INSTRAW

United Nations International
Research and Training Institute
for the Advancement of Women

Women and Credit

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WOMEN AND CREDIT

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GENERAL INTRODUCTION

The International Research and Training Institute for the Advancement of Women (INSTRAW) has undertaken a series of research studies, which are summarily compiled in this volume on "Women and Credit," in order to document women's limited access to financial resources in developing countries. Through the publication of this volume, INSTRAW hopes to focus attention on the evident and compelling necessity of redressing women's unequal access to financial credit, and to help bring about financial and legal reforms at the national level that will end discriminatory practices against women, in particular poor women whose problems have remained largely unarticulated.

INSTRAW is an autonomous body within the framework of the United Nations. It was established by the Economic and Social Council (ECOSOC) in conformity with General Assembly Resolution No.3520(xxx), which was based on the recommendations of the 1975 World Conference of the International Women's Year. It carries out research, training and information activities to help ensure the integration of women into the mainstream of development, particularly in developing countries.

INSTRAW acts as a catalyst to promote the full participation of women in all aspects of development through research, training and information activities. The Institute works through existing networks of women's organizations, research institutes and centres, as well as by establishing national focal points throughout the world. Its programmes are carried out in close co-operation with the United Nations bodies, specialized agencies and regional commissions, as well as governmental and academic institutions and research centres.

This compilation of studies is based on a number of premises. The first is that women are both directly and indirectly linked to the global economy. The second is the belief that women make a substantial economic contribution to the wealth of nations, although much of their labour input remains unrewarded in monetary terms. The third is that the majority of women in developing countries are below the poverty line. This factor, more than any other statistical enumerator, reflects women's unequal access to capital, assets and income. Such inaccessibility to credit constitutes only part of the global problem interconnected with the economy and social aspects of the development process.

The first study, Women's Inaccessibility to Credit: Problems and Policies, by Dr. Krishna Ahooja-Patel, describes the factors in many developing countries which have largely circumscribed women's access to financial resources. The study discusses women's marginalization in society and their continued disassociation from legal, economic and financial institutions. Informal sources of credit have been the principal sources of women's capital requirements in the face of commercial institutions' reluctance to lend to assetless small-scale borrowers. The study links women's exclusion from financial resources at all levels to national economic and monetary policies.

In the second study, Credit Opportunities for Women of the Developing World, by Michèle Olivier, the focus centers on the need to improve women's capital resources and identifies this factor as the most important means of increasing female employment and productivity. Such an increase in productivity would be an important contributory factor in spurring development and growth in impoverished regions around the world. The study examines several successful credit programmes for low income women in different nations: among the lessons learned are the need to minimize formalities for loan applications; the difficulties of poor borrowers to meet collateral requirements; and the positive results of solidarity group lending. The study discusses proposals made at the level of national policy to assist women's accessibility to credit, such as the case for subsidized interest rates to enable banks to lend to people below market rates.

The third study, Increasing Women's Access to Credit in Asia: Achievements and Limitations, by Noeleen Heyzer, looks at examples of successful credit assistance and self-help programmes for women in Asia. In particular the paper focuses on small-scale rural schemes and the urban informal sector in Bangladesh, India, Malaysia, Nepal and Papua New Guinea. The impact of such programmes has been to bring about a revolutionary transformation in the lives of these impoverished women, the target group of such programmes. An important lesson learned is that the small-scale credit and self-employment schemes implemented at the grass roots are far more effective in inducing social and economic change than large-scale blueprints for socio-economic development.

The fourth study, Women's Access to Credit in Latin America and the Caribbean, by Arelis Gómez, discusses the role of credit in women's development in this part of the world and shows that women's incomes are central for the economic survival of families. To that end women's participation in formal and informal sources of credit programmes and in technical assistance projects is a sine qua non for raising income levels. The study then examines successful case studies of model credit schemes in several countries of Latin America and the Caribbean. The study notes the components common to all programmes which account for their success, such as innovative collateral schemes, flexible terms of repayment and minimum transactions costs of loans. In the final section the requisite policy and project-level changes for improving women's access to financial resources are examined. it is clear that legal reforms and more efficient ways of collecting statistical information to improve planning are important factors in this regard.

In the fifth study, Women's Access to Credit in Africa, by Gloria Nikoi, Ghana is taken as a case study in the examination of the factors impeding women's access to formal credit institutions. Examples of successful informal financial programmes are discussed, together with two formal financial sector innovative schemes for improving poor women's access to credit. The lessons drawn from these schemes assume added significance in view of the fact that in Africa the greater majority of women are concentrated in the rural sector where they perform 75 to 80 per cent of agricultural work. Hence the compelling need for formal and informal credit programmes to reach African women in the urgent effort to ameliorate socio-economic conditions on the sub-continent.

The sixth study, Women's Access to Land as an Asset: An Overview of the Laws in 59 Countries, by Katherine Mendez, looks at three areas of the law - inheritance laws, land reform laws and laws affecting women's access to credit - showing how these influence women's access to land. The paper examines such laws in 59 countries of Africa, Asia, Western Europe, Latin America and the Caribbean, and the United States and Canada. It is clear that today, in the legal realm, women have made considerable advances although they continue to face the struggle to achieve de facto equality. In particular women in developing countries face the greatest degree of discrimination from persisting customary practices.

P A R T   O N E

I. WOMEN'S INACCESSIBILITY TO CREDIT: PROBLEMS AND POLICIES

by

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Introduction

This paper is based on three premises. The first is that women are both directly and indirectly linked to the world economy. The second is that women make a substantial economic contribution to the wealth of nations, although, ironically, a large part of female labour input remains financially unremunerated. The third is the fact that the majority of women in developing countries, especially female-headed households, live below the poverty line, whatever indicators are used as indices. This fact, more than any other statistical yardstick, reflects women's unequal access to capital, assets and income. Such inaccessibility to credit constitutes only one part of social and economic discrimination faced by women.

An attempt is made in this paper to delineate the main factors which, in many countries have left women largely excluded from financial resources at almost all levels of society. Although women constitute half the population in any society, women continue, in the majority of cases, to face discrimination from legal, economic and financial institutions. Indeed women have been marginalized by national economies to a greater extent than men, a fact discussed in this paper which will also examine research results on this issue from UN and non-UN sources. Preliminary evidence is collated from existing sources to put forward suggestions for policy action at the macro and micro levels. The paper will briefly present the next steps needed in research priorities to translate research into policy, which could subsequently assist in presenting a coherent picture of the problem.

I. Filling the Research Gaps on Credit

A brief review of the existing United Nations and non-United Nations documents shows that to date research on mechanisms used by women to obtain credit from both the formal and informal sectors is fragmentary and disjointed. Another point brought out is that the main factors which continue to exclude women from formal and informal financial institutions have not been identified. The current concepts in development economics have not yet focussed on understanding the role that credit could play in increasing productivity and enhancing the status of women. The core issues, which can provide a useful starting point for further work on this subject, can therefore only be classified in a preliminary fashion; much more work remains to be undertaken at an inter-disciplinary level.

The series of world conferences during the UN Decade for Women (Mexico 1975, Copenhagen 1980 and Nairobi 1985), which brought together governmental, non-governmental and women's organizations as well as individual women, provided a unique platform for putting forward demands for women's rights. Through the experience gained in this process, a new type of international co-operation has evolved resulting in a formal and informal global network for women. This network is bringing a greater understanding to the problems confronting women in rich and poor countries, showing how women in fact constitute the dynamic dimension in development. The UN system will continue to be a catalyst in this complex social process by providing a platform for enhancing the status of women in the nineties.

The International Research and Training Institute for the Advancement of Women (INSTRAW), as part of its programme on "Financial Policies for Improving Women's Access to Credit", conducted a global study assessing the financial, institutional and legal constraints for women, in developing countries. The research was based on existing United Nations and non-United Nations sources. The study sought to ascertain ways in which women's access to credit could be enhanced and prepared so that INSTRAW could implement the final phase of its "Financial Policies for Improving Women's Access to Credit" programme during the biennium 1988/89, as well as consolidate the findings of the research study for the dissemination and possible implementation of its recommendations.

The study is linked to the implementation of the Nairobi Forward-looking Strategies for the Advancement of Women[1/] adopted in July 1985 by the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace. The Forward-looking Strategies support the research and assessment of cultural economic and social constraints which limit women's access to credit in developing countries and in paragraphs 115 and 128 stress the following points:

> Emphasis should be placed on strategies to assist women in generating and keeping income including measures, designed to improve women's access to credit. Such strategies must focus on the removal of legal, customary and other barriers, and on strengthening women's capacity to use existing credit systems...
>
> Governments should recognize the importance of and the need for full utilization of women's potential for self-reliance and for the attainment of national development goals and should enact legislation to ensure this. Programmes should be formulated and implemented to provide women's organizations, co-operatives, trade unions and professional associations with access to credit and other financial assistance.

The Institute has examined the subject from a global perspective at the macro and micro-levels of the economy. For this purpose, different aspects of women's access to formal and informal credit were analyzed in the developing regions of Africa, Asia, Latin America and the Caribbean.

This research entailed four main activities: (1) Data collection and analysis of cultural and socio-economic factors affecting women's access to formal credit in developing countries; (2) identification of national programmes which have been successful in reaching women through legal and institutional reforms; (3) global survey of self-reliance strategies developed by women for coping with problems of restricted access to formal credit; and (4) the formulation of recommendations on future policy action for improving women's access to credit.

II. <u>The Scope of the Problem</u>

During the eighties, developing countries suffered the most severe setbacks to date which subsequently led to social and economic stagnation. This caused severe damage to economic and social infrastructures, leading to the UNCTAD report in 1987 to point out that: "Recent reductions in many developing countries' investments in productive capacity and infrastructure and in their expenditures on key social services can be expected to harm their ability to meet the future needs of their populations and to achieve the changes in the structures of their economies required for sustained growth."2/ In human terms, the well-being of the family, particularly women and children, was at stake.

Declines in trade and output seriously undermined expansion and innovation in the industrial sector; the repercussions in the agricultural services sectors were similar in scope. As regards prevailing conditions in the working life of women, indebtedness of developing countries and deterioration of the international environment has served to worsen their plight compared to the two previous decades: "The resulting increase in debt service payments coincided with depressed levels for developing countries' export earnings - important influences in this respect being exerted by sharply lower prices for primary commodities and for many countries by increased levels of protectionism in the OECD countries"3/. In the manufacturing sector of developing countries, more and more women appear to have lost their jobs during the eighties, joining the ranks of the unemployed and underemployed. In many cases, women were displaced from skilled and unskilled occupations as industries were overtaken by rapid technological change.

The final statement of a recent UN/NGO Workshop on "Debt, Adjustment and the Needs of the Poor" explained the crisis in the following terms: "In the Third World, the impact of the crisis is felt principally amongst the most vulnerable groups, women and children, food-deficit farming households, pastoral communities, the landless, the urban unemployed and those with jobs that do not pay enough for survival"4/.

Female poverty is underscored by two main indicators: insufficient income and inadequacy of food intake. The rationale in designing income generating projects for women was to place some money at the disposal of women. Yet this constitutes only a first step in facilitating female access to credit. To bring about significant improvements in accessibility to credit in many cases would require legislative and various institutional reforms to eliminate discriminatory practices.

The informal sector, which conservative sources estimate amounts to 10-20 percent of the GDP of about two-thirds of developing countries,[5] represents the only source of employment and income for millions of women. Yet the fact that the informal sector is ignored in macro-accounting statistics means that female productivity, for example, remains unmeasured and undefined.

A formulation of concepts to define and quantify the informal economy would address two major issues: the statistical invisibility of women's work, and the inadequacy of current national accounting aggregates in analyzing production structures. This would show which economic activities required additional credit to make the latter more efficient and profitable.

Problems confronting women at various levels can be broadly classified into legal, economic and social categories.

III. Emerging Signals from Recent Evidence

A. Legal Tangles

Current research has not yet adequately examined the legal systems of different countries with their various fiscal, monetary and property laws which co-jointly result in discriminatory practices towards women, depriving them of access to resources necessary to improve their living standards.

In many developing countries, despite constitutional provisions to the contrary and legal equality at the formal level, customary laws and religious beliefs have combined to enforce the traditional subordinate status of women. In many countries, women continue to be legally classified as "minors", without *de jure* rights to buy or dispose of property or land. In addition, fiscal and proprietary laws are frequently discriminatory. For example, in countries such as Bangladesh, Bolivia, India, Malawi, Perú and Senegal, daughters by tradition inherit smaller portions of an estate. With regard to access to credit, in some cases, the requirements of male consent excludes women, notwithstanding *de jure* laws according women legal entitlement to such credit.

B. Economic Crises Weighing Down Women

Both urban and rural women are economically disadvantaged compared to men. Recent statistics indicate that in many developing countries women form the largest percentage of the urban population concentrated at the lowest socio-economic levels where they receive unequal wages and constitute the largest group of the unemployed and underemployed[6/]. It is a well known fact that in many cases, women have less occupational mobility than men and have more limited access to education and training, and to medical and social services. Relatively few women are found in the formal sector and similarly formal credit channels remain skewed in favour of men.

With regard to women in agriculture, global survey studies of rural women indicate that even in countries where wide ranging agrarian reforms have been introduced, these remain largely on paper. This leaves women without access to land and even in cases where females are de jure owners, monetary and managerial control traditionally passes to a male member of the household. Since most of the women in the services sector of the urban economies of developing countries are recent migrants from rural areas (either in their own right or as members of the migrants' families), they too continue to rely upon customary informal sources of finance.

An INSTRAW study shows that out of 96 countries in Africa, Asia and Latin America which have formulated development plans, only 6 have included women's occupations in investment targets.[7/] Even then investments in sectors, with a large percentage of women in their workforces are not necessarily targeted at this group. For example, in the Inter-American Development Bank's small project programme, women comprise only 17 percent of its beneficiaries, despite the bank's acknowledgment that many more women are employed in this sector. In addition, a study on the project showed that as the average project progresses, an increasingly lower number of women were involved.[8/] Examination of credit records of the Industrial Bank of Peru showed that only 16 percent of their Urban Small Enterprise Development Fund (UEF) borrowers were women.[9/]

Researchers have attempted to examine women's non-access to credit by separating the demand and supply factors. However, it appears that such a distinction does not necessarily provide any new insights. The demand factors are considered to be linked to a lower percentage of women in financial schemes and credit programmes. For example, a survey carried out in 1981 in Jamaica reported that although 13% of the farm households held current loans, only 7% of them reported unsuccessful loan applications. The results of this survey support the assumption that only a small percentage of farm households benefitted from loan facilities because the majority had not actively sought this benefit.

Frequently occupational structures divided according to gender discriminate against women in a number of ways. Firstly, occupations such as carpentry, welding or technical occupations dominated by men, pay more than those in food processing, clothing and the general retail trade, where women tend to be concentrated. Secondly, women's access to such better paying occupations is limited by unequal access to education and training. Thirdly, these factors cummulatively render it extremely difficult for women to obtain credit.

Fragmentary evidence on the supply side fails to pinpoint the precise difficulties women face in obtaining institutional loans. For example, concessional interests rates, and high lender transaction costs discourage small-scale borrowers because of high servicing costs.

C. Financial/Administrative Complexities

The low repayment rate associated with extending small scale credit to rural borrowers means that financial institutions regard this kind of lending as being endowed with a certain element of risk. In the case of female borrowers, the expectancy of low repayment increases because of traditional misconceptions on the capability of women to effectively administer finances.

Banks and credit institutions in urban sectors of most developing countries have complex and sophisticated procedures which are not easily understood by semi-literate urban populations. For example, in Senegal, the banks and financial institutions operating there make no sex-based distinction in the grant of bank loans, the principal criterion being the question of loan security for financial recovery in case of loan defaulting.[10] The procedure for loan applications is steeped in impediments for the rural population requiring the hiring of outsiders to undertake application of follow-up responsibilities; the covering of long distances; and waiting in long queues. More importantly, the loan application processing procedures require several visits to the financial institution, thus placing undue pressure on women workers for whom taking a day off means the loss of a day's income. In addition, women have to make arrangements for child care.

Even when institutional difficulties are overcome and the application for a loan is completed, the size of the loan and the terms of its repayment will place new financial pressures on the borrower, even requiring economizing on food and basic necessities. In addition, the business hours of most banks and lending agencies are not adapted to women's working hours and are ill suited to their needs for small loans.

A major obstacle facing female borrowers is the question of collateral since women do not own property in their own right. Certainly the majority of women employed in the urban industries in developing countries do not possess any of the assets required by financial institutions.

Most commercial banks find it risky and expensive to design effective credit delivery systems for both rural women and women in the informal urban sector.

D. Self Reliant Strategies

To meet their increasing need for capital women have increasingly turned to informal sources for their credit requirements. Studies show for example that in the Self-Employed Women's Association (SEWA) in India, or the Grameen Bank project in Bangladesh, over 90 percent of women, most of whom are illiterate, repay their loans on time. In such projects women have demonstrated their credit-worthiness and reliability.

Available information from several countries indicates that women rely heavily on informal sources of borrowing, such as relatives and friends; moneylenders, pawnbrokers and middlemen, or shopkeepers and wholesalers in that order.

The importance of relatives and friends as a source of credit for women is widely acknowledged. One of the main advantages of borrowing from relatives is that requests for small loans are rarely rejected. Relatives know each other's needs for financial assistance, while neighbours can readily understand the dynamics of household food supply needs and cash problems. These sources usually live nearby so that small loans can usually be arranged and perhaps, most importantly, such loans can be obtained immediately.

Moneylenders provide loans with little or no collateral requirements and are flexible with regards to arrangements for repayment. The immediate and flexible financial services they provide are apparently highly valued, since small borrowers are not deterred from turning to the moneylenders for financing, despite the high interest rates they usually charge. Pawnbrokers are another viable alternative for women because they allow women to put up jewelry, ornaments, or gold as collateral. Like the moneylenders, pawnbrokers provide small loans upon immediate request and with little or no paper work involved.

The disadvantages of borrowing from informal sources, particularly from moneylenders and pawnbrokers, is that women are frequently exploited and their subordination is perpetuated sometimes for generations, as in Peru and India. However, this exploitation is not confined to women and applies equally to male borrowers in similar impecunious conditions.

E. Primary Causes of Women's Non-Access to Credit

The above discussion demonstrates that there are several factors which have a direct or indirect impact on women's inability to apply for and accept credit from formal financial institutions. It is also evident that women have been able to subsist and survive by using informal networks. But these cannot serve as substitutes for institutional arrangements which would provide a base for better economic management and security. It is surprising to note that even where legal, economic, and financial procedures could be simplified and obstacles eliminated, social beliefs negatively affecting women still persist. Some of these, for example, regard women as unreliable and irresponsible and, therefore, not credit-worthy; or as lacking the requisite skills to control income and expenditures; or as defaulters in loan transactions.

The other factor which inhibits women's participation in banking and financial institutions is gender discrimination from decision-makers regarding hiring for technical, managerial and senior executive positions. For example, in the banking and financial institutions of many developing countries, surveys show that women are largely concentrated in clerical, accounting and secretarial jobs. Only a very small percentage control or manage large corporations or financial portfolios. This means that there are few advocates for the establishment of a greater number of institutional establishments catering to women's credit requirements among top-decision-makers in the financial world.

Taking into account the current status of women and the fragmentary nature of research on the topic, it might be useful to identify the levels at which policy action urgently needs to be undertaken to eliminate discrimination and the poverty of women. Simultaneously, policy level changes at the macro level need to influence economic and fiscal and monetary programmes at the project level so that in the process important linkages would be created.

IV. Policy Action at All Levels

A. National Level

At the macro level three types of changes are immediately needed:

1. Review of national statistics and data: improving the flow of information on the economic activity of women and the securing of more accurate data would assist in decision making at the planning level, as well as in policy formulation. While major breakthroughs have been made in the building of a data base, there are still several gaps in current knowledge pertaining in particular to capital and income assets.[11]

2. Legal reforms: Social and economic reforms in laws and statutes are critical to improving women's access to credit. Since a growing number of women are heads of households, they must be granted equal status in the law to acquire ownership rights and to control productive assets. Legislation regarding the distribution of property and land needs to be re-examined to grant de jure equality to women to prevent any future dispossession by legal or illegal means.

3. Analysis of customary laws: customary laws vary in the status granted to women: in some cases they grant complete equality; in others women are assigned an inferior status. In such cases the socio-economic structures push women towards dependence and destitution. The ways of thinking reflected in such customary laws of any country would certainly influence modern legislation and emerging value-systems, including those reflected in fiscal and monetary laws and policies.

