

Exploring Linkages: Women's Empowerment, Microfinance and Health Education





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United Nations Population Fund

and

Research and Applications for Alternative Financing for
Development

in collaboration with microfinance institutions

"... with increased status, independence, income and negotiating power, women are better able to exercise their right to sexual and reproductive health. And when women are better off, so are families and societies. Women's empowerment and participation is essential to economic growth, democracy and social justice and human rights."

--Thoraya A. Obaid, Executive Director, UNFPA

Remarks from a panel discussion hosted by UNFPA and the Microcredit Summit Campaign in conjunction with the 50th session of the Commission on the Status of Women (March 2006).

Weblink: <http://www.unfpa.org/gender/micro/htm>

Readers may be interested in two related publications of UNFPA:

UNFPA (2006). *From Microfinance to Macro Change: Integrating Health Education and Microfinance to Empower Women and Reduce Poverty*.

UNFPA (2008). *Financing Healthier Lives: Empowering Women through Integration of Microfinance and Health Education*.

Both are available online at www.unfpa.org/publications.

Acknowledgements

This booklet presents the highlights of a 2007 survey of women who took loans from microfinance institutions. Conducted in 14 countries in collaboration with 32 microfinance institutions (see below), the survey was designed and analysed by Lora du Moulin of Research and Applications for Alternative Financing for Development (RAFAD). Jean Pouit, Leyla Sharafi and Aminata Toure of the United Nations Population Fund (UNFPA), Gender, Human Rights and Culture Branch, provided project development and review support. Kai Lashley, Barbara Ryan, Gayle Nelson and Divya Alexander provided editing services.

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In Africa, the survey included the following microfinance institutions: in Benin, Promotion et l'Appui au Développement de Micro-Enterprises (PADME) and Vital Finance; in Burkina Faso, Banque Agricole et Commerciale du Burkina (BACB) and Réseau des Caisses Populaires du Burkina; in Malawi, Finance Cooperative (FINCOOP) and Malawi Rural Finance Company (MRFC); in Morocco, Zakoura; in Senegal, l'Association d'Appui au Développement des Collectivités Locales (ADECOL) and Crédit Mutuel du Sénégal (CMS); in Togo, Echange pour l'Organisation et le Promotion des Petits Entrepreneurs (Echoppe) and Women and Associations for Gain both Economic and Social (WAGES); and in Uganda, Bangladesh Rural Advancement Committee (BRAC) Uganda, Foundation for International Community Assistance (FINCA) Uganda and Promotion of Rural Initiatives and Development Enterprises (PRIDE).

In Asia, the survey included the following: in Bangladesh, BRAC, Grameen, Palli Mongol, Proshika and Uddog; in India, International Network of Alternative Financial Institutions (INAFI) India, with two branches located in Madurai and Trichy; and in the Philippines, Service Provider and Capability Enhancer (SPACE) Inc., which is supported by Entrepreneurs du Monde.

In Latin America, the survey included the following: in Ecuador, Diocesis de Ambato, FODEMIC, Instituto de Investigaciones Socioeconómicas y Tecnológicas (INSOTEC), Fundación de Ayuda Microempresarial (FUNDAMIC) and Maquita; in El Salvador, AMC de R.L. and Banco de Cooperación Financiera de los Trabajadores (BANCOFIT); in Nicaragua, Asociación Alternativa Para el Desarrollo Integral de las Mujeres (ADIM), Alternativa, Caja Rural Nacional R.L. and PRESTANIC; and in Peru, Adventist Development and Relief Agency (ADRA).

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I. Introduction

This year marked the 15th anniversary of the Beijing Declaration and Platform for Action at the Fourth World Conference on Women (1995). Among its many recommendations for achieving gender equality and equity is a call for access to financial services as a means of empowering women, especially the millions of women who live in impoverished and marginalized conditions around the world.

This booklet highlights the results of a survey of women clients of microfinance institutions in 14 countries in Africa, Asia and Latin America, with a special focus on the effects of the social services provided by those institutions. It looks, in particular, at dimensions of women's sexual and reproductive health, including domestic violence, and the extent of women's empowerment. It is hoped that the survey findings may provide the impetus for more detailed studies of the relationship between microfinance and women's empowerment and improvements in their health.

