

Microfinance and Gender in Nicaragua¹

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Summary: Women in Nicaragua constitute about half the clientele of microfinance institutions. This is the result of a high concentration of women in the informal sectors and their difficulties to access official banks. In spite of the high participation of women in the microfinance programs in Nicaragua, there is still a debate about the effects produced by their services on the standard of living of these women. There are concerns related to the indebtedness of the poorest women, the high costs of loans for women, the lack of control of women over the credit and the lack of access to general resources to take advantage of the loans. This article discusses the concerns and possible solutions, and is based upon studies of national and international cases, impact studies in Nicaragua and the perceptions of different participants in the microfinance field in Nicaragua. Ideas, methodologies and models were identified through the systematization of these sources of information, and the expectation is to improve the orientation of financial services provided to women in Nicaragua. The recommended model is based upon two main strategic lines. First of all a financial one addressed towards the consolidation of the sector with the goal of providing a more efficient and inexpensive service, and to adjust financial products to the needs of women. And second, a social approach which searches for the articulation of financial and non-financial services, the control of women over the loans and their empowerment, as mechanisms to guarantee the positive impact of financial services.

I Introduction

Today, microfinance Institutions (MFIs) and Credit Programs constitute an important part of the financial services supplied to small and medium size entrepreneurs as well as small farmers. The services offered by the entities are crucial to facilitate the development of opportunities in these sectors and contribute to the development and growth of the country. The participation of women in microfinance programs is relatively high. In urban and rural areas, the feminine clientele represents 59% and 38% respectively (Agurto and Guido 2001), a result of the concentration of women in the informal sector. The multiple responsibilities of women and their education levels – relatively low – prevent their access to the formal banking sector, in which the representation of women is lower.

Besides assuming practically all the reproductive activities, women in Nicaragua play an important role in the national economy. During the last few years, their participation in the labor market has increased dramatically from 18% in 1950 to 42% in 2000 and according to different forecasts this participation will continue growing (FIDEG, Agurto y Guido, 2001; CEPAL, 2000; PROMICRO/OIT, 2000). The increasing participation of women in economic activities has originated on the one hand by a change of attitude through which women and society have recognized the potential of women; and on the other hand, because many of these women are working to survive the present crisis suffered by Nicaragua. As a result of migration and

¹ Based on a study carried out for the Embassy of the Netherlands in Nicaragua, at the end of 2002.

socioeconomic problems in the year 2000, 38% of urban families and 28% of rural families had a woman as the head of household in 1996, the results were 33% and 20% respectively.

In spite of the high participation of women in MFIs, they receive 42% of the funds in the urban sector and 17% in the rural one. This situation reflects the gap that exists between the amounts granted to women and men. MFIs usually do not differentiate between loans requested by women or men, and the consequence might be that the services are not adjusted to the needs of both. Women maintain priorities in direct relation to their productive and reproductive activities (supporting business and family at the same time), and their businesses are located in sectors that require special attention by credit programs. All of these subjects are discussed in this article.

This article is composed of four sections. Section two contains the conceptual framework used as a base for the analysis of the Nicaraguan experience. Section three presents the experience in Nicaragua in relation to microcredit for women, discussing both the limitations as well as the most important lessons learned. The fourth and final section contains the recommendations for the development of policy instruments in three levels.

II Conceptual Framework

In the world, most people belong to the underprivileged sector of society and an important part of them are women. Additionally, they are self-employed or work in small or micro businesses. It is very unlikely that growth in the formal sector might change this situation in the next few years. If we want to reduce poverty and develop the economic potential of majorities, it is necessary to finance the economic activities of low-income populations (Women's World Banking, 2000).

When low-income entrepreneurs and producers have access to financial services at market rates that respond to their needs, they repay their loans and use the profits to increase their assets and improve their standard of living. Higher income, particularly in the hands of women, is invested in health, education and housing, creating a new meaningful demand for goods and services. Low-income entrepreneur women use their savings to create reliable networks of social security for the family business ((Women's World Banking, 2000). Additionally, it has been assumed that microcredit is an effective tool to increase the economic and social empowerment of the clients, particularly women, as a result of the development of their entrepreneurial activities.