4. Improvement of procedures at the formal level: financial administrative procedures need to be simplified to reach women unable to overcome constraints imposed by banking, credit and saving institutions. Interest rates need to be low, stable and provide incentives to small borrowers to enable women to start their own business. Inflexible collateral requirements, cumbersome loan application procedures and transaction costs need to be revised.

5. Establishment of co-operatives, banks and other institutions at the grass roots: in some countries institutional mechanisms at the grass roots are evolving which will directly benefit women. Governments could assist such organizations, particularly at the community level, in the provision of extension services which would encourage women to apply for agricultural and other credit.

Project Level

1. Dissemination of information on credit facilities: most existing communication channels do not reach women thereby depriving them of information on development programmes, banking procedures and extension services. To ensure that women are not bypassed in the future women's organizations, mothers' clubs, small savings associations and other grass roots organizations should be used as communication channels for women. In this way information could be specially focussed on women's interests and needs.

2. Mainstream credit programmes: the main reason for the frequent exclusion of women from development programmes and projects is because of their low status in the community and in the family, even when programmes are designed to reach small-scale and inexperienced borrowers. For this reason women need to be identified as a target group within various credit programmes and schemes to eliminate gender-based discrimination. More and more women need to be trained as managers of banking and saving institutions to give institutional support to gender borrowers.

3. Women specific programmes and supportive services: women-specific credit programmes should be designed as an intermediary step towards the full participation of women and men in mixed credit and savings programmes. Development agencies must exhibit greater efforts to substantially increase the number of females employed as credit officers and extension agents. In addition, these agencies should make special efforts at improving women's access to credit and financial facilities and at re-orienting field staff toward providing technical assistance which recognizes the particular needs of women's economic activities.

4. Informal borrowing institutions: programmes should be designed to help women lessen their dependence on informal credit sources with its high interest rates. Such programmes should support an economic or social development activity. Flexible collateral requirements, reduced amounts of paper work and administrative procedures and reduced transaction costs should be introduced into credit schemes.

V. Priorities for Future Research

Priorities for future research to eliminate the reasons for women's ongoing exclusion from financial resources at levels are as follows:

(1) Research to establish the interconnections between women's non-access to credit and national economic, financial and monetary policies;12/

(2) The compilation of statistical data for efficient targeting of credit programmes correlated to the percentage of female headed households and household production;

(3) Country specific socio-economic analysis of laws and regulations on individual ownership and banking practices affecting women's access to formal credit institutions;

(4) The study of the relationship between provisional credit and increase in productivity output; and

(5) Case studies of most frequently utilized informal credit systems by economically-active women

Footnotes

1/ United Nations, Department of Public Information, The Nairobi Forward-looking Strategies for the Advancement of Women, as adopted by the World Conference to review and Analyse the Achievements of the United Nations Decade for Women: Equality, Development and Peace, Nairobi, Kenya, 15-26 July 1985. April 1986.

2/ United Nations Conference on Trade and Development (UNCTAD), "Revitalizing development, growth and international trade: assessment and policy options", Geneva, 9-11 July, 1987, pp. 1-2, para. 3.

3/ Ibid.

4/ United Nations/NGO "Debt, Adjustment and the Needs of the Poor", Oxford, 19-22 September, 1987, Final Statement, pp. 4 and 5.

5/ Expert Group Meeting on Measurement of Women's Income and their Participation and Production in the Informal Sector, Santo Domingo, Dominican Republic, 13-17 October, 1987, organized by INSTRAW. The Expert Meeting agreed that the sheer economic importance of the output in the informal sector, especially in developing countries, amply justifies the need for its adequate measurement.

6/ Recent estimates indicated that the total number of women workers in industry in 127 developing countries is approximately equal to the number of women industrial workers in OECD countries.

7/ Saima Qadir. "International Development Strategies and Women's Issues". (Santo Domingo: INSTRAW, August 29, 1987). Mimeographed.

8/ Monica Maher. Improving Women Microentrepreneur's Access to Credit, (Washington, D.C.:The American University, 1985).

9/ Mayra Buvinic et al, Integrating Women into Development Programmes: A Guide for Implementation for Latin America and the Caribbean (Washington, D.C.: International Center for Research on Women/ICRW, May 1986), p.12.

10/ Consideration of Reports Submitted by States Parties Under Article 18 of the Convention, Committee on the Elimination of Discrimination against Women (CEDAW), CEDAW/C/5/Add.42/Amend.1, 3 February 1988.

11/ INSTRAW's activities in developing statistics and indicators on women have concentrated on research methods to improve data collection, and on compilation and analyses of data related to women and development issues. Activities also include training on the use of available statistics, and the fostering of a dialogue between users and producers of statistics leading to improved statistics and indicators on women and development.

12/ INSTRAW is preparing a study which analyses the economic and financial policies of selected developing countries. This will serve to identify the areas in which women face particular discrimination in the acquisition and management of financial resources.

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CONTENTS

Introduction

Much of the economic activity of the developing world is concentrated in the informal or household sector. Small-scale businesses in this sector operate on a day to day basis, (purchasing only as many inputs as yesterday's scanty sales allow). Many of the entrepreneurs who own these enterprises are illiterate and have received no vocational training, yet the need to feed a family or to supplement a spouse's meager earnings has driven them to channel their creativity and effort into income-generating activities. Despite the abundance of labour and ingenuity available in the developing world, however, the vast majority of these microenterprises are unable to expand sufficiently to improve a family's standard of living. For without the working capital required to purchase equipment and inputs, the chances of breaking out of the cycle of day to day investment are limited as well.

There are many sources of credit in the developing world ranging from commercial banks and agricultural development agencies to local moneylenders and pawnbrokers. Not surprisingly the former, more mainstream institutions are often reluctant to lend money to the poor owners of microbusinesses for fear of not receiving an adequate return on their investment. As a result, poor farmers, craftspeople, and shopkeepers must frequently turn to the services of the informal financial market when credit from formal lending organizations is in short supply.

Of all the groups of people who secure loans from the informal credit market, one is distinguished by its traditional inability to obtain credit from mainstream lending institutions. Although obstacles to obtaining funding from the mainstream exist for all poor farmers and shopkeepers, the obstacles faced by one group, whose economic activities are often regarded as mere housework, are particularly acute. For the women of the third world, access to mainstream credit facilities remains more elusive than for any other group, for in addition to sharing with impoverished men many of the characteristics considered undesirable by banks, women are also subject to a variety of unique social and legal constraints that further limit their ability to obtain credit from the mainstream.

Despite the constraints, however, many successful credit programmes specifically designed to address the needs of women borrowers have developed over the past two decades. The impressive repayment rates achieved by many of these programmes are beginning to dispel the myth that women are not credit worthy. In addition, the literature on indigenous savings organizations has demonstrated that the women of the Third World are quite capable of adhering to payment and deposit agreements. Analysis of the strong and weak points of such credit schemes, of the barriers that they have overcome on behalf of their principal consumers, and of the potential for linking such programmes to the services and goals of mainstream lending institutions will hopefully prove to be the first step in a process that broadens women's access to credit in the developing world. Women have long been recognized as underutilized agents of development. Without efforts to improve their capital resources, however, it is likely that the entrepreneurial skills of the female labour force will remain underemployed.

I. WOMEN, PRODUCTIVITY AND THE SEXUAL DIVISION OF LABOUR: THE CASE FOR TARGETING FEMALE BORROWERS

In may societies, the productive activities of women and men are segregated according to custom and the sexual division of labour. Women, responsible for childrearing and most household tasks, are forced to spend much of their time in or near the home. As a result, the types of income-generating activities pursued by women are often quite different from those pursued by men. Given this situation, it is both appropriate and necessary to fashion credit programmes that target women, for loans made to improve the productivity of male employment activities will not necessarily trickle down to enhance the productivity of female employment activities. Regardless of the type of economic activity in which women are engaged, enhancing its productivity cannot but help contribute to the development of impoverished regions around the world.

Many agencies, both private and public, have recognized that special programmes which eliminate the obstacles that women face in the modern banking system are needed to ensure that a large proportion of the world's poor can receive the credit that small farms and businesses need. The rise of divorce, separation and desertion rates in both urban and rural areas of the Third World, as well as the tendency for rural men to migrate from their homes in search of employment, has resulted in a growing number of female managed households and farms around the world. As more families are now dependent upon their female members as the principal source of income, the need to overcome the barriers that women face when trying to obtain credit is all the more pressing.

Opening more mainstream credit facilities to women is an important stepping stone for nations trying to improve family welfare and meet national productivity targets. Increasing farm productivity, for example, is a commmon national development goal. Methods that ignore the problems specific to farms managed solely by women are unlikely to realize the full economic potential of the agricultural sector, however. In general, female managed farms are much less likely to obtain credit than are farms jointly managed by men and women. Kathleen Staudt's 1975 study of western Kenya demonstrates that jointly managed farms are much more likely to contain a member who receives information concerning loans and applies for loans than are those farms that are managed solely by women.[1] In Shikulu, for example, 19 percent of jointly managed farms contained a member who received loan information or applied for a loan; by contrast, no female managed farms contained a member who either received information or became applicants.[2] Clearly, the productivity of these farms could be significantly improved if efforts were made to inform more women managers of the credit opportunities available to small farmers.

Women engaged in other home-based productive activities can also contribute to the mainstream development goal of marketing sustenance production. Both urban and rural women throughout the Third World are actively engaged in such small-scale production. By improving access to credit for these women, many household chores could become income-generating activities. Many such tasks, such as the processing of foodstuffs, are marketable services. If a certain "critical mass of people" is present in a community, investment in resources to help a household on such tasks might easily bring income to a family.[3]

If, on the other hand, population density is too low for a microbusiness to prosper, women can still make good use of credit to acquire time-saving technologies. By mechanizing such tasks as water collection or food processing, women would have more time to seek employment outside the home. In either case, designing programmes that overcome the obstacles that women have traditionally faced when trying to obtain credit from formal financial institutions would improve the standard of living of countless families while contributing to national development goals.

II. BARRIERS TO WOMEN'S PARTICIPATION IN THE MODERN BANKING SYSTEM

Obstacles that women have encountered when seeking credit range from the misperceptions of some mainstream lending institutions to the legal restrictions present in many Third World countries. The most basic problems that women encounter, however, are not gender-specific. Rather they are based on the poor socio-economic conditions that prevail in many parts of the developing world.

First, women, like many poor men in much of the Third World, have very high illiteracy rates, frequently higher than the men in their regions who have better access to formal education. In Bangladesh, India and Pakistan for example, female illiteracy rates are twice that of male illiteracy rates.[4] The inability to read contracts, sign, or understand simple accounting methods is often in itself an insurmountable barrier to participation in the formal banking system.

Second, poor women often find the size, terms, and repayment schedules of the loans to be beyond their financial means. For example, banks may require potential borrowers to meet a minimum savings requirement, or they may place restrictions on the minimum amount that can be borrowed at any givent time.[5] Small loans entail high unit costs for the creditor, and render many banks reluctant to disburse the amounts that fit the needs of small enterprises. Each of these conditions cut accross gender boundaries, affecting low-income men and

The preceding obstacles that women typically encounter are not, for the most part, restricted to women as an economic group. Low-income men, as noted, also experience difficulty meeting the terms offered by many mainstream institutions, and have been noted to favour frequent repayment rates as well. Other obstacles, however, are unique to women as a class of potential borrowers. For although women are rarely denied loans outright because of their gender, formal eligibility is often insufficient to ensure that underlying social and legal restrictions do not surface in the process of information dissemination and loan application. Some of these restrictions have already been noted in the discussion of land tenure and collateral requirements. Others are more subtle, however, and require social and political action outside of the realm of credit reform.

One of the most potent forms of resistance to enhancing credit opportunities for women comes from their male peers. Access to credit, as a means to alter the typical workday of women in order to stress the generation of income, threatens to alter the sexual division of labour within the household. As this division stands in most areas of the developing world, it tends to benefit the male members of a family, who provide far fewer hours of labour overall due to the preponderance of household chores left exclusively to women. Access to credit is also viewed by many as a zero-sum game: credit is limited, and what credit is diverted to projects to increase the productive capacity of women can conceivably diminish the amount of credit available to men. Increasing the available pool of resources may help diminish this concern, though it will not eliminate it.

Another barrier that has prevented women from gaining access to credit, particularly from the funds available from national or international development agencies normally considered more accessible than the commercial sector, is the variety of social customs that restrict interaction between the sexes. For example, women are often restricted from joining credit unions or from attending meetings sponsored by agricultural extension workers if men will be present. As a result, the information on credit opportunities offered by agricultural extension agencies is often beyond the reach of female farmers. In one survey conducted in Kenya, 99% of female-managed farm households interviewed knew nothing about the loan programme offered by the extension service. This bias was found to exist at higher income levels as well.[8] In other cases, husbands have prohibited agricultural extension workers from talking to individual women, but allow them to talk to women in groups. This obstacle can be easily overcome by forming clubs of women, as was done in Zimbabwe. Approximately 35-45 women joined together to form clubs, each independent, responsible for its own resources, and capable of receiving advice form agricultural extension agencies.

Requirements inappropriate to the socio-economic structure of a given area that are built into the eligibility criteria of credit programmes have also posed problems for women. As Carmen Deere noted in Rural Women and State Policy, agrarian reform programmes in Latin America, including projects to channel more credit to the rural sector, tend to designate the household head the official beneficiary: "Restricting beneficiaries to only household heads discriminates against women, since throughout Latin America social custom dictates that if both an adult man and woman reside in a household, the man is considered its head."9/ Similar patterns have been noted in Asia and Africa. As Ruth Dixon noted in a discussion of women's direct access to development services:

> Projects frequently require that credit be granted to males even when production is based on women's work. In the Thailand agricultural project, for example, each family is entitled to a loan through the Bank for Agriculture and Agricultural Co-operatives to get the project started. Although the available documents do not say whether women can apply as individuals, the family unit is usually represented in formal transactions by the male household head.10/

In Africa, a rice project in Senegal in the mid 1970's allowed only men to obtain credit for agricultural work, even though women were the principal rice growers in the region. A World Bank report published in 1978 found that husbands were reluctant to take out loans to support work being done by their wives; as a result, the project was redesigned to facilitate direct access to credit for the female rice workers.11/

Obstacles such as these can be easily avoided if greater attention is paid to the social customs of the communities being serviced. Other issues, however, will require efforts to convince those in power, including village leaders, employers, local lending institutions, and governments, to enable women to transcend traditional restrictions. In many parts of the world, legal restrictions continue to prohibit women from opening their own bank accounts or from engaging in formal transactions without the explicit permission of husbands or male relatives. Action to alter such laws is an important step in the process of improving women's access to credit. Other steps that can be taken on both the policy and project levels are outlined below.

III. RECOMMENDATIONS FOR IMPROVING WOMEN'S ACCESS TO CREDIT: CASE STUDIES AND LESSONS

Over the past two decades, the development community has witnessed the generation of a variety of credit programmes tailored to address the needs of women borrowers. Most of these programmes have undergone a series of transformations before finding a formula appropriate to the dual goal of servicing poor women entrepreneurs, and finding a link to mainstream lending institutions in order to help maintain levels of loanable funds. To the surprise of some, many credit programmes for low-income women have performed remarkably well, achieving high repayment rates, introducing women to the services of the modern banking sector, and sustaining, or even augmenting, loanable funds. Above all, the successes of these programmes have begun to carry a message to mainstream institutions that have been reluctant to lend to a group which has traditionally been labeled high risk: the women of the Third World represent a vast, reliable, and in many areas, untapped market that can make a significant contribution to the goals of planning ministries and lending institutions alike.

Success has not come easily, however; in many cases, only years of trial and error brought programmes such as Nicaragua's FUNDE, institutions like the Grameen Bank of Bangladesh, and organizations such as UNIFEM and Women's World Banking the achievements to which they can now proudly point. With each new project these organizations learned from the mistakes of the past and implemented the mechanisms that had proven the most effective to achieve their goals. What follows is an analysis of these and many other programmes grouped under a series of recommendations that each project best illustrates.

A. Credit and Income Generation

Perhaps the most basic lesson that has been applied by the majority of successful credit schemes is that loans designated for income generating activities are more likely to be repaid than loans approved for undesignated uses. This recommendation, though often deemed too commonsensical to mention, is worth elaborating if only to point out that ensuring that monies loaned are put to designated uses does require some limited degree of supervision by the lending institution. Supervision need not be extensive, and may be effectively combined with a programme component that sends collection officers to women's workplaces to collect repayments. In this way, the lending institution could make its presence in the productive lives of the borrowers more easily felt while eliminating the travel problem posed by distant bank branches for its women borrowers.

B. The Formality and Informality of Successful Lending Schemes

Another lesson derived from the experiences of several credit programmes helps explain why the informal credit market, consisting of moneylenders, pawn brokers and wholesalers, often continues to attract female customers in areas where institutionalized sources of credit are readily available at far better interest rates. Although the informal credit sector is by no means inexpensive, its very designation as "informal" explains why many women prefer it to the "formal" credit market. Credit transactions in the informal market are made without written applications; money is always readily available, and little time is wasted on formal "processing" procedures. Borrowers and creditors are often well acquainted; creditors rarely have offices, preferring instead to travel to the homes or businesses of potential borrowers. Finally, the penalties for default are widely known as some member of a community has always made use of a given moneylender's services before.

Incorporating some of these aspects into formal institutionalized credit programmes would make them far more attractive to low-income women in both urban and rural areas. For example, ensuring that information on loan terms and the provisions for default are made clear is a relatively simple task that would vastly increase the consumer pool. The experiences of one Latin American credit programme demonstrate that the goal of improving women's access to credit at reasonable rates can be considerably enhanced by eliminating aspects that intimidate potential borrowers from applying.

1. The Nicaraguan Foundation for Development (FUNDE)

The co-operative programme developed by FUNDE is a good example of a programme that evolved to meet the needs of its principal beneficiaries by reducing the formality of its credit delivery system to a minimum. FUNDE started with an office in the marketplace that gave loans directly to individuals. This office offered an interest rate of 12 per cent a year that compared quite favourably to the 120 per cent a year offered by moneylenders. To the surprise of the programme's developers, the market women did not take advantage of the rates being offered by the new FUNDE office, preferring to rely on their traditional sources of credit. Many found the formal office setting unfamiliar and intimidating; this obstacle was enough to counteract the attractive interest rates being offered. Furthermore, sanctions in case of default were not made clear so personal risk was too difficult to compute. Sanctions imposed by moneylender, on the other hand, were well known.12/

To address these unfamiliar aspects of the loan procedure, the Foundation altered the application format. A plan evolved to encourage women to form co-operatives so that they would feel responsible to their peers as opposed to a distant agency. Emphasis was placed on choosing credit committee members who knew the applicants and their businesses personally so as to improve communication between lender and borrower. The parent programme continued to extend credit at the interest rate initially planned, but now channeled all funds through the women's co-operatives instead of through their marketplace offices.[13] Co-operative members were required to buy a passbook, to buy at least one share, and to pay a small service charge. After retaining the share for 6 weeks, members could borrow up to three times the amount they had deposited. Application forms were simplified and loans became repayable in daily installments. All in all, the simplification of the credit delivery system sharply reduced the women's reluctance to seek funding from the Foundation. The less formal the process became, the less intimidating it became, and the more frequently it came to be used.

C. Frequent Collection, Low Default: Repayments and Savings

One of the drawbacks that women borrowing in the formal sector have encountered is the infrequency with which some banks and development agencies collect loan repayments and savings deposits. As noted above women are not reluctant savers, far from it. In fact, instead of wishing that banks did not request payments that often, women would, in many cases, prefer to meet their obligations in small, frequent installments. Institutions wanting to service the women's market should therefore accommodate the desire to both deposit funds and repay loans before savings can be diverted to other needs. The co-operative programme of the Nicaraguan Foundation incorporated a daily repayment option in its revised loan programme. The Grameen Bank of Bangladesh, discussed in detail below, has always made use of a weekly instalment plan. The Bhagini Nivedita Co-operative Bank Ltd. of India was among the first to employ the novel door-to-door method of collecting what they call "pygmy deposits" in order to encourage savings. Although banks are often reluctant to embark on this form of collection due to the high costs of staff time, the Bhagini Nivedita avoided this drawback by enlisting the aid of college students, who were allowed to retain four per cent of what they collected.[14] This system increased the demand for credit, benefiting the bank, and took into account the needs of the borrowers.