A. The challenge

Although they constitute the majority of the poor, women still lack many of the resources available to men. Cultural, political, legal, social and economic barriers prevent women from accessing education, finance and health services. To combat poverty, it is critical that programmes and initiatives target women specifically. By emphasizing women's empowerment and ensuring their access to finance, health care and health information, programmes can help ensure that women become more capable of challenging the barriers that create and sustain poverty.

B. Microfinance: A new direction

Traditionally, money-lending institutions, such as banks, lent funds only to people who had property, a steady job and/or a credit history. They regarded the poor as credit risks. In the last few decades, however, the concept of banking for the poor has become a reality. In such programmes, loans are small and often paid back in daily, weekly or monthly installments. The term "microcredit" has come to identify them.

Often, loans from microfinance institutions have been made to groups of people rather than to individuals as a means of ensuring greater security to the microfinance institution. Although group lending is still prevalent at many microfinance institutions, lending to individuals has become more popular. Today, microfinance institutions may offer diversified loan products, including personal savings options, housing loans, insurance packages and social services, including health education and care. The numerous financial products for the poor all fall under the umbrella of "microfinance."

C. Microfinance and women’s empowerment

Women – often marginalized women, especially among the poor – are the primary loan recipients of microfinance. Women are the gateway to household security, as they generally invest more in the welfare of the family than do men. This includes expenses for education, health care, clothing, shelter and household items. Women are also more conscientious savers to protect themselves and their family against times of crisis. Women are thus an appropriate target group for mitigating poverty and maximizing the social impact of development strategies.

II. Survey methodology

This preliminary study was conducted to better understand and evaluate the impact of microfinance on women’s empowerment and the impact of microfinance-related health education services on their sexual and reproductive health. The survey teams conducted personal interviews with 2,533 female clients of microfinance institutions. Staff of microfinance institutions selected the respondents and conducted the interviews. Respondents had to be at least 18 years of age, and most were between the ages of 26 and 45 years. Because many of the questions pertained to a client’s relationship with her husband, only women who were married or living with a male partner could participate.

Study participants were divided into two groups:

The first was a control group consisting of women who had become clients of a microfinance institution within the past month.

- These women are termed “new clients” in the tables and findings below. A total of 1,246 women were in this grouping.

The second group consisted of women who had been receiving loans for three or more years. This period was deemed long enough to allow for identifiable changes associated with their involvement with a microfinance institution.

- These women are termed “three-year+ clients” in the tables and findings below. A total of 1,287 women were in this grouping.

After a pilot project conducted by RAFAD staff in Nigeria, the survey was refined and then conducted in 14 countries (see p. 3, Acknowledgements, for list of countries and institutions).¹ Study results described in this booklet all represent statistically significant trends.

¹ Note: When assessing the impact of microfinance-related health education services, the survey analysis did not include the new clients, i.e., the first group of women, in the comparison of participants and non-participants in the health services.

III. Findings

A. Empowerment

Gender equality is a critical element of development success. Women's empowerment is essential for achieving gender equality and includes four main components. Integral to women's physical and emotional well-being, these are also fundamental if women are to achieve equal political, economic, social and cultural rights.

1. ***The right to have the power to control their own lives, both within and outside the home.*** This component endows women with the freedom to pursue employment and maintain an income.
2. ***The right to have access to opportunities and resources.*** This component enables women to increase financial and non-financial assets and resources, including savings, land, business acquisitions, food, medical care and family planning needs.
3. ***The right to have and to determine choices.*** This component is critical to women's choices within the household and marriage, including choices on the use of earnings, justification in refusing sexual intercourse and decisions about how many children to have.
4. ***A sense of self-worth.*** This component is relevant to domestic violence and the development of confidence within both the home and the society.

The definition used in this study is from *Guidelines on Women's Empowerment for the UN Resident Coordinator System* (Secretariat of the United Nations Inter-Agency Task Force on the Implementation of the ICPD Programme of Action, 2001). These four components of women's empowerment are socially determined. By addressing them through comprehensive, culturally sensitive interventions, programme designers can help women achieve gender equality and, at the same time, mitigate the impact of poverty.