However, in spite of the possible contribution of financial services to improve the situation and empowerment of women, this process does not happen automatically. In many cases, the benefits can be marginal and may even have a negative effect on the empowerment of women (Mayoux, 2000).

This chapter introduces concepts that permit a reflection on the positive and negative effects of financial services on a feminine clientele, summarizing debates on the subject. The concepts presented below will constitute the basis for the discussion presented in the following chapters.

a) *Women empowerment and micro financing²*

Many women's organizations around the world have included a component of loans and savings, as a method to increase the income of women. There are a great variety of perspectives and

² This section has been extracted from the paradigms defined by Mayoux (2000). This paradigms have been presented and discussed during the last Regional Meeting for Central America, Mexico and the Dominican Republic; Nicaragua 18-31 July, 2000. They are part of the most recognized base to analyze the subject of gender and microcredit.

objectives among microfinance programs. Recently, there has been an apparent convergence of common policies; terminology and concerns around sustainability, participation and empowerment as donating agencies and NGOs have tried to respond to their critics and to the activists that have established a constructive dialog. However, under the apparent consensus, it is possible to identify three contrasting “paradigms” with different objectives and underlying perceptions, as well as different prescriptions and priorities in the policies related to micro financing and the policy of gender:

The paradigm of financial self-sufficiency is an effort to insert subjects of poverty relief and empowerment within the neo-liberal agenda. This paradigm is the base for the microfinance models promoted since the nineteen eighties by most donor agencies and the guidelines of Best Practices promoted by the publications of USAID, World Bank, UNDP, CGAP and the Campaign of the Summit of Microcredit. The final objective is programs that are large, profitable and totally independent from the economic perspective, that can compete with other private banking institutions and capable of raising funds in the international financial markets instead of depending upon the funds provided by development agencies. The main target group, in spite of what has been said about favoring the poor,³ are the “bankable poor”, in other words, small entrepreneurs and producers. Discussions have been focused on the establishment of interest rates to cover the costs, the separation of micro financing from other interventions to permit the preparation of separate accounting books and the expansion of the program to increase its outreach, the economies of scale and the reduction of transaction costs.

The paradigm of poverty relief is the base for many community development programs. In this case, poverty relief is defined in terms that go beyond the commercial revenue to include larger capabilities and options, and reduce the vulnerability of the poor. In general, the main focus of the programs are the development of sustainable living resources, community development and the provision of social services such as the teaching of basic literacy, healthcare and the development of infrastructure. The concern is not only to benefit the poor, but the extremely poor. In particular, debates have been focused on the importance of small savings and the facilitation of consumption loans as well as for production, the formation of groups and the possible justification of a level of subsidies for programs that work with groups of particular clients or in specific contexts. Some programs have developed efficient methodologies to approach poverty or operate in remote areas.

The feminist paradigm of empowerment is firmly rooted in the development of some of the first programs of micro financing in the South, including SEWA and WWF in India. In this case, the underlying concerns are equality of gender⁴ and the human rights of women. Micro financing has been promoted as an entry point in the context of a wider strategy to provide economic and sociopolitical empowerment to women centered on the sensitization to gender and the feminist organization. These strategies also include the linkage of women to existing services and infrastructures, the development of new technologies to economize in tasks such as food processing, construction of information networks, exchange of new markets, change to new markets, changes in policies to overcome legislative and unionization barriers (Chen, 1996).

b) The balance between financial and social criteria

Independently of the paradigm applied, the greatest challenge for an MFI that has assumed the mission of improving the standard of living of its clientele is to find a balance between financial

³ For example, in the documents of the Summit on microcredit and the title of the same CGAP.

⁴ The term equality is used in here not in the sense of uniformity, but of equal options and opportunities. It is used instead of “equity” since the conservative right has used this term to justify existing gender differences and divisions.

and social criteria. In global terms, three elements must be considered to evaluate this balance: financial sustainability, impact and outreach (Nusselder and Sanders, 2000), which can be defined in the following manner:

Sustainability, related to the present and future supply of services provided to a target population. This objective is related first to financial sustainability aspects, because without financial balance and growth very few entities can continue operating. Throughout time, it begins to affect its autonomy and independence from the subsidies provided by donor agencies.

Outreach. This point has to do with the coverage provided by microfinance institutions to households and/or businesses, taking into account the target populations of counterpart organizations. In other words, it indicates how far a credit program has been able to serve low-income populations with problems to access financial services, but with the potential to use the credit to improve their socioeconomic position.