D. Guarantees and Repayment Rates: The Case Against Collateral Requirements

Collateral requirements is one of the biggest obstacles that low-income women face in their attempt to acquire credit from the mainstream. Credit institutions are usually reluctant to approve loans without some guarantee that their funds can be repaid. Many feel that requiring valuable assets to be placed as collateral against outstanding debts will reduce the borrowers willingness to default while securing the bank's investment in case default does indeed occur. Unfortunately, the ability to meet collateral requirements often has little to do with the ability to meet repayment schedules. The most conscientious borrowers may indeed be those with few fixed assets but an abundance of entrepreneurial skills. Eliminating the collateral obstacle while maintaining the right of the lending institution to single out the more credit worthy applicants in order to guard against default would be a significant step in the process of broadening women's access to credit.

To this end, lending institutions should consider a World Bank recommendation regarding loan screening: "the repayment capacity of the borrower should be determined by his (or her) productive capacity rather than by collateral requirements."[15] The operation of a scheme to attain this goal could be greatly facilitated by allowing groups of women who are familiar with applicants' businesses to determine credit worthiness. Several credit programmes have implemented this suggestion with rather promising results.

1. The Manila Community Services, Inc. (MCSI)

The MCSI programme, administered by the Philippine Commercial and Industrial Bank, offers loans through its Self Employment Programme (SELP). Eligibility is based on a unique system that prizes entrepreneurial potential over capital assets. Each applicant receives a "personality profile" designed to assess his or her views on certain social values deemed essential to repayment. A project's economic viabiliy, and the inability of the borrower to find other sources of credit are also important criteria. In addition, the loan must be for the purpose of starting or bolstering a business, not for augmenting a business that is already stable. Graduates of MCSI training programmes must use the skills taught in those programmes. This careful screening process has been described as a form of "substitute collateral" by the executive director of MCSI.[17] By concentrating on the productive capacity of potential borrowers, MCSI has vastly expanded the pool of credit recipients in the Manila area while achieving "a 100 per cent repayment on loans."[18]

MCSI also sponsors a Petty Loan Programme designed to facilitate the screening process while reaching the smallest and most hesitant of borrowers. All MCSI loans are disbursed through its twelve community leaders who are responsible for the various areas of the city. In addition to conducting the local aspect of the SELP loan screening, each of these men and women are responsible for disbursing the P 1500 Petty Loan Fund to whomever they find deserving. This fund is lent without interest and without loan papers to entrepreneurs in their communities. Community leaders are responsible for the complete appraisal of applicants and for the collection of payments. As they are generally familiar with applicants and their businesses, the leaders can determine an applicant's ability to repay by assessing his or her productive capacity. In this manner, all businesses and ideas, large or small, can help their creators to secure credit. Once the petty loan has been repaid, the entrepreneur can apply for a larger SELP loan and is subject to the more stringent screening process described above.

2. Working Women's Forum Credit Society

This Madras-based co-operative, started in 1981, also weighs the productive capacity of the applicant heavily in its loan screening procedure. Each application is read by a group leader who assesses the financial viability of the proposal based on what she knows about the applicant and her business. The group leader then presents her recommendation to the area leader. Together, they forward the application to the co-operative headquarters' staff, who in turn assess and forward the application to the bank.[19] This process not only eliminates for the bank many of the costs normally associated with screening small loans, but ensures that the credit worthiness of applicants is assessed by people who know their businesses and their capabilities. Group leaders are all elected by consensus from among a group's members. As a result, they are more than administrators from the perspective of the applicants, they are peers. New members may be accepted in a group for their "standing in the market, integrity, dynamism, or after fulfilling certain group requirements and norms.[20] The only eligibility criteria common to all groups requires that members, and hence loan applicants, be self-employed and belong to an economically weak segment of society.[21]

Loan recipients are not required to offer traditional forms of collateral to secure their loans. Furthermore, no guarantee in the name of a male relative need to be obtained. Loans must be repaid in ten monthly instalments after a grace period of one month; the interest rate charged is seven per cent. Despite the lack of a physical collateral requirement, the repayment rate has consistently remained over 90 per cent.[22] This high repayment rate is largely attributable to the activities of the group leaders, who are responsible for collecting payments in addition to screening applicants. As the responsability for collecting loan payments fall to a peer as opposed to a collection officer, the borrowers themselves feel a stronger obligation to meet payment schedules and payment rates remain high. This method of ensuring high repayment rates has been refined by a variety of groups and is discussed more fully in the next section.

E. Solidarity Group Lending

One of the factors that has made the largest contribution to the strong repayment rates of so many programmes is the "solidarity group" mechanism. This tool, widely employed by agencies around the world, uses the peer pressure inherent in group guarantee arrangements as a form of collateral that actively urges borrowers to meet payment schedules. To circumvent traditional collateral requirements in a concrete manner, an increasing number of credit institutions are requesting that applicants form small groups that can apply for loans collectively. Whether the funds are to be used collectively or disbursed to individual members for private use, no collateral or external guarantee is required from applicants because the group members serve as guarantors for each other's loans.[23] Should one member default on a loan obligation, the entire group becomes ineligible for additional funding until the loan is repaid. As a result, groups place significant pressure on members to repay loans on time, and, in the worst of circumstances, often chip in to help an insolvent member meet repayment obligations. ACCION International, a private international development agency, has used the solidarity group concept for years and has achieved an impressive repayment rate of 98 per cent.

The solidarity group mechanism provides institutions with a credit delivery system uniquely suited to the dual task of addressing the needs of borrowers while contributing to the high repayment rates needed to ensure sustainability of available resources. By utilizing the services of one group member, the leader, to help disburse loans and collect payment, much of the process that tends to intimidate poor women is eliminated. In El Salvador, for example, the solidarity groups of the Federación de Cajas de Crédito (FEDECCREDITO) appoint one member to collect loan payments on a daily basis; once a week, FEDECCREDITO workers collect the entire payment at the home or business of the group leader. Since group lending in general impresses upon women the need to pay instalments on time, the risk to the lending institution is concurrently diminished and the availability of credit is sustained. One study, conducted by Naomi Till and Pinky Chaudhuri in 1986, established a positive "correlation between a woman's ability to manage credit and her participation in a group".[24] The group, therefore imparts management skills that benefit creditor and borrower alike: the borrower uses the credit that she receives more efficiently which in turns contributes to the creditor's timely collection of the outstanding amount.

Many variations on the solidarity group concept have developed around the world. The mechanisms employed by the Working Women's Forum and FEDECCREDITO have already been discussed. Below are several other programmes that have used group lending mechanisms in their lending operations.

1. The Grameen Bank

Like ACCION International, the Grameen Bank of Bangladesh has achieved a repayment record of 98 per cent. The Grameen Bank provides loans to women and men who either own less than one-half acre of cultivable land or who have assets worth less than the value of one acre of land. As of 1986, women were 76 per cent of Grameen members and accounted for 69 per cent of outstanding loans. During that year, 98 per cent of all new members mobilized were women. Although the bank was not designed to focus exclusively on women, its commitment to reaching the most needy members of its target communities has resulted in the large percentage of female members it has today.

Since 1982, the bank has provided loans without collateral at a 16 per cent rate of interest that aproximates the commercial rate to groups consisting of five borrowers.[25] Loans are repayable in a period of one year: principal must be repaid in 50 weekly instalments, interest and the mandatory contribution to an "Emergency Fund"[26] are collected in the final two weeks. As a result of this scheme, the interest payment only comes to 8.12 per cent because it is amortized over 50 weeks.[27]

The loan disbursal mechanism used by the bank is intricate, and accounts for both the high operating costs and high repayments rates that appear on the bank's books. Before a loan is approved, a group is observed by bank staff members for a month to see if it conforms to the discipline of the bank. If all goes well it is invited to join a seven day training session; when this session is completed, two members are given loans and their loan repayment behaviour is observed for a month or two. If their repayment performance is satisfactory, the next two people in the group receive loans; if these two also adhere to repayment schedules, the group leader finally receives a loan. If new loans are desired, the repayment performance of all the members first round loans will be considered. As Mahabub Hossain noted in <u>Credit for the Alleviation of Rural Poverty</u>:

> A repeat loan is not approved for any member until the accounts of all members of the group are settled. The group functions as an institution to ensure mutual accountability... The existence of the group thus acts as the collateral for the bank loans.[28]

Loans are made to groups but the funds are not neccesarily used in common by the group. Once the bank disburses a loan, the group may divide the funds among its members for individual income-generating enterprises.

The high operating costs associated with this group mechanism has dissuaded many lending institutions from using the Grameen Bank as a model on which to pattern their own small-scale credit operations. Commercial banks, in particular, have felt that such high outlays for the staff training and salaries nedded to maintain such careful monitoring preclude the commitent of a large portion of their resources to a Grameen-style lending window.

In some respects, the protests of profit-minded institutions are quite valid: the Grameen Bank's loan operations are hardly a model of large short-term returns. In other respects, however, critics may be missing the principal lesson to be learned from the bank's experience, a lesson that, if noted, may well convince commercial and other mainstream lending institutions to designate controlled yet significant amounts of loanable funds to low income groups.

The success of the Grameen Bank's efforts to achieve high repayment rates when lending to an impoverished clientele demonstrates that the traditional blanket designation of low income groups as high risk borrowers is inaccurate. The Grameen's experience has also demonstrated that small loans do carry a high cost per unit currency loaned for the lending institution. Nevertheless, this fact alone should not deter commercial lending institutions and government sponsored development banks from opening credit windows specially designed to capitalize on and serve the needs of a low income market. Credit institutions always experience a tradeoff between risk, a type of cost borne by a bank, and the more easily quantified transactions costs, such as staff time or lower interest rates.

For a mainstream lending institution to approve a high risk loan, costs must be kept to a minimun in order to justify the possibility of default. Conversely, loans to a person, group or institution that has demonstrated strong repayment rates in the past may be accompanied by slightly higher transaction costs, for example in the form of frequent collections of payments. As the activities of the Grameen Bank that have most contributed to its high operating costs have been statistically linked to the high repayment rates it has achieved, a commercial bank or development agency wishing to tap into the pool of poor entrepreneurs eager for credit must strike a balance between the percentage of funds to be designated to this group, the sustainability or profitability of such a venture, and the profitability of the rest of the institution's credit portfolio. For while profit margins for mainstream institutions lending to the poor of their community may in some cases remain lower than for loans made to larger enterprises, the opportunity to capture a virtually untapped market with a demostrated potential to graduate to larger loans is a sound investment for a commercial, agricultural or development bank to make.

In general, the strategies of the Grameen Bank have proven effective in the attempt to provide credit to the poor of rural Bangladesh. In its efforts, the bank has taken special care to address the needs of its large percentage of needy female borrowers. To protect the financial independence of its female clients, provisions were enacted so that women's shares in the bank cannot be transferred to men; men's shares, on the other hand, can be transfered to women.[29/] This rule may have been enacted to protect the bank's position as well; according to Hossain, the bank management has argued that female borrowers are more careful with the credit that they received and that, for this reason, the bank prefers to provide credit to a female member of a household when possible.[30/] The bank collects payment in small frequent installments; its highly decentralized structure allows it to take its services to its clients as opposed to asking borrowers to come to the bank. The only "collateral" ever required by the bank is the formation of homogeneous groups; productive capacity requirements and peer pressure serve as "guarantees" for the bank. The Grameen's loans increased the employment of female borrowers by an average of 16 eight-hour days a month; in turn, the activities of these women provided an average of 10 eight-hour days of employment per month for members of their households.[31/]

Competition with the informal market encouraged the bank to adopt a formula that would enhance the perception that it was a flexible institution in the eyes of its female clients while keeping its commitment to loaning funds only for income-generating projects intact. The Grameen requires that five per cent of each loan be placed in special funds called Group Funds, which are augmented by mandatory weekly deposits of one taka for member. Each groups' fund is deposited in the Grameen Bank at 8.5 per cent and can be withdrawn for emergency loans to members for personal expenses.[32/] Although some clients have complained that the mandatory contributions to the Group Funds are a burden, most are glad to have ready access to funds for purposes that would usually require them to turn to moneylenders. As Hossain noted: By creating the Group Fund, The Grameen Bank has assured the same flexibility in its credit services as in the informal markets.[33/] In addition, it has provided women with valuable financial management experience that they can take with them when they graduate to the services of mainstream lending institutions.

2. The Association for the Development of Microenterprises, Inc. (ADEMI)

ADEMI, a credit programme that receives technical assistance from ACCION International, was created in 1983 to assist self-employed workers in Santo Domingo, the Dominican Republic. Since its inception, it has used the solidarity group mechanism to channel credit to the smallest microenterprises without asking for collateral. Within its first nine months of operation, ADEMI achieved a cumulative repayment rate of 99 per cent.[34/] Mandatory savings requirements have succeeded in augmenting the funds that ADEMI can make available to its target population. Each client is required to maintain a savings account equal to 20 per cent of the amount he or she borrows. In its first year of operations, borrowers savings accounted for 57 per cent of ADEMI's revolving loan fund.[35/] In a study conducted for ACCION in 1984, Rebecca Reichmann described the programme as follows:

> ADEMI combines characteristics of informal lending practices with elements of a formal lending institution. Frequent repayment options, elimination of the collateral requirement, reduction of paperwork and of transaction time and costs, and advisor's frequent contact with clients in their business places or homes-all contribute to clients feeling that ADEMI is accessible... On the other hand, ADEMI shares elements of formal credit like reasonable interest rates and legal recognition.[36/]

Loans to solidarity groups are small and are repayable within a few weeks. The group functions as a "risks-management device" for the parent organization and the bank it deals with.[37/]

ADEMI itself is not a bank, but it has negotiated an agreement with a private local bank, the Banco Popular, to handle many of its bank-like transactions. Rather than using its funds to guarantee Banco Popular loans to poor entrepreneurs, ADEMI loans money from its own resources and uses the bank as a clearinghouse.[38/] The Banco Popular administers ADEMI's revolving loan fund, collects payments from and disburses funds to ADEMI's clients, and holds client's savings accounts.[39/] In this manner, ADEMI can dedicate the majority of its time to the screening process, and the Banco Popular can broaden its market while minimizing its operation costs.

The solidarity group mechanism used by ADEMI is not full-proof, however, and modifications may still be made to achieve various social goals. Reichmann noted that one of ADEMI's principal weaknesses was its failure to implement a formal mechanism to encourage the solidarity neccesary for the groups to survive independent of their desire to obtain credit. ADEMI, allows the formation of somewhat heterogeneous groups which are often composed by individuals engaged in different bussinesses. Encouraging the formation of groups engaged in the same productive activity might foster the cohesion that Reichmann found lacking in her study. Efforts might also be made to increase the number of female participants, which initially stood at only 31 per cent.

In general, however, the combination of the use of the solidarity group mechanism with a link to a private lending institution has substantially contributed to the success of the credit programme. The "graduation" system built into the programme has ensured that ADEMI's resources remain concentrated on the poor entrepreneurs of Santo Domingo while concurrently providing the Banco Popular with a growing pool of clients who want to obtain larger loans.

F. Incentive Programmes

When properly designed, incentive programmes have enhaced repayment rates without placing undue stress on the borrower. Rebates may be given to borrowers who maintain prompt payment records or fines may be imposed if payments are late. The Self Employed Women's Association (SEWA) of India has made good use of these and other incentives to secure the prompt repayment of the non-collateralized loans that it sponsors. Members of SEWA who wish to receive credit can purchase shares in the Mahila Bank, an intermediary organization founded by SEWA in 1974. Involving borrowers in the bank as shareholders has helped minimize the default rate, which remains negligible.

G. Credit and the Supply of Inputs

The experiences of many development agencies have demonstrated that credit is of limited use in areas where equipment and inputs are inaccessible. Several organizations have therefore supplemented their credit programmes for women with consumer shops to provide inputs for the bussinesses that the loans are meant to support. UNIFEM, for example, has included an input supply facility in its credit project in Swaziland. This facility, much like the training programmes that accompany the project, is designated to enhance the efficiency of local microenterprises while ensuring that resource deficiencies do not hinder repayments.

1. The Ayer Hitam Women's Multipurpose Co-operative

The Ayer Hitam co-op of Malaysia, which obtains capital for its credit activities from external sources such as the Apex Co-operative Bank, also operates both a credit programme and a consumer shop. The shop provides all the members with the provisions they need to run their farms, with the stipulation that members turn their crops over to the co-op for marketing. According to a 1977 FAO working document, this scheme has helped account for the 98 per cent loan recovery rate achieved by the co-op, and for the profitability of the enterprises that it supports.[40/] The FAO estimated that the co-op had saved members approximately M$11.6 million by providing them an alternative to the services of local moneylenders.[41/]

H. Intermediary Institutions for Women: Links to the Mainstream

Improving access to credit resources for women will be greatly facilitated by utilizing the services of institutions that can play intermediary roles in linking needy women borrowers to mainstream credit opportunities. "Women's co-operatives and banks", for example, "play an important intermediary role between women without access to credit and traditional banks (by providing) women a record of credit worthiness they can later take to the banks".[42/] Intermediary organizations need to be restricted to female clients; nonetheless, traditional attitudes regarding the availability and disbursal of credit have led many women to rely solely on the funds specifically designated for women by national, bilateral and international agencies.

Where this kind of reliance does indeed exist, a dual effect on the demand side of the credit market typically develops. Focusing female demand on the resources of women's agencies has diminished the reluctance of many local leaders to support women's efforts to obtain credit, for they could not compete for these funds in any event. At the same time, creating a pattern that steers women away from many mainstream sources of funding has significantly diminished the range of credit opportunities available to the women of the Third World while depriving interested banks of a reliable lucrative clientele.

In the short-run, however, it may prove beneficial for women seeking credit to concentrate on the opportunities provided by agencies that specialize in women's affairs. Where competition from men for resources is absent, the possibility that the resources will be monopolized by men, who generally exhibit the characteristics of credit worthiness far more prominently than women, also disappears. When women must compete only against their female peers for credit, peers who tend to possess similar degrees of literacy and similar abilities to provide suitable collateral, they are far less likely to be frustrated in their search for funds.43/ Furthermore, the utilization of women-only groups helps ensure that women will be left responsible for major policy decisions. As Ruth Dixon noted:

> "When women's programmes are affiliated with larger male-dominated institutions, decision making on major policy issues tends to be transferred to men in the parent institution".44/

Mainstream lending institutions wishing to tap into the female market may do well to experiment with the provision of a separate lending window with eligibility requirements more suitable to the characteristics of women in the developing world, such as those discussed above. Whether or not women are singled out for special treatment, however, development agencies, commercial lending institutions, and intermediary organizations must take care not to isolate women from mainstream development. Below are some examples of organizations that have played important intermediary roles for women in the market for credit.

1. The Self Employed Women's Association (SEWA)

The Self Employed Women's Association, noted for its succesful use of incentives, is one of the better known intermediary institutions in the developing world to focus on the poorest of women. Ninety-seven per cent of SEWA's members live in slums; 93 per cent are illiterate. To facilitate credit transactions for these women, SEWA founded the Mahila Bank. Designed to be an adjunct to, rather than a replacement of, existing banks, the Manila has acted as an intermediary between the women of SEWA and the nationalized banks, which were traditionally reluctant to process so many small loans themselves. The Mahila Bank submits loan applications to the bank and disburses the money to the women. The Mahila itself was considered a good intermediary to work with due to the credit worthiness of SEWA's parent, the Textile Labour Association.

SEWA and its bank encourage local banks to lend money to members by providing the following services to interested lending institutions. The Mahila bank screens loan applications, facilitates the paperwork required by other banks, provides "safe custody of savings and funds loaned by the banks", and inculcates "habits of thrift and knowledge of banking practices" among borrowers. In addition, it provides technical assistance and training in business management and marketing and negotiates better prices for crucial inputs for its members.45/

2. The United Nations Development Fund for Women (UNIFEM)

The United Nations Development Fund for Women has addressed women's demand for credit in the developing world by establishing revolving loan funds (RLF) in many nations. These funds are typically administered by the community groups or institutions receiving the loans.

In some cases, however they may be administered by a United Nations agency or a financial institution. If the RLF is administered by a bank, it may be used as collateral "to provide capital loans several times the amount of the funding originally provided" by the donor agency.[46] This was the case in Swaziland, whose UNIFEM revolving loan fund is described in detail below.

