2002), today in southern India – in particular Tamil Nadu and Andhra Pradesh – microfinance is now part of the main tools used by public policies on the fight against poverty, but with means that are vastly inferior to what are highly ambitious objectives. Here, microfinance is nothing more and nothing less than an instrument serving populist, demagogic policies.



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Integrating A More Global Discussion

Feminist movements were the first to denounce the dangers of a purely instrumental approach to microfinance. Without calling the legitimacy of the tool into question, these movements argue in favour of its political foothold and feel that microfinance projects can only be justified where they establish strategic links with others forces of change, including women's networks and movements, as well as women's lobbying and protection organisations (Mayoux, 2003 and 2004; Hofmann and Marius-Gnanou, 2005). The ILO adopted the same position by acknowledging that the purpose of microfinance is absolutely not the elimination of problems relating to poverty – including women's poverty – and that it is only legitimate if it is integrated into a more global discussion on the promotion of fundamental rights, for women in particular (ILO, 1999).

In addition to this political foothold, it is equally fundamental to improve the range of services. Knowing the local context and the specific constraints experienced by women is an initial step, particularly to the extent that social relations vary considerably from one country to the next, or even from one region or community to the next. Adapting financial services to needs in terms of cash and financing is also necessary as there is no choice here but to recognise the predominance of standard services, which are often incompatible with the real needs of women and overlook the diversity amongst women, who are all too often considered to be a homogeneous group. Some innovations emerge here and there but they unfortunately remain confined to a minority of organisations. Raising the awareness of staff – men as much as women – of gender issues is also often overlooked, as is the use of appropriate impact indicators (all too often one settles for repayment levels, it being assumed that good repayments are a reflection of an improvement in the family's wellbeing). Finally, the connection with complementary measures in matters relating to access to basic economic and social rights is absolutely essential.



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