Impact: This criterion refers to the effects on development of the funds granted to the target population. It includes both tangible (income level and better housing conditions) as well and intangible (empowerment, creation of new jobs, socio-psychological realization and others) indicators. This criterion is one of the hardest to measure, but its determination in many cases can be the reason for being of the programs and/or projects financed by the donors.

The criteria above maintain a close relationship between them, and there is a certain trade off between one another. On the one hand, microfinance programs shall offer a profitable financial service in which the income perceived from the portfolio can cover the financial and operating expenses, and on the other hand, they must bring their services to a low-income population highly vulnerable to external changes.

According to the objectives of each MFI and the paradigm applied, there will be an inclination towards one of the three criteria; the financial self-sufficiency paradigm, for example, places a greater emphasis and effort on financial sustainability, with the possible risk of turning it into the exclusive final objective. During the struggle to achieve profitability, the program will not necessarily respond to the challenge of serving a low-income population, and gradually might start substituting the original target population for the medium and high strata. The institutions that work according to the poverty paradigm, generally achieve a satisfactory outreach and possibly an accumulation of goods from a large part of the borrowers. However, if this organization faces the progressive deterioration of its recuperation and interest collection indexes, and if it maintains high operating costs, its days will be numbered as far as financial and institutional sustainability. Those institutions that work according to the feminist paradigm, many times will try to offer integrated services with the goal of ensuring a positive impact upon the users. However, if this institution does not maintain a separate accounting of financial and non-financial services, and if it has not clarified the self-sufficiency degree of its financial services, the sustainability of the institution might be at risk, affecting its long-term impact.

III Microfinance and gender in Nicaragua

Traditionally, credit in Nicaragua has been addressed towards men. State owned and large banks did not see the woman as a subject of credit due to a lack of collateral and resources. With the development of MFIs in the nineteen nineties, many of which had the mission of contributing to the improvement of the standard of living of the poorest populations, access to credit for women has also increased considerably. Many of these programs designed new policies to benefit women. Particularly the policies related to collateral have improved the access of women to

credit. Many of these organizations accept pledge collaterals, the fiduciary guarantee of third parties and in some cases solidarity guaranties.

According to the data supplied by FIDEG, NGOs are the most important source of credit for women. Particularly in the rural areas, NGOs are very important as a source of credit for women and 83% of all those who request loans do obtain it through this source. In other words, if it were not for these groups, rural women would be almost completely excluded from these resources (Agurto and Guido, 2001).

In spite of the improvements in credit access for women, the amounts of the loans continue being larger for men. According to the same source, in the rural segment women only receive 17% of the amounts granted, while in the urban areas they receive 42% of the funds. This is an indication that there are still obstacles that limit an equitable distribution between women and men, particularly in rural areas.

This section contains the reasons for these obstacles and an analysis of the main limitations found by women when requesting and using a loan as well as the impact achieved, both positive and negative.

a) *Limitations in relation to the amounts granted*

The main arguments mentioned by MFIs to clarify the gap between amounts granted to women and men are: a) Not enough collateral from women; b) Lack of employment and productive activities in the case of rural women; c) Women generally do not have enough resources to back the development of a business; and d) Men perform agricultural activities and require higher investments.