Survey results reveal that microfinance involvement is significantly correlated with the areas of empowerment indicated above, although not conclusive for the right to have and determine choices in terms of microfinance's impact on women's sexual and reproductive health.

1. The right to have the power to control their own lives, both within and outside the home

A high proportion (87 per cent) of all clients informed their husbands of their microfinance involvement. Moreover, 85 per cent of husbands who were informed supported their wives in this endeavour.

A high overall level of women were self-employed (89 per cent), had an income separate from their husband's (81 per cent), had already started their businesses without microfinance loans (78 per cent) and had a high level of participation in decisions regarding their own earnings and both daily and large household purchases (see table 1).

These findings suggest that microfinance is widely accepted as an appropriate activity by male partners, indicating women's ability to control their own lives both within and outside the home, as women have the freedom and support within their marriage to pursue economic and financial activities. The findings also suggest that microfinance attracts independent, entrepreneurial clients.

Table 1.
Client's role compared with husband's role in expenditure of client's earnings and decisions on household purchases

Who decides on how client's earnings are spent?	Client	50%
	Mostly client	10%
	Client and husband equally	35%
	Mostly husband	3%
	Husband	2%
Who makes decisions regarding large household purchases?	Client	17%
	Mostly client	7%
	Client and husband equally	52%
	Mostly husband	8%
	Husband	16%
Who makes decisions regarding daily household purchases?	Client	43%
	Mostly client	18%
	Client and husband equally	31%
	Mostly husband	4%
	Husband	4%

2. The right to have access to opportunities and resources

This study shows that microfinance increases women's right to access opportunities and resources. It enables them to develop their businesses, increase financial stability, maintain and increase personal assets and meet basic needs (see tables 2 and 3).

Table 2.
Increase in personal savings

	Personal savings
New clients	42%
3 year+ clients	48%

Table 3.
Increases in business and non-business assests

	Increase in business assets	Increase in non-business assets
New clients	31%	78%
3 year+ clients	38%	82%

3. The right to have and to determine choices

By formally recognizing women as preferred and reliable clients, microfinance institutions give women the opportunity to manage money. This contributes to their husbands' willingness to consult and share responsibility with them regarding financial matters, thus promoting women's rights to have and determine choices. The study shows a slight increase in the participation of three-year+ clients over new clients in decisions on the purchase of daily household items.

4. A sense of self-worth

Positive impacts of microfinance on women's self-worth include strengthening confidence. A high overall percentage (91 per cent) of study participants² were convinced that they would increase their income and assets over the following year, part of a healthy sense of empowerment.

The increase in women's self-worth was associated with a lower frequency of domestic violence among three-year+ clients. There was some indication, although not statistically confirmed, that 9 per cent of the women who had been victims of domestic violence on a near daily basis experienced a decline after their participation in microfinance had begun.

A study carried out by Working Women's Forum (WWF)³, a union/cooperative of poor women in India, analyses the connection between microfinance group lending and a decline in domestic violence. WWF found surprising benefits arising from the practice of group lending. In some cases, access to a group of friends or neighbours was shown to be as beneficial as the loans themselves. Through group lending, women's empowerment is also furthered, as the women are required to meet outside the home and work together, thus increasing their role in society and enhancing their support network.

² Including both new clients and three-year+ clients.

³ Working Women's Forum, *Social Platform through Social Innovations: A Coalition with Women in the Informal Sector* (Chennai, India: Working Women's Forum, 2000), 22, cited in Suzy Cheston and Lisa Kuhn, *Empowering Women Through Microfinance* (New York: United Nations Development Fund for Women (UNIFEM), 2002).

B. Health education services

Sexual and reproductive health problems are the leading cause of women's illness and death worldwide.⁴ Reproductive health problems destroy family units, result in social stigma and financial burden and ruin families. By causing death or severe illness, sexual and reproductive problems also adversely affect the economy by diminishing the work force and straining health-care systems.