UNIFEM's 1985 report analyzed the results of the 18 RLFs (of a total of 23 operating RLFs) that responded to their survey. Of the 18, five were reported to have "a built-in system that keeps them constant in real terms, (so that the) funds may be expected in the future to have the same purchasing power as today". Several methods have been employed to achieve this result. Three of the projects require that a percentage of profits be channeled back into the RLF. One charged nominal membership dues in order to augment its lending resources. In the long run, funds that employed either of these methods would likely have fared far better than those projects that did not institute a mechanism to ensure that the real value of their funds was not affected by inflationary pressures.[47]

The average repayment period for the loans provided by these funds was 2.25 years, with periods ranging from ten months to four years. Six projects reported grace periods, which tended to range from one-third to one-half the repayment period. Ten required borrowers to produce collateral, guarantees, or co-signers while four projects explicitly stated that there was no need for collateral. The two projects in Lebanon explicitly stated that there was no need for a male co-signer.[48] Despite the guarantee requirements, UNIFEM reported that "in most of the projects, the standing in the community of the persons applying for a loan was considered very important and was probably taken as the best guarantee.[49]

Most projects deal with the possibility of default by confiscating equipment purchased with the loan. UNIFEM noted, however, that this is rarely done. To diminish the likelihood of default or late payments, UNIFEM has experimented with many of the group lending suggestions mentioned above. As noted in their report:

> When borrowers perceive themselves not just as borrowers, but as belonging to the organization that makes credit available, repayments improve... It can be further enhanced by forms of membership, shareholdership or a savings account relationship.[50]

The positive correlation between training programmes and repayment rates was also stressed by the report.

Though UNIFEM values the sustainability of its programmes, it does not supervise the operation of the RLFs indefinitely. Instead, after the funds are established, UNIFEM transfers their administration to local organizations. Forging links with local financial institutions is an important step in this process, a process that begins by trying to correct the misperception that all women are bad credit risks. To do this, UNIFEM invites officials from local financial institutions to observe the operation of its loan disbursal and recovery systems. In addition, it often includes mandatory and formal savings requirements to make women familiar with modern banking practices and banks familiar with fund participants.51/

UNIFEM establishes ties with both private and national banks primarily to increase the lines of credit available to programme participants. Through its efforts, many of the RLFs have established good relationships with local mainstream lending institutions. In Samoa, for example, the administration of the RLF was transferred to the local development bank and proved so successful that bank officials decided to broaden the range of credit resources available to participants.52/ In Colombia, the RLF was augmented by a matching grant programme: "For every two dollars provided by the project the Government's Popular Corporation of Finance (now) makes another US$17 available to female credit applicants". Additional credit has been provided by area banks.53/ In Swaziland, UNIFEM developed a relationship with the Swaziland Development and Savings Bank that enabled it to quadruple the amount of money it could lend to its clients. By setting aside E30,000 in an account with the bank to offset the risk of defaults, UNIFEM reduced the risk for the lending institution and convinced it to make larger sums available to women.

3. The Swaziland Revolving Loan Fund

In 1977, one year before UNIFEM established the revolving loan fund for Swazi women, a study conducted in Swaziland reported that 96 per cent of women surveyed said that it was impossible for them to obtain loans from banks. By 1984, the Swaziland Development and Savings Bank had established an active credit window for women, using the revolving loan fund to guarantee its investments. Today, the bank is responsible for loan administration and collection, while a UNIFEM training staff committee, which includes a representative of the borrowers, screen applicants.

When the RLF was created in 1978, UNIFEM also established a training programme and an Input Supply Facility to be run in conjunction with the credit programme. Only graduates of the training programme could qualify for a loan from the RLF. At the time, there was no institutionalized savings requirement and loans were interest-free provided that they were repaid within one year. After that point, a penalty of 12 per cent was imposed on the outstanding amount. No collateral was required, though the RLF kept the titles to equipment bought with the loans until the loans were repaid. Until 1985, there was never a need to repossess equipment.[54]

Despite these safeguards and the low rate of outright default, on-time repayment rates remained at only 54 per cent in both 1978 and 1979. As a result, a system of monthly reminders was initiated to enhance the repayment rate, and loan criteria were tightened: the RLF began to ask some women to find co-signers. Repayment rates increased substantially, to 82 per cent by the end of 1981; additionally, the default rate dropped from 18.84 per cent to 3.57 per cent that year.[55] In order to replenish the Fund, project planners decided to charge a premium on equipment and raw materials purchased from the Input Supply Facility, but eliminated interest payments as compensation.

In 1982 UNIFEM agreed to donate E30,000 to establish a guarantee-cum-risk fund at the Swaziland Development and Savings Bank. Two years later, the negotiations with the bank were completed. Under the new arrangement, the bank would pay eight per cent interest to the deposited risk fund and would charge ten per cent on money loaned to project graduates. As the bank also required a deposit of ten per cent of the value of the loan from borrowers, its spread came to a little over two per cent. This was the first time interest was to be charged on all loans from the outset. Other criteria were also imposed for the first time. For example, the maximun loaned to any one group could not exceed E3200 and the maximun loaned to any individual could not exceed E800 unless the Bank and the project staff agreed to waive the restriction.[56] In addition, the maximum repayment period for loans was now set at twelve months; if they were not fully paid within 18 months, legal action would be taken to reclaim property, equipment or raw materials from the borrowers.[57] Application procedures did remain simple for the borrowers, however, and people still come to the women to collect repayments. As of December 1986, the bank had not refused any of the screening panel's recommedations and had achieved an on-time repayment rate of 85 per cent with a default rate of only two per cent.[58]

If any lesson can be learned from the experiences of the UNIFEM revolving loan funds, it is that credit resources for women can be effectively augmented by linking women's credit programmes to mainstream lending institutions. As Murison noted in her report on the Swazi fund:

> This project demonstrates that tailoring loan procedures to the needs of rural women, especially in not demanding collateral and in making monitoring visits to their homesteads, can result in high uptake and a high repayment rate. In other words, women respond positively to mainstream development opportunities.[59]

In short, women can contribute to mainstream development, if mainstream development contributes to women.

4. Women's World Banking (WWB)

Women's World Banking is an organization that acts as a financial intermediary between community groups and lending institutions. With the help of its network of affiliate organizations, WWB helps channel funds to the "emprisers" of the developing world, the women who possees entrepeneurial qualities but lack "the capital, management skills and confidence to start viable businesses."60/ WWB relies on local leadership to establish relationship with the banking community and to raise the capital needed to fund and guarantee their local loan programmes. Affiliates conduct or arrange management training programmes, co-ordinate the disbursal from the loans, guarantee 25 per cent of each loan with funds raised locally, and monitor the progress of the business ventures to ensure that borrowers adhere to loan requirements. For its part, Women's World Banking guarantees 50 per cent of each loan through a letter of credit. In this manner, the bank through which the loan was arranged assumes only 25 per cent of the risk in each transaction facilitated by WWB.

Women's World Banking charges going market rates of interest and expects adequate returns on the loans it guarantees or makes to local borrowers.61/ Its strategy for increasing women's access to credit was described in its 1987 annual report:

> As WWB's name and credit become more firmly established, the leverage effect expands: WWB will be required to collateralize a decreasing fraction of its guarantee liability and thus will be able to support more loans with fewer dollars. The important catalytic effect grows further as women borrowers expand their own credit lines.62/

WWB has also been involved with efforts to encourage banks to establish independent credit windows specially designated for women, and with efforts to alter local laws to facilitate the credit process for women. With the help of WWB, many laws forbidding women to have bank accounts in their own names have been revoked, and laws requiring husbands to sign contracts for wives have been changed.63/

5. The Inter American Development Bank (IDB)

The Inter-American Development Bank has also used intermediary groups, though not necessarily women's groups, to channel credit to low income people. In a programme started in 1978, the Bank began to provide funds to intermediaries registered as private non-profit or public development institutions for projects that would directly benefit marginal groups with no access to public or commercial credit, create jobs, and employ a high percentage of raw materials of national origin. Financing provided to intermediary institutions by the Bank is repayable in a period of up to 40 years after a grace period as long as ten years. The Bank charges a one percent commission and requires no real guarantee. The IDB selected projects that "if properly executed, would permit the beneficiaries to have access to credit provided by commercial financial entities (either commercial banks or development institutions) in the near future".[64]

I. Indigenous Borrowing Systems and Mainstream Credit

Local informal savings and credit societies are a valuable source that should be tapped in the effort to link more women to the services of mainstream credit facilities. Many such societies, known in most parts of the world as rotating credit associations or contribution clubs, exist in the developing world. These groups are typically initiated by a woman with a good reputation in the community and are funded exclusively by the deposits of their members. Each consists of a "group of persons who agree to make regular contributions to a fund which becomes the property of each contributor upon rotation".[65] Membership in these societies is often preferred to saving in mainstream banks because the societies embody the informality prized by many low-income women. Transaction costs, such as travel time and time spent on applications, are low, the clubs allow emergency withdrawals, members act as guarantors for one another, and contributions are small but frequent to ensure that money saved is not diverted to other nedds. The responsibility for making regular deposits has been cited as a key reason that women form rotating credit associations. "The foremost reason for joining a ROSCA is probably the 'forced' savings element...(which enables members) to accumulate more sizable sums for worthwhile cause.[66] Like in the solidarity group programmes adopted by many development agencies, peer pressure acts as a barrier to prevent members from missing payments. In addition to being a financial enterprise, the savings associations perform a social function as well conferring status on members in good standing.[67]

The lessons to be learned from the design and operation of these informal credit schemes have been already cited, and shall not be elaborated here. As noted above, many developed-minded institutions have tailored their credit programmes to reflect some of the informal elements of indigenous credit societies. The rotating savings and credit societies are valuable beyond their ability to highlight Third World women's preferential priorites in a credit programme. Like formal intermediary institutions, the societies may be used as bodies though which to spread information and open the door to loans that surpass the amounts that it is possible for poor women to save independently.

Rotating savings and credit associations may be used by members as small scale intermediaries that guarantee larger loans with the association's resources. Although not all societies make use of the deposit facilities of commercial institutions, some, like those in the

Cameroon, do transfer accumulated resources to commercial banks on a regular basis.68/ For these associations, the transition from depositor to guarantor could be negotiated with banks after their regular contributions have established a record of credit worthiness. Such a relationship could prove useful to both banks and society members. Many lending institutions cannot afford to send collection officers to areas in which transportation is difficult; thus, "the use of traditional associations as a mechanism to chanel public funds into village economies is one central reason (that the) integration" of these groups with mainstream sources of credit may prove beneficial to both borrower and lender.69/

One cautionary note must accompany this discussion, a note that might discourage individuals from saving in the formal sector without the organizational support of some sort of intermediary: money saved in the formal sector is small, discrete amount is less likely to be channeled back to low income groups than are funds saved by small groups for the exclusive use of their members. This should not discourage groups from negotiating guarantee agreements with banks but should encourage low-income women to seek out or form their own savings and credit groups to improve their negotiating power.

J. Interest Rate Policy and Women's Access to Credit

The preceding points have dealt with lessons derived from individual programmes to be applied on the project level. This section will discuss a broad-based proposal that has appeared in the literature to be applied on the level of national policy.

Many developing countries employ some sort of interest rate subsidy scheme in order to encourage banks to lend to people at below-market rates. Conventional wisdom maintains that lower interest rates will enable more low-income groups to borrow from the mainstream. As Margaret Lycette has noted, however, this may not neccessarily be the case. According to Lycette, the subsidization of interest rates has had a detrimental effect on the ability of small borrowers to obtain commercial credit. Unnaturally lower interest rates force "financial institutions to bear the opportunity costs of providing cheap credit":

> At below-market rates of interest, demand for credit exceeds the amount of financing that lenders are willing, and find profitable, to supply. Lenders must therefore ration the amount of credit they are willing to supply among borrowers who wish to borrow much more than the amount available. When this non-price rationing takes place, it is almost inevitably the smaller borrower, the borrower lacking influence, the female borrower, who is unable to gain acess to credit. Loans are made instead to the lenders' wealthier and more influential clients.70/

If a given subsidy scheme is well funded, this scenario should not occur. If governments were imposing interest rate controls to fully compensate banks for the difference between the free market rate and the controlled rate, banks would have little reason to discriminate among borrowers in this manner. In most developing countries, however, governments do not have adequate funds to subsidize the full difference in rates for the amounts demanded at the lower rates. As a result, the governments do not fully compensate the banks, the banks bear some of the costs, and discrimination ensues. As Lycette noted, "if the interest rate is regulated and held below its market level, lenders must compensate for lower expected returns through reliance on lower risks and costs".[71] Lenders therefore try to diminish transaction costs by chosing to process fewer, larger loans.

Unfortunately, deregulating interest rates without taking any additional steps to address the needs of small-scale borrowers may not be the answer to this problem. Allowing interest rates to soar will render maistream credit just as inaccesible to the small borrower as will inadequate subsidization. An alternative may be to limit subsidies to a point that the government can afford, and target those subsidies to the most disadvantaged of borrowers.[72] In this manner, large borrowers cannot squeeze out the small, and interference in the market is minimized.

A final recommendation regarding interest rates returns to the project level. Although conventional wisdom in this case might suggest that the lower the rates the better, the experiences of some groups cautions against taking this to the extreme. Oxfam, for one, recommended in its Field Directors' Guide that loans should not be interest free, so as not to be regarded as a "soft option" by borrowers.[73] If interest rates remain too low, moreover, the real value of the funds available to the next group of borrowers will inevitably decrease.

K. Additional Reforms for Governments

National governments should not stop at interest rate action in their efforts to make credit available to poor women. Governments can also set aside funds to establish revolving loan funds and guarantee commercial sector loans to groups without collateral. They can educate both borrowers and lenders on the impressive repayment rates that credit programmes for women have achieved, and they can alter laws which restrict women from acting as independent financial actors. Legislative reform is a crucial component of the effort to improve women's access to credit in the developing world. For removing the most blatant legal obstacles that women face cannot but encourage women to attack the social and financial restrictions that remain.

L. When Credit is Inappropiate: Stepping Stones for the Poorest of the Poor

The preceding sections have assumed that providing budding entrepeneurs with credit is an appropiate way to generate income for the poor families of the developing world. In some cases, however, even the most well-fashioned credit programmes may remain inaccesible or unsuited to the poorest of the poor. Channeling credit to people who have already accumulated a good deal of debt with informal lenders is often counterproductive: new loans quickly find their way into the hands of moneylenders and borrowers are left with new debts that no longer have the potential to generate income. Even if the loans are designated for income generating projects, outstanding debts to other lenders may hinder the reinvestments of profits; in turn, low reinvestment rates will diminish the chance of improving a family's standard of living as the new loans come due. In short, as Mildred Leet, co-founder and co-director of the Trickle up Program, has noted, in some cases "getting a person out of poverty can't be achieved by putting a person further into debt".74/ To help families that find themselves caught in this trap, development agencies should forego providing certain poor entrepeneurs with credit in favour of providing them with grants. For as long as grants are given only for income generating projects, they may prove more effective at developing businesses that can keep their owners out of debt without putting them further into debt at the outset. Once established, these businesses may become good candidates for the loans offered through the variety of credit programmes discussed above. By using the resources of grant-giving agencies, women and men who are often overlooked by even the most sensitive of credit schemes have a better chance of establishing productivity records that will enable them to demostrate their credit worthiness at a later date.

1. The Trickle Up Program (TUP)

One agency that provides small grants to the poor is the Trickle Up Program. Trickle Up, a private agency founded in 1979, is committed to involving the poorest of the poor in local economic development without asking that the agency be repaid by recipients. Instead, Trickle Up asks the following of the women and men who apply for the one hundred dollar grants that it disburses. To receive the first fifty dollar instalment, applicant groups consisting of five people who will all work in the same enterprise must demonstrate that they have planned a business themselves, that they have secured any neccesary approvals, and that they anticipate a profit. Recipients must also promise that the group will collectively contribute a minimun of one thousand hours of labour to the business project within three months, and that they will reinvest at least twenty per cent of the profits. In fact, most recipients invest twice the time required by TUP and reinvest, an average of 70 per cent of their profits. In its ten year experience, TUP has found that 65 per cent of the groups fulfil its requirements and go on to complete the three-month business report that enables them to receive the second US$50.00 instalment.[75] After a group has received the second instalment its relationship with Trickle Up ends; the group cannot apply for another grant from TUP. The Trickle Up process does not leave business people without alternative channels to pursue, however. As TUP has a firm reinvestment requirement, groups are encouraged to open savings accounts at local banks to help meet the 20 per cent minimun and to reinvest wisely. In the process, they are introduced to the services of local credit institutions that will be able to service their needs as their businesses expand.

Mildred and Glen Leet attribute the programme's success to its reliance on the ideas and labour of its beneficiaries. The less supervision and advice that groups receive from TUP co-ordinators, the better their business seem to do. In one case, for example, a group of women in Montserrat started a successful fruit juice business with a TUP grant. Some time later, the Leets visited their village and were surprised to discover that the business had failed. When they questioned the women, they discovered that the business had closed at the same time as the TUP co-ordinator in the area had left. Although the women in the group had done all of the fruit picking and processing, it turned out that the co-ordinator had done all the bookkeeping and marketing. Without engaging in these activities themselves, the women of the group never mastered them, and when the co-ordinator departed they were unable to continue their business.

In addition to encouraging hands-on training, the TUP philosophy of limited supervision ensures that inappropriate ideas are not imposed upon recipient groups. According to Mildred Leet, TUP forces recipients to rely on their own business ideas to avoid the inadvertent problems that can arise when ideas are imposed upon poor entrepreneurs by outsiders. In this way, "TUP cuts across all societal barriers, cultural barriers and ideological barriers", and ensures that the "cultural prejudices of outsiders do not interfere" with judgments regarding which kinds of businesses can succeed in a given area.[76]

TUP and other programmes like it can play a valuable role in the effort to provide more low-income women with credit. By providing the seed money for thousands of microenterprises in 83 countries, TUP has brought capital and confidence to over 200,000 people. With these tools thousands have moved on to use the services of the formal credit market, services that are made available more readily when entrepreneurs have demonstrated their ability to turn a profit and reinvest in their businesses. In the attempt to broaden women's access to mainstream sources of credit in the developing world, grant-giving agencies are a valuable stepping-stone that should not be ignored.

IV. Summary

Improving women access to credit is an important step of local, national, and regional development. By restructuring programmes and policies to suit the needs and capabilities of this vast, largely, untapped market, banks, governments and development agencies can each contribute to the expansion of the thousands of microenterprises on which so many families rely. In return, banks can increase their markets for both depositors and borrowers, governments can meet productivity targets, and development agencies can improve living standards in depressed areas. The preceding case studies and recommendations have demonstrated that none of these goals are beyond the reach of institutions which implement credit programmes that are accesible to women who have the energy and ingenuity to start succesful businesses. Although not all of the suggestions made above will be appropriate to every case, policy makers in all institutions capable of loaning money to low-income women should consider which of the experiences mentioned could serve as guidelines in the fashioning of their own credit programmes. Briefly, the recommendations are summarized as follows:

1. Loans should be designated for income-generating purposes only to ensure high repayment rates, project, sustainability, and the long term improvement of living standards.

2. Credit delivery systems should be accessible both psychologically and geographically. Application procedures that are excessively formal or intimidating may deter many illiterate, low-income women from pursuing mainstream credit opportunities. Inaccessible deposit or repayment locations will produce the same effect.

3. Repayment schedules should accommodate the need to pay in frequent, small instalments.

4. Collecting savings deposits frequently, perhaps by using indigenous savings and credit associations or the services of volunteers willing to travel to women's homes and businesses, will mobilize resources that normally elude formal financial markets.

5. Collateral requirements favouring applicants with land or other capital resources should be waived if an applicant is determined to possees the productive capacity needed to run a succesful business.

6. Lending to groups of low-income women can be used as a form of substitute collateral. The peer pressure inherent in group lending is a powerful tool that encourages high on-time repayments rates.

7. Credit projects for low-income women should include mandatory collective savings mechanisms to allow members to provide for personal emergencies without diverting funds from their productive activities.

8. Screening commitees should include at least one member who is well acquainted with the applicants and their businesses.

9. Incentive programmes, including rebates for perfect repayment performances and fines for imperfect performances, can enhance repayment rates.

10. Combining credit programmes with training centres or input supply facilities can help ensure that resources are well used.