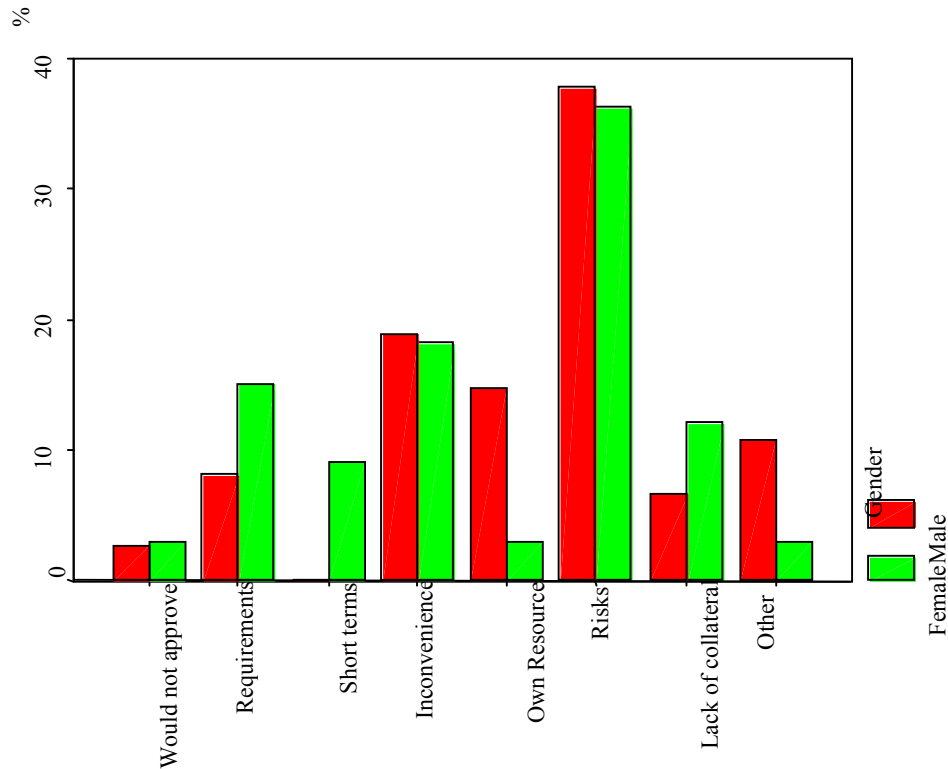
The MFIs highlight the importance of not offering amounts that surpass the creditworthiness of the clients. Additionally, they say that the amounts granted to women are lower simply because they get involved in less profitable activities and maintain businesses with low income levels, a situation that has been statistically proven (PROMICRO/OIT, 2002). Most MFIs said that their female clients are satisfied with the amounts granted and that they usually receive what they need. However, the results of two impact studies demonstrate a different situation. The first one, carried out by FIDEG for the Coordinating Council of Wisconsin Nicaragua, WCCN (FIDEG, 2002), confirms that the levels of satisfaction in relation to the amounts received are 63% in the case of men and 37% in the case of women. In the second study, performed in the southern area of Nicaragua (Sanders and Deugd, 2002), 78% of men are satisfied with the amounts received while in the case of women, only 65% of them are. In both cases, most of the women who said they were unsatisfied with the amount received confirmed that they had requested a higher amount. Participants at different levels, interviewed for the study that supports this paper (Deugd, 2002), said there is discrimination towards women as far as the amounts granted; although they may possess the same collateral and creditworthiness than men, it is still harder for them to obtain higher amounts. Men and women have equally described this observation

b) *Limitations to access credit*

Besides women who have access to credit, there is a group of them in Nicaragua that do not. Graph 1 (Sanders and Deugd, 2002) shows the reasons why people have refrained from requesting a loan. Both genders mentioned the risk and the inconvenience as determinant factors for not requesting a loan. However, if *differences* between both genders are analyzed, we can observe that for women there are aspects more important such as the very short terms, the requirements and the lack of collateral; while in the case of men, having their own resources, is mentioned as the explanation for not requesting financing. The following graph demonstrates the

importance of adapting the terms, the requirements and the collateral to the needs of women to improve their access to credit.

Graph 1. Reasons for not requesting a loan



Source: PRODESUR database, Sanders and Deugd, 2002

c) **Cost of the Loan**

According to the “Evaluation Survey on Standard of Living in 1998” (EMNV, 1998) women received loans with interest rates between 48% and 100% while men paid interest rates below 48%. The previous is mainly due to the type of credit requested by women and the source of the loan. Women request mainly commercial short-term loans, while a considerable number of men receive rural loans, with lower interest and longer terms. Although since April 2001 the interest rates are regulated by the Central Bank, commercial loans are still more expensive than rural loans, particularly in cooperatives. A trend has been perceived of transferring the costs from nominal rates to fees charged at the beginning of the loan. The above implies that probably, the difference in the cost of the credit paid by women in relation to what men pay has increased considerably, since the terms of the loans granted to women are shorter and they probably need to request loans more frequently and that they have to pay a new fee for each loan.