Through education and routine primary care addressing sexual and reproductive health, however, costly health problems can easily be averted.⁵ With such resources, women are more able to practice family planning, ensure safe births and protect themselves against HIV/AIDS and other sexually transmitted infections. In regard to HIV/AIDS, in particular, women face many obstacles to ensuring safe sex, including unequal power relations, economic dependency and less access to information pertaining to HIV/AIDS. Because they often lack access to medical resources and treatment, the population groups targeted by microfinance institutions are especially vulnerable to sexual and reproductive health complications.

Women whose husbands support their microfinance involvement are more likely to exhibit healthy attitudes and behaviour.

Sexual and reproductive health education services

More than one quarter (746 or 29.5 per cent) of the women in the survey dealt with microfinance institutions that provided health education services.

New clients were not included in the analysis below comparing participants and non-participants in these health services, as those clients had only recently taken their first loan.

The survey found that when health services were provided in conjunction with microfinance, the impact on women's sexual and reproductive health increased.

- Three-year+ clients who participated in health education services provided by their microfinance institution were more likely than non-participants in education to currently use contraception in their daily lives (67 per cent compared with 61 per cent).⁶

⁴ United Nations Population Fund, *State of World Population 2005: The Promise of Equality* (New York: UNFPA, 2005).

⁵Ibid.

⁶ The contraceptive methods included in the inquiry were female sterilization, male sterilization, daily pill, intra-uterine device (IUD), injectable, implant, male condom, emergency contraception, local contraception (sponge, jelly, diaphragm), lactational amenorrhoea, rhythm, withdrawal.

- Three-year+ clients who participated in health education services were also more likely to have a doctor present when giving birth than were non-participants (55 per cent compared with 45 per cent).

Family Planning

The higher the level of education, the more prevalent was the current use of contraception and the discussion of family planning with the husband. In addition, there was an increase in current use of contraception among clients who participate equally with their husband in household finances and purchases, feel justified in refusing sexual intercourse with their husband, have not experienced a decline in health over the past three years and are aware of the various ways to contract HIV/AIDS.

Despite these findings, the majority of those currently using contraception (78 per cent) have financial difficulties purchasing it. This points to the potential or actual ability of microfinance institutions to provide valued health services to their clients.

Effects on Domestic Violence

As mentioned before, in addition to the positive impact of microfinance generally, health education may also further reduce the incidence of domestic violence. There was indication that participants in microfinance-related health education services were less likely to experience domestic violence over the past three years than non-participants.

HIV/AIDS Education

Overall HIV/AIDS awareness and awareness of each of the four ways one can become infected with HIV/AIDS increased only with access to microfinance institutions' education services that specifically address HIV/AIDS.

Participants in HIV/AIDS education provided by the microfinance institution were also less likely to cite lack of knowledge, opposition to use, method-related issues or "other problems" as a reason for not currently using contraception. Consequently, current use of contraception, specifically a male condom or female sterilization, was higher among these clients than among non-participants.

In addition to these positive effects, table 4 shows that the inclusion of an HIV/AIDS education component dramatically increases awareness among borrowers. This, in turn, would likely lead these women to adopt safer practices and help prevent the spread of HIV/AIDS.

Table 4**Effect of education on HIV/AIDS awareness among three-year+ clients**

Ways to become infected with HIV/AIDS	HIV/AIDS awareness among:	
	Women without HIV/AIDS education services	Women with HIV/AIDS education services
Through unprotected sex with an HIV-positive person	89%	95%
Infants can become infected with HIV from HIV-positive mothers before, during or after birth	85%	91%
By sharing needles and syringes with an HIV-positive person	89%	95%
From HIV-contaminated blood supplies	89%	94%
Awareness of all four ways of contracting HIV/AIDS	79%	86%

Finally, a sense of empowerment may also lead to the practice of healthy behaviour. The issues of empowerment and sexual and reproductive health are intertwined. The study shows that microfinance involvement increases empowerment, which could well lead women to seek out education and information, including information via television and other previously unaffordable means of media. and to voice their rights and feelings as they become more confident. Thus, such experiences could enhance women’s HIV/AIDS knowledge.