11. Women should look to women-only agencies and other development programmes that can play an intermediary role between the poor and the mainstream sources of credit. Women can develop records of credit worthiness at institutions which have eliminated the obstacles that bar their fuller participation in formal financial markets. In addition, escrow deposits or letters of credit issued by these intermediaries can increase the amounts that commercial institutions are willing to lend by reducing their risk.

12. Agencies that do not service credit needs specially but that provide other services to women should be used to contact women who remain isolated from mainstream sources of information concerning credit opportunities.

13. The viability of existing indigenous savings and credit organizations should be used as a stepping stone to integrate their members into the mainstream financial system.

14. Interest rates should not be kept so low so that rationing ensues, nor be allowed to drift so high so that poor borrowers are squeezed out. An appropriate balance that may include the targeting of disadvantaged groups may be the best way to combine equity and productivity.

15. Governments should eliminate laws that interfere with a woman's ability to function as an independent financial actor in the modern banking system.

16. The services of grant-giving agencies should not be overlooked as they provide many of the people that credit reform might miss with the opportunity to start viable microenterprises.

Should these and the many other suggestions mentioned above be considered by project planners and financial policymakers, the chances of channeling much needed capital resources to the women of the developing world will greatly increase. Low-income women have demonstrated strong repayment rates in a variety of credit programmes around the world. The time has come to dispel the myth that women are bad credit risks unworthy of the resources available from mainstream comercial lenders and development agencies. The women of the Third World represent a large pool of potential borrowers whose income-generating potential and entrepreneurial skills are badly underused. Providing them the credit they need to put their ideas to work can prove profitable to all involved, both borrower and creditor alike.

Footnotes

1/ In both cases, the farms are owned by men

2/ Cited in Ruth Dixon-Mueller, Women's Work in Third World Agriculture, (Geneva:ILO, 1985), pp.26-27

3/ A critical number of people is neccessary, but not in itself sufficient for the successful marketing of a good or service. Low population density, however, may render transportation and sales too time consuming to be profitable. See Sonelsa Buvinic, J. Sebstad and S. Zeidenstein, Credit for Rural Women: Some Facts and Lessons (Washington D.C.: International Center for Research on Women, August 1979), p.30

4/ UNIFEM, Strengh in Adversity: Women of the Developing World, (New York:UNIFEM, 1989), p.4

5/ Buvinic et al., op.cit., p.10

6/ See Achola P. Okeyo, Toward Strategies for Strengthening the Position of Women in Food Production: An Overview and Proposals on Africa, INSTRAW Research Study No.1 (Santo Domingo: INSTRAW, May 1985), p.13

7/ Pauline Milone, A Preliminary Study in Three Countries: Indonesia Report, Paper prepared for the office of Women in Development, USAID (Washington, D.C.: ICRW, September 1978), p.111

8/ See Kathleen Staudt's study noted above

9/ Carmen Deere, "The Latin American Agrarian Reform Experience" in Deere and Leon eds. Rural Women and State Policy

10/ Ruth Dixon, Assessing the Impact of Development Projects on Women, AID Programme Discussion Paper No.8, Bureau for Programme and Policy Coordination (Washington, D.C.: USAID, May 1980), pp. 34-35

11/ Ibid., p.66

12/ Buvinic et al., op.cit., p.19, and Judith Bruce, "Market Women's Cooperatives: Giving Women Credit" (New York: SEEDS, 1980).

13/ Buvinic et al,. op.cit., p.20

14/ R. Aziz, The Role of Women in Banking and Rural Credit, FAO, Drafting Working Document (Rome:FAO, July 1977), p.12

15/ Cited in Buvinic et al., p.25

16/ Lilia Oblepias-Ramos, "Access to Credit for Filipino Micro-Business Women Entrepreneurs", pp.13-15. Paper presented at the NGO Mid-Decade Forum Special Programme on Women Entrepreneurs: Access to Capital Markets and Credit, Copenhagen, 1980, pp.13-15

17/ Ibid, p.12

18/ Ibid, p.9

19/ Nandini Azad, "Women Entrepreneurs of Madras City: Experiment in Credit Systems" (Madras: Working Women's Forum, n.d.)

20/ Ibid., p.4

21/ Ibid., p.8

22/ Ibid., pp.8-9

23/ Maria Otero, Solidarity Group Programms; A Working Methodology for Enhancing the Activities of Women in the Informal Sector (Cambridge, Ma.: ACCION Internacional, September 1986).

24/ Ibid. p.14

25/ Mahabud Hossain, Credit for the Alleviation of Rural Poverty: The Grameen Bank in Bangladesh (Washington D.C.: International Food Policy Research Institute, February 1988), p.12

26/ Each borrower must pay 25 percent of the amount paid to the bank as interest as his or her contribution to the Emergency Fund, a fund put aside by the bank as insurance against death, injury or other circumstances that impede repayment or bring about default. The group can withdraw up to 50 percent of the amount deposited in the Emergency Fund on behalf of a member, but so far the disbursements from this fund have been negligible.

27/ Ibid., p.29

28/ Ibid., p.26

29/ Ma Yansheng, "A Model of Rural Development: the Grameen Bank Project of Bangladesh", Field Visit Report (New York: UNICEF, February 1985).

30/ Hossain, op.cit., p.34

31/ Ibid., p.64

32/ Ibid., pp.26-27

33/ Ibid., p.27

34/ Rebecca Reichmann, Women's Participation in ADEMI: the Association for the Development of Microenterprise, Inc. (Cambridge, Ma: ACCION International, March 1984), p.4

35/ Ibid., p.31

36/ Ibid., p.18

37/ Ibid., p.23

38/ Ibid., p.13

39/ Ibid., p.5

40/ Aziz, op. cit., p.23. Profits recorded in 1975 were M$25 million.

41/ Ibid., p.27

42/ Buvinic et al. op.cit., p.ii

43/ Mayra Buvinic, "Projects for Women: Explaining their Misbehaviour", in World Development (New York: UNDP, May 1986), p.662.

44/ Dixon, op.cit., p.23

45/ The Urban Edge, February 1981, p.4

46/ UNIFEM, Development Co-operation with Women: The Experience and Future Directions of the Fund (New York: UNIFEM, 1985), pp.146-147

47/ Ibid., p.148

48/ Ibid.

49/ Ibid., p.149

50/ Ibid., p.150

51/ Ibid., pp.151-152

52/ Ibid., p.151

53/ UNIFEM. Farmers, Merchants and Entrepreneurs, New York, UNIFEM, 1985) p.16

54/ Sarah Murison, UNIFEM Experience of a Revolving Loan Fund. UNIFEM Occasional Paper No.4 (New York: UNIFEM, December 1986), p.17

55/ *Ibid.*, p.18

56/ *Ibid.*, p.21

57/ *Ibid.*, p.22

58/ *Ibid.*, p.23

60/ Women's World Banking, (WWB), *Annual Reports* (New York).

61/ *Ibid.*, p.2

62/ *Ibid.*, p.10

63/ *Ibid.*, p.12

64/ Inter American Development Bank, "Programme for the Financing of Small Projects", (Washington D.C.: IADB, 1978), p.3

65 A. Louis, "The Market Woman of Abidjan", in Haskan and Bay, eds. *Women in Africa*, (Stanford: Stanford University Press, 1976), p.140

66/ F.J.A. Bouman, "Indigenous Savings and Credit Societies in the Third World", in *Development Digest*, July 1978, p.38

67/ Kamene Okonlo, "Rural Women's Credit Systems: a Nigerian Example" in *Studies in Family Planning*, Nov/Dec 1979, p.329

68/ Virginia DeLancy, "Women at the Cameroon Development Corporation. How Their Money Works," in *Rural Africana*, Fall 1978, p.23

69/ Bouman, *op.cit.*, p.45

70/ Margaret Lycette, *Improving Women's Access to Credit in the Third World: Policy and Project Recommendations*, ICRW Occasional Paper No.1 (Washington D.C.: ICRW, September 1970), p.10

71/ *Ibid.*, p.18

72/ *Ibid.*, p.19

73/ Oxfam, *Field Directors' Guide*, 1980, pp.37-16

74/ Interview with Mildred Leet, July 11, 1989

75/ *Trickle Up Program 1988 Global Report*, p.2

76/ Interview with Mildred Leet

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III. WOMEN'S ACCESS TO LAND AS AN ASSET: AN OVERVIEW OF THE LAWS IN 59 COUNTRIES

by

Katherine Mendez

CONTENTS

Introduction

A woman's right to acquire, own, maintain, and dispose of land is a fundamental prerequisite to her struggle to take control of her life. Land as an asset empowers its owner. Yet throughout the world women's ability to become landowners continues to be restricted by various subtle and not-so-subtle legislative measures, religious laws and traditional practices. In spite of numerous attempts at the national and international levels to institute measures for its elimination, discrimination against women continues to inhibit their attempts to acquire land.

This paper examines women's access to land as an asset with respect to three areas of the law: inheritance laws and property rights, land reform laws, and laws affecting women's access to credit. In addition, it incorporates information on religious laws and traditional or customary practices and attitudes into these three headings. The paper examines laws in a total of 59 countries in four regions of the world.[1/]

The United Nations Convention on the Elimination of All Forms of Discrimination Against Women is an example of a large-scale attempt to eliminate discrimination against women at an international level. It approaches discrimination against women by recommending various legal changes which address the ways that societies are structured. It was adopted in 1979 by the United Nations General Assembly, and by Spring 1988, 94 countries had signed, ratified or acceded to this document.[2/] In support of the United Nations Charter, which proclaims faith in fundamental human rights and in equal rights for all people, the Convention reaffirmed the commitment of participating governments to work towards full equality between women and men. In addition to measures already taken by participating governments, the Convention made the following proposals:

1) The principles of equality should be embodied in government Constitutions;
2) Appropriate legislative changes and sanctions should be adopted;
3) Legal protection of women's rights should be provided;
4) Discriminatory acts or practices should be prohibited;
5) Existing laws which discriminate against women should be modified or abolished.

These proposals should be undertaken as part of the continuing struggle for women's <u>de facto</u> and <u>de jure</u> equality.[3/]

The Convention also addressed specific questions relating to women's access to land as an asset, noting that future economic equality between women and men be confirmed by giving women the rights to family benefits; to bank loans and mortgages; and to other forms of credit. In addition, participating States pledged that full legal equality for women should be established, including, specifically, property rights and the right to enter into contracts. In the area of family and marriage laws, the document stated that participating governments should give women full equality with men with regard to ownership, acquisition, management, and deposition of property.

Six years after the Convention was adopted by the United Nations, a United Nations Questionaire to Governments was circulated and presented during the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women, in Nairobi, with disappointing results.[4/] The findings present a striking contrast to the extensive development and progress that was so forcefully envisioned in the 1979 Convention. Although there was, overall, a general trend of formalizing and improving women's legal status in countries around the world, these legal changes had, for the most part, been in effect since the start of the Decade in 1976. Furthermore, their actual implementation had been poor. This was due in part to several obstacles, most notably repressive marriage laws and traditional practices. Regarding women's legal access to agricultural credit, during the latter half of the Decade virtually all responding countries reported that women had attained the legal right to apply for agricultural loans. However, actual access to loans was complicated by the fact that in most responding countries only men inherited land and were thus more likely to have the necessary collateral.[5/]

The results of the 1985 questionnaire point to the difficulties in implementing the visions of the Convention. Discrimination against women occurs at all levels of society. To tackle it through the legal system alone is therefore not enough, particularly when, as in many countries, there are competing systems of law in operation. In some countries, for example Muslim countries, governmental legislation is often superseded by religious laws. Thus the most well-intentioned legislative programmes are often essentially ineffective in these countries. Additionally, in many parts of the world, and particularly in rural areas, the government and the judiciary are distant bodies that have no bearing on the daily lives of the people they are meant to serve. Their lives are governed by the laws of custom and tradition. For legislative measures to be effective, the people for whom they are meant to protect must have access to the legal system. They must be informed about their legal rights. Furthermore, for these rights to be realized, there must be a system for enforcing these rights. In many countries such systems simply do not reach their rural constituents. Awareness of these competing realities is essential for developing strategies that will truly improve women's access, both <u>de jure</u> and <u>de facto</u>, to land as an asset.

These difficulties were acknowledged during the 1985 Nairobi Conference. One of the recommendations of the Conference was that research be conducted regarding the still prevalent discriminatory effects of customary laws against women in many countries. This research was proposed in recognition of the fact that there is often more than one legal system in effect, and that traditional legal systems often impede the effectuation of more updated statutory laws.[6]

The existence of more than one legal system in so many countries continues to present challenges to those who are working towards the realization of the goals of the 1979 Convention. During the annual session of the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW) in March 1987, it was reported that efforts on the part of individual governments to implement recommendations of the 1985 Nairobi Conference had resulted in some progress. Yet a theme that kept emerging during the Conference was the difficulty in making progress given the existence of multiple legal systems.[7]

Thus although considerable progress has been made in the legal systems of many countries, the existence of other forms of law enforcement such as religious institutions and customary practices continue to impede the implementation of this progress, rivaling and even influencing the institutions now in place. This then precludes women's abilities to capitalize on the opportunities that may be available to them through the law, particularly with regard to their access to land as an asset.

In spite of the breadth of this overview of laws in four regions and numerous countries of the world, certain commonalities can be found. For example, it is usually men who own the land, who control the land, and who have access to the resources that enable them to develop and profit from this land. There is also much diversity of laws from country to country and from region to region. This diversity reflects the roles that religion and traditions play within each country and the way they have served to influence and shape the different legal systems.

In Muslim countries, for example, under Islamic law, women are universally entitled to an inheritance that is half the size of the inheritance of their male relatives. In Malaysia, Islamic law puts women in a better position to inherit than does the general laws, under which a wife may inherit only 1/3 of her deceased husband's estate even when there are no children. Yet in Indonesia, under Adat law, certain kinship groups allow sons and daughters to inherit equally in the property of the deceased. Thus, in Indonesia it is preferable for a woman who is subject to both Islamic law and Adat law to have the inheritance laws of her kinship group enforced.

In Kenya, women are not entitled to inherit land under customary laws, but they do have rights to use and reside on the property of a male relative. Land reform laws in Kenya, however, have tended to ignore these rights.

Thus, traditional and religious laws may sometimes be more protective of women than more up-to-date legislation, which often overlooks women's advancement by failing to take into account their de facto status in society.

This can be seen in Canada where, although women farmers have the same legal rights as male farmers, the importance of these rights is diluted by the fact that the majority of women in the farming industry are traditionally farmer's wives and are thus largely unprotected by the current legal system as it addresses the role of the farmer.

The role that agriculture plays in a particular country's economy, and the nature of women's participation in agriculture, whether formal or informal, may also have an effect on the laws as they impact women. Throughout Europe, there are few laws which specifically address the needs of women farmers. This may be seen in part as a reflection of the fact that in Europe farming is considered a self-employed occupation, and its problems are thus handled as are the problems of other self-employed professions.

In Upper Volta, on the other hand, farming is a co-operative venture, and this is reflected in the ways in which land may be distributed and inherited. In Bangladesh, women traditionally do not work in the fields alongside the men and are therefore dependent upon men to cultivate the land. This leaves them in a position of little bargaining power with regard to trying to obtain property rights.

Thus it is clear that a great diversity exists around the globe in the laws of each country, in the ways in which such laws are implemented, and in their potential effects on the people they are designed to reach. This paper will now explore this heterogeneity.

Footnotes

1/ United Nations. Convention on the Elimination of All Forms of Discrimination Against Women (1979). Resolutions and Decisions adopted by the General Assembly during the Thirty-Fourth Session, 18 September 1979 - 7 January 1980. New York, 1980.

2/ Ibid.

3/ Because most of the resources are dated prior to 1985, this paper cannot be read as a definitive account of women's legal access to land as an asset. Rather, it should be read as a general account of the laws that affect women's access to land, thereby providing an opportunity to obtain basic legal information as well as a context for a comparison of the laws from one country to the next.

4/ Held in Nairobi, Kenya from 15-26 July 1985, this Conference was the culmination of a decade of efforts on the parts of United Nations, governmental, and non-governmental organizations to bring to attention the status of women around the world and to implement measures to improve their status. The decade was officially declared by the United Nations in 1976 as "the United Nations Decade for Women, 1976-85".

5/ United Nations, World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development, and Peace, Nairobi, Kenya, 1985.

6/ United Nations, Report of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development, and Peace, 1985, p.21, paragraph 65, New York, 1986.

7/ International Women's Rights Action Watch. Women's Watch. Minneapolis, MN: INRAW, 1987.

I. AFRICA

A. Overview

Women in Africa face many obstacles in their efforts to obtain credit and possess land. The majority of the rural population lives by customary laws in which land, large stock, and sometimes moveable property pass only to male heirs. In situations where women do have some access to land, modern land registration practices generally give preference to men's rights to title first, thereby making it more difficult for women to have their rights acknowledged.

From a legal point of view, the obstacles are particularly acute. For the most part, inheritance laws still overwhelmingly favour men. Since women rarely inherit land, they often lack the necesary collateral for obtaining bank loans. Finally, there are frequent conflicts between the implementation of more up-to-date statutory laws, which tend to give women more rights, and the older customary laws, which often actually govern women's lives.[1/]

B. Countries

1. Kenya

Inheritance Laws: Traditionally, inheritance of agricultural land in Kenya has been patrilineal. Women did not have any legal rights to possession of land.[2/] Instead they were granted **usufructuary** rights whereby they had the rights to use and reside on the property of a husband, father or brother without actually owning or having any future rights of ownership.[3/] While land reform programmes have tended to ignore these usufructuary rights, **customary laws** recognize them. However, women still may not own or inherit **land**.[4/] A widow without father or brothers must depend on inheriting sons and will be left landless if she has only daughters. Usufructuary practices also often leave divorced and separated women without land.[5/] When a male head of household dies, property is divided among the male heirs, leaving women with maintenance rights only.[6/]

The **Kenyan Constitution** prohibits discrimination against women in general but allows for several exceptions, one being in the area of inheritance. Thus under the Law of Succession Act, 1972, inheritance of agricultural land and crops is governed by the laws and customs of the deceased's community.[7/] The Act entitles a widow to a monetary portion of the deceased's estate as well as a life interest in the estate. However, under customary law, only sons can inherit property. Wives and unmarried daughters have maintenance rights only, and widows lose this right upon returning to their family. However, under Islamic law a widow receives 1/8 of her husband's land if there are children and 1/4 if there are none. Daughters receive half as much as sons. Under Hindu law, widows are given maintenance rights and, sometimes, a life interest in the property.[8] Under common law, a newlywed husband is supposed to set aside a plot of land for his wife. However, if the marriage is terminated, she loses her rights to that plot.[9]

Credit Laws: Women are rarely given property titles to land and therefore cannot use the deed to the land to obtain credit without the approval of the male head of household.[10]

2. Nigeria

Inheritance Laws and Property Rights: A widow may continue to live in the home of her husband after his death because she is considered to be her husband's possession and is inherited along with the property by her deceased husband's successor. She does not have absolute property rights because wives are not considered to be members of their husband's household. However, these rules of inheritance do not apply to gifts of land: a father sometimes makes a gift of land to his daughter to ensure that it will remain with her upon his death and throughout her life. Upon marriage, a daughter moves from the family of her parents to that of her husband. Daughters are thus not regarded as permanent members of their father's family and are denied rights of succession. Married women may not inherit from their husband's family because of the possibility of divorce and because they are not blood descendants.[11]

Intestate succession (inheritance without a will) varies from group to group under **customary law**. For example, among **Yoruba Speaking peoples**, succession is mainly patrilineal. On the other hand, **case law** has held that children are entitled to inherit property of the deceased regardless of sex, but tradition often dictates otherwise.[12]

In **Western Nigeria**, where customary law prohibits a particular class of persons (specifically, daughters of landholders) from inheriting land, the courts have held that such persons are still entitled to receive the benefits and profits of that land. Wives are not considered to be members of their husband's family. Upon the death of their husband, they are entitled to continue living on the property but may not inherit it.[13]

In the **Northern States** not including the Yoruba speaking areas, the Muslim Maliki Code is followed by the **Muslim Hausa**. Under the Maliki Code, a woman inherits only half as much property as her male counterpart. According to the Muslim **Qur'an, a widow** is entitled to inherit land although of an unspecified amount. However, local custom dictates that only sons may inherit land and that daughters are entitled only to profits of the land.[14]

In the **Eastern States** succession is patrilineal although there are at least seven matrilineal societies around **Afikpo** and **Ohafia** where women have full property ownershipp rights. Nevertheless, land is often passed on from father to son by means of a gift. Apart from the matrilineal societies, succession occurs through the system of primogeniture in which the first male child inherits the land. Where a man has more than one wife the eldest sons succeed jointly. Wives rarely inherit their deceased husband's the estate and daughters have no rights of real property inheritance.[15/]

Intestate succession under general law is covered by the Statutes of Distribution of 1670 and 1685. Under this law, when a man dies intestate, his widow is entitled to 1/3 of his estate, and the remaining 2/3 are divided equally among his **issue** (i.e., children). If a man dies without issue, half of the property goes to his widow and half to his father. If there is no widow, the property is divided equally among the issue.[16/] When determining which laws of inheritance to follow, Christian marriages as well as those performed outside of Nigeria are subject to the laws of England.[17/]

Under customary law, unmarried women have the same rights of acquiring property as men. All subsequent rights and interests in the property become theirs as well. Married women have the same rights of acquiring land as unmarried women with the exception that a married woman cannot accept a gift of land from a stranger without the consent of her husband. Unmarried women and women in monogamous marriages have the same rights as men to dispose of their separate real property.[18/]

Credit Laws: One study has found that in 1976 and 1979 twenty times as many men as women received allocations of statutory certificates for land occupancy.[19/] These statistics are a direct commentary on women's access to credit. Whether the obstacles they face are legal or otherwise, they clearly exist.