There are reasons for the differences in the cost of rural and commercial loans. Supposedly, loans in the commercial sector produce a faster return and profits are higher than in the rural sector. However, although they are considering the difference in profitability between activities in the rural and the commercial areas, they do not consider the differences between profitability rates

within the commercial sector. Usually women participate in less profitable commercial activities than men and in those cases the cost of the loan imposes a relatively higher burden for women.

The high operating costs presented by MFIs in Nicaragua are another reason for the high cost of loans granted to women. Particularly in the area of NGOs that work with women, there are a large number of small organizations that combine credit with other work components, resulting in a low level of efficiency from financial services. In spite of their good intentions, there is a risk of dispersion, they promote high operating costs and there is very little utilization and exchange of experiences between these NGOs. Different studies report operating costs between 25 and 40% in MFIs specialized in microcredit for women⁵, while other successful experiences in the region, such as WWB-Colombia and Bancosol-Bolivia, report operating costs between 18 and 16%.

During the First Conference of Entrepreneur Women in Nicaragua (adapted from Salvo, 2000) the difference in credit costs for women and men has been mentioned as one of the most important points of discrimination between both genders, as well as the main limitation for the equitable development of business opportunities.

d) *The impact of loans on the standard of living of women in Nicaragua*

Comparing three impact studies performed in 2002 in Nicaragua (FIDEG, 2002; Zamor et al., 2002; Sanders and Deugd, 2002), it is possible to conclude that in general terms the impact perceived by women as a result of the credit received is very positive and the loan is considered as an indispensable source for their business and/or personal development. Additionally, all studies indicate the importance of access to credit for women of different strata.

The three studies analyzed the perception of impact at different levels. Comparing the studies, the percentage of clients that perceived a positive impact at *business level* ranges between 95 and 86%. The majority of the changes identified were related to the management of products sold (mentioned by between 43-45% of the clients), such as the diversification of the product, the extension of the supply and the quality of the products offered. Second in importance was the increase in sales. Between 5 and 11% of the clients mentioned that they have not perceived a positive impact in the business.

In relation to the impact perceived at the *family level*, it is noticeable that the loans have had a positive impact particularly in the standard of living of the children of the client, as far as their education, nutrition and health (between 28 and 30%). This aspect of the impact is mentioned more by women than men.

As far as decision making in the family, there has been little impact, particularly in the position of women in relation to men. Indirectly, the previous could imply that there is a negative impact in the workload of women, since they are more involved in their businesses – according to the data – but their family responsibilities remain the same. It is striking that in the three studies there is an important group (18-28%) that has not identified a positive impact in the life of the family.

The impact at the *personal level* is an important element for the female clientele and a subject generally discussed in detail among them during participation workshops. Many women emphasize the level of independence achieved through the implementation of the work supported by the loan. In this sense, many of them said that a positive impact was obtained on their self-esteem and their ability to initiate new activities. In the three studies the changes in self-esteem (25%) and greater independence (23%) were the two most important aspects mentioned as the impact at this level.

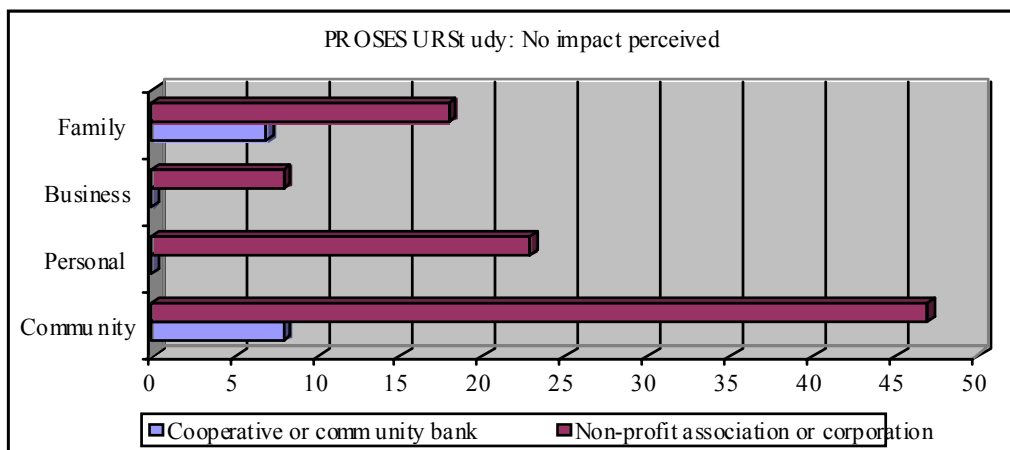
⁵ Source: Data obtained from studies prepared for COSUDE and PROSESUR, both in 2002.