C. Synergies of health education and microfinance

Empowerment “gains” from health information are enhanced through women’s right to access opportunities and resources. Increased savings, long-term financial planning, and spending on health and health care are all indicated. Furthermore, participants demonstrated increases in business assets, personal savings and investments of more money in education and health care than did non-participants (see table 5).

Table 5**Impact of health education provided by microfinance institution (among three-year+ clients)**

	Increase in				
	Business assets	Personal savings	Investment in health	Investment in education	Use of contraception
Non-participants	32%	42%	8%	6%	61%
Participants	39%	53%	14%	15%	67%

Business assets and personal savings, which would increase with microfinance participation alone, increase even more with clients’ access to health education services.

Increases in indicators such as these – particularly clients’ investments in education and health – suggest that the awareness of health issues (raised, for example, through education programmes sponsored by the microfinance institution) reinforces their importance among clients and highlights the need to adopt long-term sustainable living practices.

Other positive indications that health education realizes benefits for clients include a significantly higher proportion of participants versus non-participants who took part more fully in decisions regarding their husbands’ income. Finally, according to study findings, participants were more likely to have a separate income from their husbands than were non-participants, increasing their power to control their own lives, both within and outside the home.

IV. Conclusions and recommendations

Microfinance brings women together, providing them with a support group and an expansion of responsibilities beyond traditional household duties. Increased financial independence, capacity and responsibility further enhance women’s empowerment.

Microfinance’s frequent loan repayment and, in many cases, group-lending infrastructure requires women to convene at regular weekly or monthly intervals to repay loans and deposit savings. As a result, microfinance has the unique capability to reach marginalized female populations who have limited or no access to health care, health insurance and health information.

The survey findings suggest that loans given in concert with health education services, especially services containing a component on HIV/AIDS, would enhance both the empowerment and the sexual and reproductive health of clients.

Microfinance institutions are ideal for launching such health-related services and, once they have attained financial sustainability through interest payments, would be able fiscally to support these programmes. When implemented correctly, health-related programmes are extremely cost-effective, as exemplified by ProMujer’s ability to provide clients in Peru with access to primary health care for \$3 to \$6 per person yearly.⁷ The task of poverty alleviation, however, need not fall on any one particular agency. A concerted effort by a myriad of organizations will realize the eradication of poverty.

⁷ L. Patterson, *From Microfinance to Macro Change*. Panel discussion hosted by UNFPA and the Microcredit Summit Campaign in conjunction with the 50th Session of the Commission on the Status of Women, New York, NY (March 2006).

This study supports the link between microfinance and social performance, exemplified by microfinance's strong positive impact on women's empowerment and a less verifiable impact on sexual and reproductive health. When microfinance is offered in conjunction with health education services, however, this link is strengthened with a positive impact on both empowerment and sexual and reproductive health.

To follow up on these findings and best understand how to manage and fully capitalize upon this impact, there is a need to evaluate existing microfinance-related health education services. For example, strategies that promote maximum and repeated attendance should be analysed:

- Are services provided at the microfinance institution's office, in the field, at a community centre?
- Is attendance compulsory?
- Are there monetary incentives?
- Are family members encouraged to attend?
- How often are services provided?

Analysis should also focus on the ways health education services can be scaled up and integrated into the loan cycle. For example, how often are services and impact assessments done and how are they incorporated into the loan cycle?

To determine the impact of both the services offered and the extent of clients' involvement, microfinance institutions should design strategies for undertaking regular impact assessments. These would help the institutions maximize the effectiveness of both financial and social services in mitigating poverty and its determinants.

There should be a strong focus on partnerships, especially among United Nations partners and organizations that offer experience and competencies for the combination of health education and microfinance, to consider how best to support microfinance institutions in broadening their scope to include social services. The private sector should be encouraged to work with bilateral and international organizations to support the integration of health education with microfinance programmes. Development agencies, governments and donors can provide support by directing financial resources to microfinance institutions explicitly for the integration of other social services, including health education. These bodies can also advocate and fund evaluation efforts to assess the impact of integrated health education and microfinance services on reproductive health outcomes for poor families.

With this support and knowledge, it would be possible to encourage and design programmes that are beneficial and attractive to the institution, collaborating organizations and, most importantly, the clients.