3. Gambia

Among rice farmers in the Gambia, women may gain individual rights to use land by clearing and cultivating a previously untamed portion of land. These rights may then be inherited by their daughters. Compound rice land, on the other hand, is legally controlled by the head of the compound. The custom, however, is that a woman may cultivate a plot of compound land individually until she becomes old, and then she may turn it over to a co-wife or daughter-in-law.[20/]

4. Banfora region Upper Volta

Inheritance Laws and Property Rights: In the rice farming systems of the Banfora region of Upper Volta, upland belongs to the community in theory but in practice is controlled by heads of household and passed on in inheritance from father to son. Riceland belongs to the chef de terre, or lord of the land. Through him a woman may secure title to land which she then has the right to use until death or infirmity, at which point her daughter has the first right to request the land.[21] Married women past childbearing age are "liberated" by their husbands from the responsibilities of working on the household fields and may instead cultivate their own rice farms.

Riceland belonging to the chef de terre may be allocated by the chef to a woman for as long as she needs it on the condition that she give the chef some rice every three years. Surplus rice must be returned to the chef for redistribution. In villages with limited rice land, younger married women are not entitled to their own plot but instead help their mothers and are paid with a gift of rice.[22]

5. Sierra Leone

Property Rights: Customary law and tradition in Sierra Leone dictate that titles to land are owned by the chief or by large family groups on behalf of the community. Private ownership is rare. Lands with a title may be rented out or leased by the head of the chiefdom to someone in the community. Women are rarely able to rent or lease such land. Instead, they work on the land of male relatives or hire themselves out as wage laborers.[23]

6. Egypt

Land Reform Laws: Under Islamic law, women have the right to own and administer land. The Agragrian Reform Law of 1952 provided for equitable distribution of land regardless of sex. However, priority was given to the tenants and sharecroppers tilling the land which, under the system at that time, meant mostly men. The effect today is that men still own and control most agricultural land.[24]

7. Mozambique

Inheritance Laws: Married women in Mozambique have few rights regarding marital property. A husband possesses rights to all family property. Upon separation, a woman may be expelled from the home with nothing. In 1980, a draft family law proposed that all property acquired after marriage through the labour of both spouses be considered family community property, which each spouse would be entitled to use and administer.[25]

8. Botswana

Inheritance Laws and Property Rights: Women in Botswana are expected to stay with their husband's family after his death. Those who return to their own families must leave behind children and family property. Under Tswana customary law, a widow may inherit her husband's estate only if she stays with his family. Married women may independently acquire property and transact business, but only with the consent of their husbands. Although a woman's personal property is kept legally separate, such property remains under the husband's control. The same is true of family property, including farmland. A woman's access to property thus depends upon her husband's attitude regarding her rights to that property.26/

9. Lesotho

Two systems of law govern this former British colony, both Roman-Dutch law and customary law.

Inheritance Laws and Property Rights: Married women in Lesotho essentially have no legal status. They cannot dispose of property, nor can they enter into contracts without their husband's permission or assistance.

Under **Roman-Dutch law**, or common law, both spouses jointly own all property brought into and acquired after marriage. In practice, these ownership rights mean little because when a woman marries she becomes a minor under the law, and her husband becomes her legal guardian. As her guardian, he is entitled to manage the joint estate and may make decisions without her consent. He may mortage his wife's property and he may legally disburse the property or its payments so long as it is not done with the intention to defraud her or her heirs. A wife does have some measures of protection against such actions. She may apply for a separation of goods, or, if she is in the process of separating from her husband or has reasonable grounds to believe that he may defraud her, she may apply for a restraining order to prevent her husband from distributing her property.27/

In spite of the legal restrictions on a woman's right to control her own property, under Roman-Dutch law a wife is equally liable for debts contracted by her husband, even if done without her knowledge, and even after he has died.28/ Under common law, a wife is entitled to one half of the joint estate upon divorce or the death of her husband. The children share in the remaining half. The husband is the administrator of the joint estate, and his wife's position is therefore not secure because he may dispose of portions of the estate without consulting her.

Customary law is similar to Roman-Dutch law. A woman is legally always a minor under the guardianship of a male relative. One difference, however, is that a husband must consult with his wife before making administrative decisions regarding the joint estate. Under customary law, a woman falls under the guardianship of her eldest son upon the death of her husband. If she has no children, she becomes the ward of her brothers-in-law. A widow may now administer the estate of her deceased husband although in the past this responsibility was given to her guardians.[29]

10. Zimbabwe

Inheritance Laws: Under **customary law**, if a man dies intestate his property passes to his eldest son or brothers. His widow or widows may also be inherited. Although this law was originally created to ensure that, upon his death, a widow would be cared for by the family of her husband, it has evolved into a means for the husband's family to improve their economic status. What frequently happens upon the death of an intestate husband is that his family comes to the home of the widow and takes away everything except the widow, leaving her alone with absolutely nothing. Those who suffer most under the present system of inheritance are the middle class. Wealthier couples are more likely to have had exposure to the legal system and to have drawn up their own wills while those living in poverty have few possessions to lose.

Europeans in Zimbabwe are subject to different inheritance laws. Under the Deceased Estate Succession Act, the estate of the deceased is left to the surviving spouse and children.[30]

Land Reform Laws: Private land distribution in Zimbabwe is inequitable. Most land occupied by small-scale agriculturalists is trust land under which there is no individual land ownership but rather a system of hereditary group ownership. There is no security of tenure and, therefore, no incentive to improve conditions, which results in poor production. However, some farmers do have year-to-year tenancies and, therefore, more security.[31]

Credit Laws: Women in Zimbabwe have minority legal status and therefore cannot independently contract to enter into credit agreements.[32]

11. Ghana

Inheritance Laws: Among **matrilineal groups** in Ghana, the order of succession is first through the mother of the deceased and then her issue. Upon the death of a married man, his maternal relatives are entitled to claim all property, leaving the widow with nothing. Under **customary law**, the concept of community property between spouses does not exist.[33] Spouses are considered separate economic entities with no rights to each other's individual property. Married women have few rights to property acquired during marriage. They may not inherit jointly-held property upon the death of their husbands. Instead, they are entitled to be supported for a period of time by the family of their husbands. In such circumstances a widow becomes the "customary wife" of a family member who must care for her as if she were his real wife, but with whom she does not have a marital relationship.

Under statutory law, inheritance is regulated by the Ghanaian Marriage Ordinance. Regarding intestate succession, it provides that one-third of the estate of the deceased is regulated by **customary law** and two-thirds by **English law**. The property that is subject to English law is divided so that four-ninths of the two-thirds of the deceased person's estate go to his or her children in equal shares while the remaining two-ninths go to the widow. If there are no issue, English law provides that the widow is entitled to one-third of the entire estate, and the remaining two-thirds are proportioned among other relatives.34/

Credit Laws: Women's access to agricultural credit in Ghana is restricted. Only 6.7 per cent of women rice farmers report access to bank credit whereas 26.7 per cent of male rice farmers are able to obtain credit. It is not uncommon for a woman to own land in Ghana, and thus these statistics are not simply a reflection of women's lack of collateral. Rather they reflect the attitudes of banks towards women borrowers. Women's productivity and ability to repay loans are underestimated by banks. Banks' unwillingness to make loans to women leads women to other sources of credit such as moneylenders, who operate at interest rates of up to 50 per cent, or upon relatives in order to obtain credit.35/

12. Togo

Inheritance and Property Rights: Both customary practices and written law provide that a woman is the owner of whatever property she acquires through her own labour. Marriage does not affect these property rights.

Women are discriminated against in the ways in which they may acquire real property. They may purchase property or receive a gift of land, but they may not inherit it. Generally, a deceased person's property goes to the person who next assumes the role of head of the family. However, in recent times property holders have been making wills in which they bequeath the property to particular heirs, which more and more often include women.

If a child dies without issue in a polygamous household, the mother takes precedence over the father in inheriting the child's property. In this way a woman whose husband favours his other wives and may wish to make a gift of land to them, will not be deprived of her own child's property.36/

Footnotes

1/ United Nations/Food and Agriculture Organization (FAO); Women's Program in Agricultural Credit and Banking. Report on Policy Makers Workshop for selected Eastern and Sotheastern African Countries, FAO/APRACA, 14-17 March 1983.

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3/ UN/FAO, Women in Agriculture: World Survey of Women in Development, (New York, Department of International Economic and Social Affairs, 1984) p. 21. Henceforth: Women in Agriculture.

4/ Onger-Hosgor, Tulin, p. 11.

5/ Women in Agriculture, p. 21.

6/ Onger-Hosgor, Tulin p. 11.

7/ Rose Maina, V.W. Muchai and S.B.O. Gotto, "Law and the Status of Women in Kenya," in Law and the Status of Women: An International Symposium, Columbia Human Rights Law Review (New York) 1977, p.195.

8/ Ibid.

9/ Tulin, Onger-Hosgor, p. 11.

10/ UN/HABITAT, Women in Human Settlements, Nairobi, Kenya: Centre for Human Settlements, 1988.

11/ UN/Economic Commission for Africa (ECA) Dr. J.O. Debo, Akande, (1979), p. 39-41.

12/ Ibid.

13/ Ibid, p. 42.

14/ Ibid, pp. 42-43.

15/ Ibid, pp. 39 and 44.

16/ Ibid, p. 45.

17/ Ibid, p. 46.

18/ Ibid, pp. 39 and 47.

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20/ UN/FAO, Women in Rice Farming Systems With a Focus on Africa by Dr. Jennifer Dey, Rome, 1983, p. 10.

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22/ UN/FAO, Rice Farming Systems: Case Studies of Current Developments and Future Alternatives in Upland Rice and Inland Swamp Rice by Dr. Jennifer Dey, 1983, pp. 14-15.

23/ Onger-Hosgor, Tulin p. 12.

24/ Ibid, p. 16.

25/ UN/ECA: Isaacman, Barbara and June Stephen (1980), p. 52.

26/ Athaliah Molokomme, "Botswana: Women and Customary Law" in Empowerment and the Law: Strategies of Third World Women, by Margaret Schuler (ed.) Whashington DC: OEF International, 1986), p.122.

27/ Mothokoa P.Mamashela, "Lesotho: Women, Marriage, and the Law," Ibid, p.127.

28/ Ibid., p. 128.

29/ Ibid,, pp. 132-33.

30/ Connexions: An International Women's Quarterly (Oakland, California) Spring, 1986, No. 20, p. 14.

31/ Zimbabwe: Ministry of Community Development and Women's Affairs (1982), p. I.4.

32/ Ibid., Annex IV, p. IV.3.

33/ Yaa Luckham, "Law and the Status of Women in Ghana," in Law and the Status of Women, pp. 80, 85-86.

34/ Women in Agriculture, p. 6.

35/ Hon. Veronique Dagadzi,"Law and the Status of Women in Togo" in Law and the Status of Women, p. 300.

II. EUROPE

A. Overview

The focus of this section is on women farmers in Europe. In general, there are no laws which specifically provide for the particular needs of women farmers. Farming is considered to be a self-employed occupation similar to trade or crafts work, and the problems of women farmers may be seen as the problems of the self-employed.

Although there are no restrictions against women working as heads of farms, few do. The majority of those in this position are widowed or unmarried. This reality reflects the distinction between de jure and de facto equality among women and men in Europe today. Because the majority of women in farm work are engaged as "farmers' wives", it is important that future laws are formulated to reflect this reality and to address it directly so that women are not left unprotected.[1]

B. Countries

1. Ireland

Inheritance Laws and Property Rights: There are no special laws protecting the rights of women farmers. However, the creation of certain laws has improved women's status with respect to acquiring land. For example, the Courts Act of 1981 expanded the abilities of the judiciary to address the problems of families by empowering the lower courts to handle such issues as separation, maintenance, and succession. Additionally, the Finance Act of 1985 "abolish(es) capital acquisitions tax on inheritance from one spouse to another," thus making inheritance less costly for the surviving spouse.[2]

Women heads of farms have the same legal rights as men. However, when a woman marries a male farm head she does not acquire any particular rights over the farm by virtue of this marriage even though she may actively work on the farm for many years. A woman may take legal action to obtain recognition of her rights to a portion of the land equivalent in value to the amount of work she has put in, but in reality this is an option that few women excercise.

Women farmers in Ireland may not legally be considered wage-earning employees of their husbands due to a labour relations law forbidding employer-employee relations between family members.[3]

2. Belgium

Property Rights: Women may be heads of farms with full legal independence. Where the husband is the farm head and the wife helps, she is considered a "family member" without any official professional status - the farm head alone is the sole owner and manager of the property. However, if both spouses are going to be actively engaged in farming, they may draw up a contract so that the farm is in both their names and they have the status of partners.

Where jointly-owned property is involved, both spouses must be in agreement for all actions that are taken. Where there is mutual agreement between partners regarding a particular action, women have full rights to carry out the acts as necesary.4/

Credit Laws: Credit institutions usually do not make a loan to a woman farmer if she does not have her husband's agreement.5/

3. Denmark

Under Danish marital law, the owner of the land exercises control over the land. Therefore, a woman may be a farm head if she owns the land and property involved. The reality, however, is that it is usually the husband's name that appears on the deed and that there are few women heads of farms. Co-ownership is a possibility if both names appear on the deed.6/

4. France

Land Reform Laws: Farm heads in France may be owners or leaseholders, and there is no legal distinction between male and female farm heads.

According to a law established in 1980, spouses may be co-partners if both are actively working on the farm. In such a situation either spouse may take action regarding the administration of the farm without the other's agreement. However, if the partners are farming under a lease agreement, both parties must consent before it can be terminated, surrendered or renewed. Spouses may also work as wage-earners on a family farm although the majority choose the joint responsibility option provided for under the 1980 law.

Under **Civil Law**, the farm may take the form of a company in which each spouse is an associate. This arrangement is preferable in certain situations such as Joint Farm Groupings (Groupements agricoles d'exploitation en commun) and Agricultural Land Groupings (Groupements fonciers agricoles).7/

5. Federal Republic of Germany

Property Rights: While women in Germany may legally be farm heads, only 8.2% of farms are actually headed by women. Women more frequently work the land than manage it. If the marriage provides for acquired property to be held in common, then all property acquired during marriage, including value added, is to be shared. This rule ensures that a woman will be recompensed for her assistance. Women may be joint owners of farms with all the same rights as men. They may also be associates where the farm is run by a family company.[8]

6. Greece

Property Rights: The system of common property is in effect in Greece today, replacing the older dowry system. Property that is not a gift or inheritance belongs to both the husband and wife in equal parts. If a marriage is terminated by death or divorce, spouses are entitled to claim participation in property that had been acquired during the marriage. Thus each spouse is entitled to a portion of the other's property equivalent to the degree to which he or she has contributed to the increase in that property. Contributions may include housework and childrearing.[9]

Where agricultural property is concerned, a woman may be a head of a farm only in cases where the husband himself does not farm or where the woman is widowed, divorced, or unmarried. Thus, even when the farm is owned by the wife, the husband will be recognized as the head of the farm.[10]

Under Law 1257/82 of the Ministry of Agriculture it is now easier for women farmers to be members of agricultural co-operatives. Previously only married women who owned agricultural land could be members whereas now women whose spouses are members of the co-operative may also be members provided that agriculture is their main or secondary occupation.[11]

Credit Laws: Women have legal access to credit organizations, but men are more likely to obtain credit and exercise control over it.[12]

7. Italy

Property Rights: A husband and wife who are legally business partners are both responsible for managing the farm. If the farm was set up subsequent to the marriage, both partners own it and have equal shares in its profits.

In family businesses, all members are entitled to a share in the profits and added value proportional to the work they have put in. This work includes both farmwork and housework. Major decisions on management of the business are voted upon, and each person has one vote. If the farm is owned by only one person, this person does not have a privileged status other than retaining ownership. If a farm is to be donated or divided, the non title-holding woman farmer has the right of **pre-emption**, of laying claim for herself before other actions are taken. If the farm takes the form of a company, women are entitled to be associates. Women may also be wage earners on a farm.[13/]

8. Luxembourg

Inheritance Laws and Property Rights: Women in Luxembourg may own farms. They may be joint owners, associate-lessees, associates, or members of a farm grouping. In situations where a woman works on a farm managed by her husband, a 1982 law recognizes surviving spouses' rights to petition for retention of the farm lease so that they may take over management of the farm.[14/]

9. Netherlands

Property Rights: In the Netherlands, married couples have full joint ownership of property acquired during the marriage, which means that all property and all debts are shared. Farmland is managed by the spouse who brought it into the marriage. However, a spouse may voluntarily hand over the management of his or her property to the other spouse if they decide that the other spouse would be better able to manage it. If a woman works on a farm managed by her husband, she is entitled to one half of the property upon which she has worked as well as one half of the value derived from such property. She must also bear responsibility for one half of the debts of the farm.

In order to avoid exposing the entire property to creditors in the event of problems with debt payments, a couple may choose to own the property separately. In this way only that property which has been used as collateral for a loan will be affected.[15/]

10. United Kingdom

Male and female heads of farms receive equal treatment under the law. However, women usually work on farms as partners and are rarely farm heads. When a male head of the farm is a tenant rather than an owner, his partner-wife may have trouble assuming the position upon his death. In order to do so, she must prove that she derived most of her income from the farm. The difficulty in this is that, as a farmer's wife, her contributions are likely to have been non-monetary and therefore not traditionally recognized. An alternative solution is to register as a wage-earning employee of her husband, in which case it is easy to prove that she has worked.[16/]

11. Portugal

Inheritance Laws and Property Rights: There is no differential treatment of men and women regarding inheritance laws in Portugal. In 1977 Decree-Law 496 first stipulated that the surviving spouse and children are of first rank in inheritance. If there are no children, the surviving spouse is of second rank along with other relatives in a descending line. However, the law provides that the surviving spouse will always receive a minimum of one-quarter of the deceased spouse's estate. If there are no other relations the surviving spouse is the sole heir.[17]

Women and men share full equality under the Portuguese Civil Code of 1978. During marriage husbands and wives share the same rights regarding the purchase, management, enjoyment or disposal of property. Property acquired during marriage is considered to be community property unless specified as otherwise by the parties. Management of common property is the responsibility of both partners, and both spouses must agree before joint real property can be disposed.

Each spouse is responsible for administering his or her own assets, including earnings from employment or inherited property. Shared property is jointly administered, and consent of both parties is needed before major decisions regarding the property are made.

Either spouse may contract debts without the other's consent because debts are seen as the sole responsibility of the contracting spouse. Debts must be paid out of said spouse's own property or, if due notice is given, out of joint property on a subsidiary basis.[19]

12. Yugoslavia

Property Rights: For a married couple, **separate property** is acquired before marriage or during marriage by some means other than work (e.g., inheritance or gift), and is separately controlled by the owner. This system protects women who come into the marriage with property but do not work during the marriage, and thus cease to bring in new income (32L, 354).