In spite of the positive testimonies of women in relation to the impact perceived at different levels, there are few studies that prove if these changes are translated into tangible changes in the standard of living of these women. A survey was applied to a group of people in the southern part of Nicaragua during two different periods of time (2000 and 2002, PRODESUR). According to the results obtained through the comparison of the two data bases, the impact in the standard of living⁶ of women is positive if the average data of the entire clientele are considered; however, in the case of women and men belonging to the lower income stratum, a considerable number of people did not report a positive impact, but a negative one. It is distressing to say that the negative impact took place mainly among the poorest persons in the rural areas. The impact was the same among men and women and it is important to emphasize that mainly women and single mothers constitute the poor populations, reflecting a problem particularly for the female population (Sanders and Deugd, 2002).

The studies mention a greater positive impact perceived by organizations that combine financial and non-financial services. According to a document by Zamor et. al (2002) there is a greater positive perception in relation to changes in self-esteem in those organizations that work in a comprehensive manner, in other words, organizations that combine financial and non-financial services.

The study prepared by PROSESUR found a more positive perception of the impact in cooperatives and solidarity groups, than in non-profit associations and corporations, as observed in the following graph that presents the percentage of clients that *did not* perceive any changes. According to the results of the workshops prepared to collect this information, deep thought as well as the possibility to participate in the decision making processes of cooperatives and solidarity groups has a positive impact on the development of personal qualities, such as self-esteem and communication skills, among others, important abilities for the development of a business.

Graph 2. No impact at different levels.



Source: Sanders and Deugd, 2002, data from PROSESUR

⁶ Indicator composed of several indicators, such as the level of education, food safety, number of rooms per family, type of flooring material, access to electric power, value of goods and means of transportation and savings. These indicators have been identified based on a statistic analysis that identifies the most appropriate indicators to measure hangs in standard of living, in this context.

e) Lack of insertion in more profitable markets

One of the main limitations to achieve a greater impact on the standard of living of women, particularly the poorest women located in rural areas, is a lack of access to other resources. Usually they have received little education, have little access to land and less access to technical knowledge to change their productive activities. Consequently, and also due to cultural patterns, women are participating in activities that are not well paid, such as the preparation of food or housework.

In spite of several attempts of the government to insert women into more profitable markets, markets traditionally dominated by men, this process has not been very successful⁷, and they have “stopped forcing women to do things they do not like”. However, other experiences in Nicaragua reveal successful events when the necessary knowledge is facilitated to women so they can enter untraditional sectors⁸. According to this experience, women are capable and interested. It is important to emphasize that the work methodology applied to produce this participation in the market is the deciding factor in the success of these processes and has to be based upon participative principles. These are delicate and slow processes that require a change in the cultural perception of certain activities as “feminine” or “masculine”.

In general terms, numerous studies at national and international level have demonstrated that there is a very strong relation between the positive impact achieved with microcredit and the improvement in the access to other resources (Intercambio, 2000; PROMUJER, 2002).

IV Development of political instruments

This section pursues the development of a model and methodological instruments focused on the solution of the limitations mentioned above as well as increasing the impact on the standard of living of women. In view of the rational framework defined and the limitations and lessons identified, the greatest challenge in the adjustment of the methodologies necessary to apply a gender perspective, is to find the balance between the economic development of MFIs on the one hand, and the improvement of access to other resources and the empowerment of women on the other hand. The previous implies a model with two main strategic lines. A “financial” line addressed towards sustainability and financial efficiency and another “social” line focused on the impact, the control of women over the loan and their empowerment, mainly by improving access to other resources. The balanced development of these two strategic lines could promote a reconciliation of the paradigms defined and take advantage of the experiences of MFIs, regardless of their paradigm.

a) The “financial” strategic line

The development of this line should be addressed towards the financial self-sustainability and efficiency of MFIs, to guarantee the availability of funds for secure and sustainable loans at competitive prices and products adjusted to the demand, to improve the access of women to credit. The evaluation of successful experiences in the region, such as WWB-Colombia and Bancosol-Bolivia, have demonstrated the importance of a sustainable and efficient management of funds, as a requirement and necessary basis to reach the poorest populations, most of them

⁷ Source: Interview with the Director of INPYME

⁸ Source: Interview COSUDE

women. Taking advantage of economies of scale and operating efficiency, they were able to achieve a very extensive coverage of their target group.