Common property is property acquired during marriage through the work of either spouse except in situations where the spouses are living apart but are not divorced. Both spouses earn their share in common property by personal wages, by one spouse's assistance to the other, by housework, or by care and maintenance of property. Upon divorce, this property is divided according to the contributions of each spouse.[20]

13. Sweden

Inheritance Laws and Property Rights: Women and men have equal rights of inheritance under the Succession Code of 1958. A system of deferred community property is utilized whereby during marriage each spouse owns and manages her or his own property. However, certain property cannot be disposed of or mortgaged off without the consent of the other spouse. Each spouse is entitled to independently enter into contracts, acquire property, or go into debt.[21]

Footnotes

1/ Women of Europe, Supplement No. 13 (1983), p. 16. Communion of the European Communities, Brussels, Belgium.

2/ National Report of Ireland, (1985), p. 42.

3/ Women of Europe, p. 11.

4/ Ibid, pp. 3 and 6.

5/ Ibid.

6/ Ibid., p. 7.

7/ Ibid., pp. 8-9.

8/ Ibid,, p. 9.

9/ Greek Council for Equality, p. 23. (Athens, Greece: General Secretariat for Equality).

10/ Women of Europe, Supplement No. 13 (1983), p. 10.

11/ Ministry to the Presidency, Hellenic Council for Equality (Athens, Greece: General Secretariat for Equality, 1985), p.9.

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13/ Women of Europe, p. 12.

14/ Ibid, p. 13.

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17/ Women of Europe, Supplement No. 11 (1983), p. 37.

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19/ Women of Europe, Supplement No. 11, pp. 34-35.

20/ Mira Alincic, "Law and the Stutus of Women in Yugoslavia," in Law and the Status of Women, pp.354-355.

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III. ASIA AND THE PACIFIC

A. Overview

There is considerable variety in the laws affecting women's access to land as an asset in Asia and the Pacific. One of the difficulties in enforcing the laws in some Asian countries is that there is often more than one prevailing legal system. The existence of customary or religious laws make it difficult to enforce more up-to-date legislation. In Muslim countries, for example, Islamic laws always take precedence, and more up-to-date legislation is often rendered useless.[1/]

B. Countries

1. Nepal

Inheritance Laws and Property Rights: Under the National Code, 6th Ammendment of 1975, unmarried women in Nepal may inherit property equally with men only if they have reached the age of 35. At this age they are entitled to share equally with their brothers in parental property.[2/] When they have inherited property while the father is still alive, they may dispose of this property only with his consent. Upon marriage, this share is revoked because married daughters may not inherit paternal property.[3/]

The systems of co-parcenary groups and joint families dictate the order of inheritance. A **joint family** includes all persons descended from a common ancestor and their wives and unmarried daughters (husbands and sons of women joint family members are apparently not included).

When joint property is divided, each surviving person gets one share. As long as a father is living, the son cannot claim his share, and a wife may not get her share without her husband's consent. However, if her husband drives her out of the home, beats her, or takes another wife a woman may claim a partition of her share.

A **co-parcenary group** includes only those relatives entitled to an interest in co-parcenary property. For example, under Nepalese law, a woman may be a co-parcenor in her husband's property. Unmarried daughters are members of joint families but are rarely co-parcenors and are entitled only to maintenance rights.[4/]

Married women have the right to dispose of one half of whatever immovable property they have received as their share of their husbands' property. However, they must have the consent of their father or sons before disposing of more than one half. Men may dispose of half of the inherited property without prior consultation, but must get the consent of a wife, son or widowed daughter-in-law who is living in the household before disposing of the remaining one half.

In accordance with Section 9 of Part 3 of the National Code, a wife may not enter into any financial transactions regarding her share in her husband's ancestral property until she has actually succeeded to that share through separation or widowhood. A husband does not face these same restrictions.[5]

There are two kinds of property which women may own in Nepal. **Stri Amsa** signifies a woman's share in property or a woman's estate while **Stridham** refers to a woman's exclusive property.

Stridham property is absolute property. A woman's husband, his co-parcenaries, and her relatives have no claim over it. She may sell it, mortgage it, give it as a gift or bequeath it to someone else. Under Stridham there are three specific property types. The first is **property that a woman has earned by herself**. The second is **Daije**, which includes all property given to a woman by relatives or friends on either the father's side or the maternal uncle's side of the family, as well as all increments made on such property. The third type is **Pewa**, or property given to a woman by her husband or her husband's co-parcenors, or gifts from relatives or friends on the husband's side of the family, including all increments in value.

If a woman dies intestate, Stridham is inherited in the following order: son, husband, unmarried daughter, married daughter, son's son, daughter's son, and husband's heirs. Thus, even under Stridham males have preferential inheritance rights.

Under some provisions of **Amsabanda**, or share in property, and the Evidence Act, property or bank accounts registered in an individual's name are regarded as family property unless there is proof of the actual ownership. If a woman cannot prove that her Stridham is her own, she may lose everything. Furthermore, because a wife is regarded as a shareholder in her husband's co-parcenary, all co-parcenors can therefore claim a share of her absolute property.[6]

2. Bangladesh

Inheritance Laws: Under Muslim laws, a woman has the right to inherit a share of her father's property equivalent to half the size of her brother's share. A married woman with children may inherit one-eights of her husband's property. Traditionally, these limited rights are seldom exercised. Women in Bangladesh do not work in the fields and are not paid for their labour.[7] They are thus dependant on men to cultivate the land and have little bargaining power should they try to take over their inherited share of the land.[8]

3. Indonesia

There are several types of legislation in Indonesia today. **Adat law** is the customary law and it varies from region to region. Family laws under the adat system are determined by the kinship systems of particular communities. **Islamic law**, which is universally applicable to all Muslims, has been partially incorporated into adat law in the areas of marriage, polygamy, and divorce. There is also **national law**, which is becoming more widespread, and **codified law**.

Inheritance Laws and Property Rights: As of 1985 there were no national laws of inheritance. Under both Islamic and customary law sons are entitled to inherit twice as much of the deceased's property as daughters.[9] According to Islamic law, if there are no children a widow is entitled to 1/4 of her husband's estate. If there are children she gets only 1/8. Under Adat law spouses are not heirs to each other's estates, which pass instead directly to the children or, if there are no children, to the deceased person's kinship group. The most common kinship system is **patriarchal**, and under this system sons and daughters share equally in inheritance of the property of the deceased. According to the Civil Code the surviving spouse and children share equally in inheritance.[10]

Women's rights regarding property ownership depend in part upon their marital status. Generally, property owned before marriage, inherited, or given as a gift is separately owned and administered while that acquired during marriage is jointly owned and administered. In the event of divorce common property is divided according to the particular laws of the parties involved.[11]

Land Reform Laws: In 1960 the Basic Agrarian Law went into effect with the purpose of attempting equitable redistribution of land and regulation of transactions between sharecroppers and landowners. The purpose of this land reform was to improve the status of poor rural families, but the particular status and needs of rural women were not addressed.[12]

Credit Laws: Women have the same rights to credit as men. However, they generally have less access to credit because they own less property than men and often cannot produce the neccesary collateral. Women therefore rely more on pawn shops and moneylenders for informal loans.[13]

4. India

Inheritance Laws and Property Rights: The laws of intestate succession in India vary from one group to another. The Hindu Succession Act of 1956 applies to all Hindus, Buddhists, Jains and Sikhs. It provides that a woman who possesses property which she has obtained by independent means (e.g. inheritance or through her own labour) has full rights as the owner of that property. Section 23 of the Act states that when an intestate homeowner leaves both male and female heirs, the woman is not entitled to a partition of the dwelling until the male heirs have divided it amongst themselves. She may, however, continue to live in the dwelling so long as she is not married. This discrimination against married daughters is supposedly practiced as a way of protecting the family from the intrusion of "outsiders," such as the men who marry into the family.

When a Hindu man dies intestate, the order of preference is as follows: sons, daughters, widow, mother, son of a predeceased son, daughter of predeceased son, and so on. In contrast, when a Hindu woman dies intestate the order of preference is sons, daughters, husband, husband's heirs, followed by mother, father, heirs of father, and then heirs of mother.

Section 4 of the Hindu Succession Act addresses the issue of agricultural land fragmentation. It has often been interpreted to mean that women's agricultural rights are excluded from the Act. One argument used to defend this interpretation is that there is a need to avoid land fragmentation, and that if women are given inheritance or ownership rights to agricultural land the land will be further fragmented.[14]

The Indian Succession Act of 1925 has two sets of provisions, one which applies to non-Muslims and Hindus, and one which applies to Parsis. Under the first set, when a man dies intestate a widow is entitled to one third of his property, and children share the remainder equally.

Parsi intestate succession is similar to that under Islamic Law, which gives a male heir twice as much as a female heir. If a Parsi man dies and leaves behind one or both parents, a widow, and children, his father's share is half the size of his son's, and his mother's share is half the size of his daughter's. If a Parsi woman dies, however, all inherit equally. Thus, sons receive twice as much as daughters from their father's estate as they do from their mother's.[15]

Women do not have any rights to property acquired during marriage under either Muslim or governmental laws. Property acquired during marriage is usually registered under the husband's name. Furthermore, because women's unpaid family labour is not recognized, women are often discriminated against at the time of divorce when the property is divided.[16]

5. South Korea

Inheritance Laws and Property Rights: Under the laws of inheritance in Korea, succession occurs through lineal descent, and sons receive more than daughters. The Civil Code provides that husbands and wives manage their separate property independently. Property inherited or acquired during marriage belongs to the person for whom it was intended, or through whose efforts it was acquired.[17]

6. Sri Lanka

In Sri Lanka there are several systems of laws in operation. **Roman-Dutch law**, which was introduced by the Dutch when they took control in 1656, is the general law of the country. Then there are the customary laws, or special laws, of the three major communities - Sinhalese, which practice **Kandyan law**, Tamil, which practice **Thesavalamai law**, and Muslim, which follow universal Islamic laws.

Inheritance Laws and Property Rights: Roman-Dutch laws of intestate succession require that in marriage the surviving spouse inherit half of the property, and that the other half be distributed among the children, with no distinction as to sex. Tamil property is divided into **ancestral**, **acquired**, and **dowry**. Succession depends on the category of property, and there is no distinction based on sex. Kandyan law is similar. Under Islamic law a widow inherits one-eigth of her husband's estate while a widower inherits one-quarter of his wife's estate. Sons inherit twice as much as daughters.[18]

Roman-Dutch laws and the Civil Procedure Code govern property settlements upon dissolution of a marriage. Roman-Dutch law is based on a fault theory, which stipulates that the "innocent party" may require the "guilty party" to give up those marriage benefits derived from their communal property or any prenuptial contract, specifically by forfeiting property. Under the Civil Procedure Code, the court may order that property belonging to the offending spouse be given to the other spouse. When determining property settlements upon dissolution of a marriage, non-monetary contributions such as rural women's fieldwork, household work, and childcare are not taken into account, and women are thus left in a weaker bargaining position.

Under both general law and special laws, unmarried women have the same property rights as men: they may hold, dispose of, mortage, sell and inherit property. Married women also have full property rights under general law, Kandyan and Muslim law.[19]

Under Thesavalami law, although a married woman has rights over her movable and immovable property, she must have her husband's consent before she can make a transaction of real property. This has a negative effect on a woman's ability to obtain bank credit or make other financial transactions. However, a woman may apply to the District Court to grant her an exception if she believes her husband is unreasonably withholding consent. Communal property is managed by the husband under Thesavalami law.[20]

7. The Philippines

Inheritance Laws and Property Rights: Women and men have the same rights of inheritance in the Philippines. Property rights are regulated by the Civil Code. In marriage, the system of **conjugal partnership** prevails. Property owned before the marriage remains separate property, but any profits or income derived from this property is conjugal. The husband traditionally administers conjugal property, but he must have his wife's consent before making major decisions regarding real property. If he abuses his position as administrator his wife may have the administration transferred to her or have the conjugal property separated. If the marriage ends, assets are divided equally between the spouses.[21/] A wife may not acquire gratuitous property without her husband's consent unless it comes from her ascendants, parents-in-law, or **collateral** (descending from the same ancestor in a different line) relatives.[22/]

8. Australia

Property Rights: The Family Law Act of 1975 guarantees women equality of rights both during and after marriage. Either partner in a marriage is liable for the maintenance of the other if the other becomes unable to support him or herself adequately. Upon dissolution of a marriage, the court divides marital property based on non-financial as well as financial contributions toward that property, whether direct or indirect.

9. China

The 1980 Marriage Law provides that property acquired during the marriage is jointly owned and managed.[24/]

10. Japan

Inheritance Laws: Due to ammendments to the Civil Code in 1980, a spouse's legal share of the deceased's estate is now significantly larger, and the inheritor's contributions toward the deceased's property are given consideration when determining how to divide it.[25/]

11. Malaysia

Inheritance Laws: The general laws covering intestate succession stipulate that a wife inherits only 1/3 of her husband's estate when there are no children whereas a husband would inherit his wife's entire estate. However, Islamic law prevails in Malyasia, and under this system women inherit half the amount that men inherit. Thus, a wife's position with regard to inheritance is somewhat better under Islamic law.

12. Maldives

Property Rights: The Constitution provides that women retain full control over their individual property after marriage, but that if the marriage dissolves, women are entitled to only one-third of the conjugal property.[27/]

13. Samoa

Inheritance Laws and Property Rights: Women in Samoa have the right to own, inherit, and control land and other property registered in their own names. Daughters and sons inherit equally, and widows are also entitled to a portion of their deceased husband's land.[28/]

14. Singapore

Property Rights: The Women's Charter of 1961 gave women the right to legally acquire and manage property, to enter into a contract, and to sue and be sued. The Administration of the Muslim Law Act stipulates that property owned by a woman before marriage remains her independent property, but that marital property is owned by the husband.[29/]

15. Tonga

Inheritance Laws: Inheritance in Tonga is patrilineal. In the absence of a legitimate male heir, an unmarried daughter may hold title to land, but only as a trustee for future legitimate heirs. This trusteeship ends when a woman marries or if she commits adultery.[30/]

16. Iran

Inheritance Laws and Property Rights: Muslim Islamic law governs inheritance practices in Iran. Where a spouse dies intestate, the shares of a daughter or wife are half the size of the shares of a son or husband. If there are no sons, daughters share equally in the estate. If there are children, a wife is entitled to one-eighth of her deceased husband's estate. If there are no children, she receives one-quarter. A husband, on the other hand, is entitled to half of his wife's estate if she dies intestate without children. Even where there are no other heirs, a wife inherits only one-quarter of the estate while a husband inherits the whole estate. Furthermore, a wife may not inherit land, only its monetary value or personal property such as furniture and household items.

Before an Iranian woman is married, she is given a **"mahrie"** or marriage settlement, usually a gift of money, so that she enters the marriage with some financial security. A wife has full control over this and other personal property although she must obtain her husband's permission before selling or renting her property. In light of the restrictions on women's capacity to inherit in Iran, the marriage settlement is an important source of support for widows.[31/]

Footnotes

1/ U.N. Economic and Social Commission for Asia and the Pacific (ESCAP), Achievements of the United Nations Decade for Women in Asia and the Pacific (Bangkok, Thailand: ESCAP 1987) p. 10.

2/ Silu Singh, "Legal Literacy in Nepal" in Women and the Law, Flerida Ruth P. Romero (ed.) (1983), p. 116.

3/ Achievements of the United Nations Decade for Women in Asia and the Pacific, p. 151.

4/ Silu Singh, p. 127.

5/ Ibid., pp. 116 and 126.

6/ Ibid., pp. 129-130.

7/ Onger-Hosgor, Tulin, p. 14.

8/ See UN/HABITAT, Women in Human Settlements. Development and Management: Women and Land, Nairobi, Kenya, 1988.

9/ Economist Intelligence Unit, Indonesia: Country Report (Economist Intelligence Unit, London, England, 1985), p. 20.

10/ UN/FAO. Report of the Joint UNDP/FAO/WHO/UNESCO Programming Mission Integration of Rural Women in Development in Indonesia (1979), p. 41. Henceforth referred to as Report of Rural Women in Indonesia.

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12/ Report of Rural Women in Indonesia, p. 13.

13 Ibid., p. 41.

14/ M.J. Antony, (1985). Lotika and Sakar, "Law and the Status of Women in India", in Law and the Status of Women, p. 109.

15/ Lotika Sakar, p. 112, Chandermani Chopra, "India: Women and Property Rights," in Empowerment and the Law: Strategies of Third World Women, by Margaret Schuler, editor (Washington DC: OEF International 1986).

16/ Sakar. p. 105.

17/ Republic of Korea Ministry of Health and Social Affairs, Annual Report 1980. (Seoul, South Korea) P.4.

18/ Nirmala Chandrahasan, "Law and the Status of Women in Sri Lanka" in Status of Women: Sri Lanka, 1979, p. 133.

19/ Ibid., pp. 130-132.

20/ Savitri Gooneskere, "Sri Lanka: Legal Status of Women," in Empowerment and the Law: Strategies of Third World Women, p. 55.

21/ Irene R. Cortes, "Philippine Law and the Status of Women" in Law and the Status of Women, p. 237.

22/ Achievements of the United Nations Decade for Women in Asia and the Pacific p. 11.

23/ Ibid., pp. 53-54.

24/ Ibid., p. 75.

25/ Ibid., p. 116.

26/ Ibid., p. 128.

27/ Ibid., p. 141.

28/ Ibid., p. 211.

29/ Ibid., p. 217.

30/ Ibid., p. 255.

31/ Shahnaz Sadjadi, and Marianne Hedin-Pourghasemi, "Law and the Status of Women in Iran," in Law and the Status of Women pp. 147 and 152-53.

IV. LATIN AMERICA AND THE CARIBBEAN

A. Overview

Women in Latin America and the Caribbean generally appear to face fewer restrictions than women in Africa and Asia and more restrictions than women in Europe and North America with respect to inheritance and property rights. However, the resources available regarding women's access to land in this region of the world are few, and the following information paints an incomplete picture.

B. Countries

1. Brazil

Inheritance Laws and Property Rights: In Brazil, intestate succession of community property is executed in the following order: descendants, ascendants, and then the surviving spouse.

Under **non-community property** marriages, a surviving spouse is entitled to use one-quarter of the estate of the deceased. If there are no children the widow is allowed one half. The remaining property is distributed among ascendants. Under **community property** marriages, the surviving spouse is entitled to the right of homesteading in the family residence.

Under community property marriages, although property is commonly-owned, a married woman may only administer it with the authorization of her husband. He has the right to dispose of this property, but only with her consent. Any debts incurred by one spouse may be paid off with only half of the community property and with those particular possessions belonging to the signatory.[1]

2. Chile

Land Reform Laws: Agrarian reform legislation has not been beneficial to rural women, whose needs were not directly taken into account when it was implemented.[2] Generally, only women who are heads of households benefit from recent agrarian reform. One requirement, that a farmer must be permanently employed on a farm for three out of the previous four years before being able to receive land, has served to exclude most women from acquiring farmland. Due to numerous other responsibilities, they are often not able to conform to such a time frame.[3]

3. Belize

Inheritance Laws and Property Rights: Women in Belize may acquire property through contract, succession, or trust. Under Chapter 160 of the 1980 Administration of Estates Ordinance, a surviving wife is entitled to half of the real property of a deceased husband if there are children. Women may also inherit from parents or other relatives. The Married Women's Property Ordinance, Chapter 14 of the Laws of Belize, 1980, states that married women are able to 1) acquire, hold and dispose of property; 2) enter into any contract or debt; 3) sue and be sued; and 4) be subject to the same bankruptcy laws as single women. Married women's property is subject to the same laws and protections as that of single women.

A woman can be a beneficiary of a trust estate by will or codicil (supplement to a will). Where there is marital property whose ownership is in question, no set rule applies. The court looks at what was intended at the time of purchase, and sometimes rules that a husband may hold property under a constructive trust for his wife. Women and men in Belize have the same land rights.[4/]

4. Peru

Inheritance Laws and Property Rights: Spouses' rights to inherit each other's property in Peru are terminated upon divorce. A woman may dispose of, contract, and administer her private property without her husband's consent. However, if a woman uses her property to benefit the marriage, specifically by yielding profits which raise the economic status of the marriage, those profits then become common property and fall under the husband's administration.[5/]

5. Jamaica

Inheritance Laws and Property Rights: In 1977 husbands and wives could still legally disinherit their spouses and children through a will. Recommendations were made at that time for the government to enact legislation to remedy this. According to the Married Women's Property Act of 1970, spouses may take each other to court if attempts are made to deprive one or the other of his or her separate property. Legally, there is no discrimination against women regarding property rights. The reality is, however, that women rarely exercise their property rights because of lack of information about such rights as well as because of financial constraints.[6/]

Footnotes

1/ Dr. Romy Medeiros Da Fonseca. "The Law and the Condition of Women in Brazil," in Law and the Status of Women, p. 20.