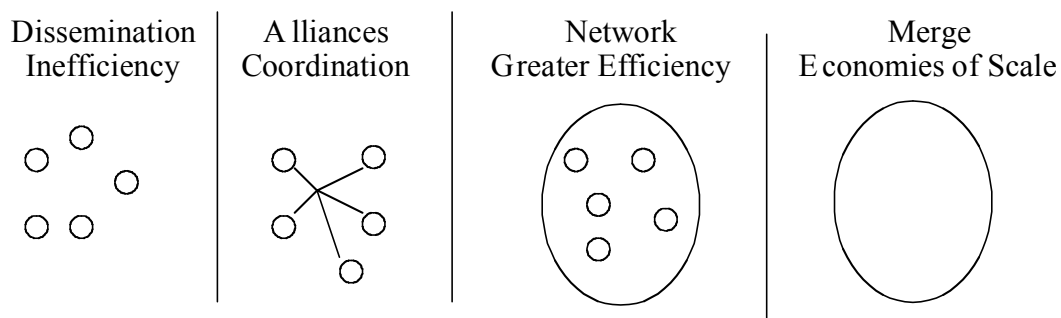
These experiences demonstrate that to improve the access of women to financial services, it is necessary to develop a competitive and efficient sector of microfinance institutions, capable of offering not only short and medium term credit to final users, but an extensive package of financial services adjusted to their needs – savings, insurance, remittances and investments – in the medium and long terms.

The first step to develop a competitive and efficient sector is to reduce the operating costs of MFIs. According to a study carried out on behalf of the Embassy of the Netherlands (CDR-ULA and Faceta Central, 2002), during the last decade the number of MFIs has increased drastically in Nicaragua and there is an important number of small microfinance institutions. Usually, USD 250,000 is close to the minimum portfolio needed by an institution to be sustainable, as long as it complies with conditions such as operating efficiency, portfolio recuperation and competitive services. According to data reported in the same document, 70% of financial institutions in the country are below that standard, among them many MFI focused specifically on the improvement of the standard of living of women. This implies that it is necessary to find ways to maximize economies of scale and analyze the possibilities of establishing strategic alliances, networks, and even one large and strong microfinance institution, specialized in financial services for women.

An important advantage of the establishment of institutional links is that they will permit a better use of the institutional experiences and knowledge obtained in the course of operations, as a base for the development of methodologies and products adapted to the needs of women. Additionally, it will be possible to coordinate training processes, institutional development, and software purchases, among others.

All of this involves a revision, together with the NGOs involved, of the different possibilities to facilitate these processes of coordination and/or fusion of microfinance institutions focused on women. This process is composed of four stages, as presented in illustration 1, and should start with the implementation of the network since it is already being prepared. It is not possible to say which stage the process will reach in a specific period of time, since that will depend upon the vision and determination of the participants.

Illustration 1. Stages in Institutional Coordination Models



It is worth emphasizing that in this process, in which the goal is to develop a more efficient model, it is not possible to impose any of these models. The experience with WWB-Colombia (Women’s World Banking, 1999) has demonstrated that attempts to formalize and merge do not work if the initiative is not born from the institutions themselves, since an imposed process will

imply power conflicts and internal tension between institutions. Additionally, it could be recommended not to develop this process up to the merger stage, but only up to networking, maintaining the independence of each organization to take advantage of the methodological wealth and the client diversification of the institutions, guaranteeing access to different segments of the population.

As far as the methodologies, institutions will be required to continue comparing, applying, investigating and systematizing experiences of individual and group methods. Different experiences in Nicaragua have demonstrated that both are valid, for different segments of the population and within the context of different needs. Particularly at the level of the poorest rural women, group methods help increase access to credit and improve the self-esteem of the women, as a direct result of the organizational exchange and development. Likewise, the advantage of individual loans is that there is greater control, easier monitoring of activities and permission to grant higher amounts.

b) The “social” strategic line

For women to maintain greater control over the loans received and to promote their entrance into more profitable markets, it is necessary to find an effective articulation between financial and non-financial services. Numerous experiences, both at national as well as at international level, have demonstrated that it is not enough to just improve access to financial services to ensure their positive impact. On the contrary, there is a risk, when only financial services are offered, that the men control the money granted to the woman or that she, due to her lack of experience and little access to other resources, cannot take advantage of the funds, increasing the risk of over indebtedness, particularly for the poorest women.

However, in view of the objective of financial sustainability of MFIs, it is not recommendable that they themselves develop activities related to non-financial services. Conversely, each day they should strive to achieve a specialization in financial subjects to obtain greater efficiency and reduce operating costs.

A solution to this dilemma is to develop institutions parallel to financial institutions that can offer non-financial services to the clients of MFIs, proposing strategic alliances between MFIs and the NGOs that can offer these services⁹. The ideal solution would be to find synergies between the different services in one person to achieve a greater impact. Non-financial services should be focused on the entrepreneurial areas as well as on the personal ones, considering subjects related to the empowerment of women. International and national experiences (for example PROMUJER Bolivia, Peru and Nicaragua, and ADIM) demonstrated that it is possible to obtain a positive impact on the use and control of financial services as a result of empowering women.

Therefore, the institutional coordination should be focused mainly on the following three areas:

- a) Develop mechanisms to increase control and decision making of women over the loan received, through participative processes of women empowerment;
- b) Improve the access of women to other resources, particularly training, education and organization, to connect them with the necessary elements to develop their productive activities; and
- c) Facilitate the integration of women into more profitable areas through specific training, organization, the articulation of markets, support to commercialization, etc.

⁹ This model has been validated by the FODEM – Cenzontle alliance in Nicaragua. Since this is a relatively new initiative, it is not possible to anticipate results yet.

It is important to highlight that this model does not imply that the institution offering financial services should not assume the responsibility of “developing the gender aspect”. The application of a transversal gender perspective means that each institution will have the responsibility of integrating it with its own work components.

c) *Actions specific to different institutional levels*

The development of these two strategic lines requires the implementation of specific actions in each institutional level. Some of these actions are summarized in the following lines.

At the level of microfinance institutions, it is necessary, as a first step, to review its own human resources management in relation to: ensuring equal opportunities for female and male staff, review the performance against the appropriate indicators and sensitize all personnel on gender subjects. A key element in the management of human resources is to balance, as far as possible, the number of men and women doing fieldwork, particularly in rural areas, to give rural women a perception of fewer barriers to request the service. Additionally, human resource management and the review of the worker performance are basic aspects to improve the efficiency of MFIs.

At the external level, microfinance institutions should search for efficiencies and integration in the market. This requires the development of products adapted to the needs of their clientele, which in the case of women means to develop products adjusted both to their productive as well as to their reproductive needs. To develop such products, it is necessary to implement actions, preferably in an organized manner and taking advantage of inter-institutional networks, such as market studies, participative events, pilot programs and validations. Additionally, the same mechanisms could be used to research the viability of other tools and policies, particularly to adapt collateral requirements, amounts and terms to the needs of women.

To better understand the effect of the work of MFIs and their allies, it is essential to carry out impact studies. The international cooperation has the responsibility of designing sensitive monitoring models to identify different results by gender, the creation of base lines to compare effects in time, and others. Within this context, it is important to take better advantage of the results of these studies, to provide feedback and to open discussions with different instances. There should be more openness within this framework to discuss less successful and negative experiences, since they would facilitate adjusting the work.

Additionally, international cooperation should play a leadership role in the facilitation of the constitution of networks and merger processes, initiating an inter-institutional discussion. International cooperation should play a coordination and facilitation role in the validation and evaluation of experiences that look for the articulation of financial and non-financial services.

The government would be in charge of encouraging the creation of a legal framework to promote savings, an important financial service for women. It also has the key responsibility of improving, in general terms, the access of women to different resources. In specific terms, it should more actively strive for the integration of women into more profitable markets. The government, international cooperation and MFIs should maintain a fluent, ongoing conversation on the subject, to ensure that successful experiences and methodologies developed by non-government institutions are maximized and replicated by government agencies.

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