2/ Onger-Hosgor, Tulin, p. 7.

3/ Women in Agriculture p. 20.

4/ Belize: Ministry of Labour and Social Services, Department of Women's Affairs (1987), pp. 4-7.

5/ Dr. Carmen Rodriguez de Muñoz and Dr. Elsa Roca de Salonen, "Law and the Status of Women in Peru, in "Law and the Status of Women: pp. 213-214.

6/ Hon. Ena Woodstock, "Law and the Status of Women in Jamaica," Ibid, pp. 168 and 171.

E. NORTH AMERICA

A. Overview

The laws of the United States of America and Canada can be distinguished from laws in many other countries in several major respects. The first is that in both countries government and judicial laws prevail. Secondly, although discrimination against women in these countries persists, resulting in women's inequality with men with respect to land ownership and management, it is considerably less evident than in many other parts of the world. This is reflected in the focus of the laws, which tend to address technical and highly focused concerns.

B. Countries

1. United States of America

In the United States there are two legal systems affecting property rights. The majority of states follow common law. However, eight states, most of them Western, use an Hispanic-derived community property concept of laws (32k, 322).

Inheritance Laws and Property Rights: In **community property** states, each spouse usually owns half of the property and may freely will his or her share.

In **common law** states women and men may equally will to another property acquired through their own labour, by inheritance or as a gift. However, since most women own little or no property, this law is of limited value.

In order to protect widows from potential disinheritance, some common law states allow the surviving spouse a share of one-third to one-half of the deceased estate instead of what was provided for in the will. This statutory provision only applies to that portion of the deceased person's property which is in her or his estate at death. Thus, it is still possible to disinherit a surviving spouse by placing assets in insurance policies, joint tenancies, or trusts.[1/]

Under common law, property and income acquired separately is held separately. A woman who works in the home for no pay is thus not entitled to an interest in her husband's personal assets in spite of her non-monetary contributions.

In community property states, property acquired during marriage is community property. Since 1972 women have had the same rights as men to sell, own and manage community property in five of the community property states. Upon divorce, a wife is entitled to half of the community property.

Upon divorce in common-law states, the courts divide property according to guidelines of fairness and equity, which inevitably leads to a judgment based on the degree of fault of the party with respect to the "failure" of the marriage. Community-property states, on the other hand, presume that each spouse is entitled to one half of the family assets.

Women in community property states are thus in a better position than women in common-law states with respect to property rights, especially at the time of divorce.[2/]

Credit Laws: The Equal Credit Opportunity Act of 1975 prohibits creditors from discriminating against applicants on the basis of sex or marital status. In addition, if a divorced or separated woman discloses child support or alimony payments when applying for a loan, the creditor must consider them as income. If a credit application is denied, the creditor must give a statement of explanation and inform the applicant of available alternatives. A person who believes that he or she has been unlawfully denied credit may sue in federal court. However, it is important to note that this legislation does not extend to business credit.

2. Canada

In Canada, the importance of women's role is only beginning to be recognized. Statistically, women working in agriculture represent only 2% of the population. Yet this figure is deceptively small because agriculture accounts for almost 10% of Canada's gross domestic production. Furthermore, 73% of all Canadian agricultural products sold come from independent family businesses, where a woman's role is likely to be more informal and thus not adequately addressed by the existing legal system.[3/]

Inheritance Laws and Property Rights: Farmland is customarily passed from fathers to sons in Canada although women may legally inherit land. Most farms in Canada are headed by men. If a farmer's wife chooses to register as her husband's employee and he does not pay her, there is no specific legal action that she can take. In addition, the non-monetary contributions of a "farmer's wife" will not be recognized. One alternative that legally protects both parties is for the husband and wife to become legal partners and to make the farm an enterprise.

Although it is always safer for spouses to have all agreements written up in a contract, there is case law that has ruled in favour of a spouse who had no contractual rights to the farm. In the 1984 case of Beaudoin-Daigneault v. Richard the judge found that an economic partnership existed between the spouses in spite of the fact that only one party signed the deed of sale and the mortgage. The judge reasoned that both parties had shared the expenses of maintaining and improving the house as well as of managing the farm and that both parties were therefore entitled to the benefits of a partnership.[4/]

Credit Laws: Generally, legislation on credit procedures is such that, when applying for credit, spouses are counted as one person while other pairs, whether parent and child, partners, or siblings, are counted as two. This practice has been amended under some statutes, such as the Prairie Grain Advance Payments Act of 1970, which recognizes partnership between spouses.[5]

In 1981 a study conducted in Montreal found that women were more likely to face discriminatory attitudes by loan officers than men. In the same year the Ontario Ministry of Agriculture reported that 47% of rural women consider access to credit as one of the ten biggest problems they face as rural women.[6]

Most financial institutions in Canada require a married woman to personally guarantee the debt before they make a loan, even if the property is solely in her husband's name. A married woman may therefore be required to pay off a debt incurred by her husband out of her personal assets even if her legal status is separate as to property. Some financial institutions require a wife to obtain independent legal advice, or to sign a statement that she understands the procedure she is participating in.[7]

Footnotes

1/ Jane M. Picker, "Law and the Status of Women in the United States, in *Law and the Status of Women*, pp. 322.

2/ *Ibid.*, pp. 323-324.

3/ Michelle Boivin, "Farm Women: Obtaining Legal and Economic Recognition of their Work" in *Growing Strong: Women in Agriculture* (Ottawa, Canada: Canadian Advisory Council on the Status of Women, 1987), p. 6.

4/ *Ibid.*, p. 58.

5/ *Ibid.*, p. 71.

6/ *Ibid.*, p. 70.

7/ Ibid., p. 72.

VI. CONCLUSION

The preceding overview of laws of inheritance, property laws, land reform laws, and credit regulations around the world demonstrates that women continue to face severe discrimination in their efforts to acquire, own, and manage real property. There is considerable differentiation among the laws of countries of each region, and even greater variety from region to region. Yet of the 59 countries surveyed in this paper, all can be seen to inhibit women's abilities to acquire land, whether *de facto* or *de jure*.

This is due in part to the fact that in many countries there are several systems of law in existence. Modern legislative measures that give women equal rights with men regarding land acquisition are often unenforceable because of superceding religious or customary laws. Lack of education of the existence of these laws as well as the absence of a system to enforce them also contribute to their ineffectiveness. Finally, although some legislative measures appear to give women full equality with men, they do not always adequately address women's *de facto* status in society and are thereby often rendered largely ineffective.

The reality is that the existence of both *de jure* and *de facto* discrimination makes it all but impossible to enforce a single system of law that would remedy the discrimination that women continue to face. Recognition that the discrimination is multi-faceted is a necessary first step for beginning to develop strategies to address this problem.

P A R T   T W O

IV. INCREASING WOMEN'S ACCESS TO CREDIT IN ASIA: ACHIEVEMENTS AND LIMITATIONS

by

Noeleen Heyzer

CONTENTS

Introduction

One of the major developmental efforts in Asia over the past two decades has been the alleviation of poverty. Another ambitious goal, interrelated with the latter, has been to establish self-help schemes to enable the poorest groups to take charge of their own lives. Focus on poor women has constituted an important element of poverty alleviation programmes in credit and self-employment schemes. This paper will present some case studies of successful credit assistance and self-help programmes for women in small scale rural enterprises and the urban informal sector in Bangladesh, India, Malaysia, Nepal, and Papua New Guinea.

The impact of these programmes on poor women's lives is "revolutionary" - for the first time the means to transform their social and economic conditions has arisen. In the past all efforts at development had failed as such programmes were implemented on the assumption that development targeted at men would automatically benefit women. Subsequently the needs of women, especially of voiceless women from the poorest strata, were ignored or overlooked in attempts to raise rural productivity and to give the poor access to land, employment, credit or new skills opportunities. Yet today in Asia, female-headed or female-supported families are on the rise, as are households that require incomes from both male and female family members just to survive. This makes the task of duplicating successful credit and self-help schemes on a large scale an urgent priority so that the millions of women and children living below the poverty level in Asia can better their lives.

Today increasing recognition is being given to the fact that to effectively reach the urban and rural poor, especially women, more innovative approaches responsive to their particular situation are required. The provision of credit to poor rural and urban communities through conventional means such as farmers' banks, co-operatives, mobile banks, farmers' organizations, etc. has been experienced almost universally by developing countries. Unfortunately the main beneficiaries of these conventional forms of credit have been neither the very poor, nor the poor, and certainly not poor women. The experience of credit for self-employment programmes has in general been a similar one in that such poverty alleviation schemes failed to benefit "the lower ranks of the poor." On another level, evaluations of large-scale rural and urban development programmes in developing countries have found that the opportunities generated failed to reach "the hardcore poor," especially poor women.

Part of the blame for this state of affairs must be assigned to international lending institutions which have been unable to adjust their programmes to the needs of the poor, especially women, even in the wake of the formulation of lending policies to provide credit for small businesses, artisans and subsistence farmers. In reality such credit has been channeled to more powerful groups within the society, such as the more affluent farmers, for reasons centering on traditional power structures and patronage networks linking them to credit channels.

This pattern of control is repeated in credit co-operatives where large scale borrowers tend to dominate their boards and exercise a considerable measure of control over their direction and the co-operatives' approval of credit. In addition to governmental financial institutions, commercial banks also provide loans. As private sector operations they are generally less prone to political pressures and abuses, although they also have inflexible lending procedures and concentrate on large loans, all of which makes accessibility for the poor extremely difficult.

Clearly the answer to making credit assistance and self-help programmes available to poor women does not lie in large-scale projects. The following case studies will demonstrate that small-scale credit and self-employment schemes targeted at women and implemented at the grass-roots are more effective in bringing about social and economic upliftment.

I. Case Studies of Successful Credit Initiatives for Women

The failure of formal and informal financial institutions to reach the poor, in particular women, led to the formulation of a number of small-scale credit schemes for women beginning in the 1970's and 1980's in a number of Asian countries. The economic upliftment of women and the removal of social constraints constituted the principal intentions of the programmes. This section will examine some successful examples of credit schemes and self-employment programmes for poor women established in Bangladesh, India, Malaysia, Nepal, and Papua New Guinea.

A. The Grameen Bank in Bangladesh

The Grameen Bank, established in 1976 in the village of Jobra as an experiment to provide credit without collateral to the very poor, in particular women, has emerged as a bellwether in its developmental approach to the poorest strata. A project that first began as a micro-level pilot experiment has in 14 years emerged as an alternative national banking system which has demonstrated the credit-worthiness of the poor. Under major expansion plans executed by the Grameen Bank Director, Mohammed Yurnes, the bank has grown from 10 borrowers in one village, to 314,965 borrowers in about 7000 villages in the mid-1980's, to over one million borrowers in 1990-91. It has already provided over US$100 million in loans to the very poor. Today 90 per cent of the borrowers are very poor women who are provided with the opportunity to make productive use of credit through income-generating activities. Studies show that incomes have increased by 30 per cent and the repayment rate on loans is over 97 per cent. Increases in income have been channelled into savings and investments, children's education, improved housing and better nutrition, and sanitation. Numerous documentaries on the Grameen Bank involving interviews with women participants attest to the significant increase in their feelings of self-worth and to their wider social acceptance and participation in organizations formerly inaccessible to them.

While credit remains the focal point of its activities, the Grameen Bank has also launched a variety of social development programmes over the years. These range from adult education and skills training centres; feeder schools and day care centres for borrowers' children; schemes supplying seeds and seedlings; others providing textbooks for schools; a housing programme for borrowers; and joint and collective small, medium and large scale business ventures,

The success of the Grameen Bank as an alternative large-scale credit system is rooted in the nature and design of the programme, which has responded to the needs of the very poor, who in Bangladesh, form the majority of the 115 million population. In a country where massive poverty, a high population density, unemployment and underemployment prevail, credit provides an ideal entry point for reaching the poor and addressing an almost universal need. The presence of a large variety of micro-enterprises into which small amounts of capital can be channelled productively also makes credit a highly attractive entry point. Successfully reaching the poor, however, has required an entirely new system of procedures and regulations, organization and management, and training and motivation of the Grameen Bank staff and clientele. Today the Grameen Bank is serving as a model for resolving the plight of the poor in many countries around the world, including the United States. The reason for its success has been its innovative approaches to development:

a) Collateral is not required.
b) The borrowers are organized into small homogeneous groups for collective guarantee of loans, bringing an element of social accountability and peer pressure as a substitute for collateral.
c) The average amount of a loan is small, around $70, thus ensuring that the credit reaches only the target group for which it is designed.
d) Weekly repayment amounts are small and spread over a year.
e) The bank is brought to the people on a regular basis and paperwork is minimized as most poor lack literacy skills.
f) Credit supervision is intensive.
g) There is a participatory involvement of borrowers in the planning, implementation and monitoring of their loans, loan utilization and repayment.
h) Borrowers use the skills they already have.
i) The professional staff is motivated and provides a strong commitment to social development, skills in organizational building and personal qualities that are effective in working with the poor.
j) The field staff is selected and trained to ensure the above.

The success of the Grameen Bank has also been due to the very considerable support it has received from international funding agencies such as IFAD, the Netherlands Government and the Ford Foundation. Mobilization of capital requirements of the Grameen Bank exclusively from within the poor would have been difficult due to the lack of savings among the poor. While funding from external sources was instrumental for the initiation and expansion of Grameen Bank, attempts are now being made for the Bank to be financially viable and self-reliant.

B. The Self-Employed Women's Association Bank (SEWA) in India

The SEWA Bank in Ahmedabad, Gujarat, initiated in 1972, was one of the first examples of self-help schemes for women in the informal sector in India. Initial surveys conducted by SEWA showed that the level of indebtedness among self-employed women in Ahmedabad was extremely high. Seventy-nine per cent of female vegetable vendors were indebted; as were 61 per cent of the used garment dealers; 44 per cent of the home-based garment workers; and 35 per cent of the milk producers. The size of their debts varied from Rs.1,000 to Rs.2,000. The majority of the women borrowed from merchants and moneylenders whose interest rates could be as high as 144 per cent per month although the standard interest rates for loans from moneylenders was usually 5 to 10 per cent per month.

Recognizing women's need for capital and their limited access to institutional sources of credit, SEWA initiated a programme in 1972 to link members to government sources of credit from commercial banks. A SEWA staff member would assist the women in filling out a loan application form and, on behalf of the member, would submit it to one of the local banks involved in the programme. Once approved, the staff member would accompany the women to the bank to receive the money. The women would visit the bank on their own for repayment purposes.

It was soon clear that formal banking procedures were ill-suited to the needs of the poor. Several problems emerged, reflecting the inability of the local bank staff to deal with very poor, illiterate women. Eventually, in 1973, it was decided to start a SEWA bank which would not only provide standard banking facilities to poor urban women, but link the banking activities with other supportive services through SEWA. By 1976, the SEWA bank was in a position to begin advancing loans from its own resources, and by June, 1981, 1668 loans amounting to Rs.583,412 had been disbursed.

At the end of 1980, the SEWA Bank had three special loan programmes - the Block Grant Programme, sponsored by the Co-operative Department of the Gujarat State Government which made loans available to SEWA members at 4 per cent interest payable over 20 months; a women's business development loan made available by a grant from the Lion's Club at 4 per cent; and a revolving fund from Oxfam to assist home-based workers in replacing their old sewing machines.

Analysis of loan records has indicated that home-based producers received the largest share of the loans (46 per cent), followed by small-scale vendors (33 per cent), agricultural workers (10 per cent) and service workers and labourers (2 per cent). The rest were made to women from other categories of workers. The monthly earnings of the women averaged Rs.235 (US$29) and their total household income averaged Rs.572 (US$72). A significant number of borrowers (38 per cent) were female heads of households or women who were the main income earners of their households.

The SEWA Bank was part of a larger strategy by SEWA to unionize poor self-employed women workers. As SEWA members were typically women with an established trade, SEWA largely focussed on enhancing the women's incomes and improving their current working conditions rather than creating new employment opportunities. This was achieved by linking them directly to suppliers of raw materials and markets; providing reasonably-priced credit; and organizing them into production units where collective purchases of raw materials and produce could be made, and their goods sold. In this way, the union strove to address the most important problems of the self-employed. These included exploitation by merchants and middlemen; limited access to credit, supplies of raw materials and markets; and low income levels. SEWA was also active in lobbying for public policies supporting self-employed women and has represented its members' interests within local government and in state and national development agencies.

SEWA's experience in organizing self-employed women was very much based on an integrated approach to development. The union mobilized women and made them more conscious of their position within the context of the overall economy. The Bank and other economic units built upon this consciousness and complemented each other in helping to identify member's needs and subsequently develop programmes responsive to such requirements. The Bank has provided financing for members in SEWA's economic units while social security programmes and training courses addressed a wide range of member's problems.

C. Project Ikhtiar in Malaysia

In early 1986, the Asian and Pacific Development Centre (APDC), based in Kuala Lumpur, Malaysia, initiated an action-research project to determine whether the Grameen Bank approach to credit for the poor would work in the context of Malaysia. This pilot project, completed in 1986, was co-sponsored by APDC, the Selangor State Government, an Islamic Development Foundation (UPEIM), and the Science University of Malaysia, with UPEIM providing interest-free capital of M$399,999 (US$120,000).

Although poverty is not as widespread or as severe in Malaysia as in Bangladesh, persistent poverty does exist in many pockets of the country. According to the Mid-Term Review of the Fourth Development Plan, 42 per cent of rural households in Malaysia lived below the government's official poverty line in 1982. This increase from 38 per cent in 1980, indicated that conventional rural development programmes had failed to alleviate hardcore poverty. Such indigence, as in Bangladesh, is accompanied by widespread underutilization of labour due to the small size of farm-holdings, the seasonal nature of agricultural employment, and the absence of labour demand in the industrial sector. Poor households in Malaysia, as elsewhere, do not have the necessary capital required to generate opportunities for self-employment, and both government and traditional sources of credit remain inaccessible for various reasons. For example, few women participate in the government's short-term Paddy Production Credit Scheme, which does not require collateral. Women's lack of participation is probably linked to the fact that the scheme is targeted at farmers, the majority of whom will be male. In the case of the Bank Pertanian (Agricultural Bank) programme, most poor households are unable to meet the requirement of two guarantors with a monthly income of above M$500, although no collateral is required for borrowers. Traditional sources of borrowing, such as moneylenders, shop-keepers, and "chettiars," are equally prohibitive given annual rates of interest ranging from 40-100 per cent.

Project Ikhtiar, implemented as part of the Barat Luat Selangor Integrated Agricultural Development Project, has sought to remedy such drawbacks by providing loans for self-employment schemes to women from the poorest households. The pilot project area as a whole had persistent poverty with 53 per cent of the households living below the official poverty line in 1984. Three of the 15 blocks within the project area were selected as experimental sites. Sungei Leman, a paddy growing area, had the highest evidence of poverty at 89 per cent of all households living below the poverty line; Kuala Selangor III, a rubber and palm oil area, had 60 per cent of households living below the poverty line; and Sabah Bernak I, a coconut and cocoa-growing area had 62 per cent of the households below the poverty line.

The pilot project did succeed in making a small dent in alleviating poverty by providing 300 households with an average loan of M$1,000. Most of the loans granted to women were invested into two types of activities - trading/stall keeping and processing/manufacturing of locally produced foodstuffs. Since women were traditionally active in petty trading, especially in the mobile "pasar minggu" (weekly market) and the weekly "pasar malam" (night market), economic benefits were soon forthcoming. Project Ikhtiar thus demonstrated rural women's creditworthiness and prompted the government to subsequently expand its operation to four other states in the country.

D. Production Credit for Rural Women in Nepal

The project "Production Credit for Rural Women" (PCRW) started in five districts of Nepal in 1982, and by 1986 had spread to 32 districts. The project was implemented by the Women Development Section of the Ministry of Panchayat and Local Development. It strove to improve the lives of rural women by increasing their income, improving their access to services such as health, education, and agricultural extension, and at the same time to enhance their status in their community through the development of self-confidence and leadership qualities. The aim of the project was to bring about social change by giving the women a medium of economic independence. Funds for the project came from the United Nations Children's Fund (UNICEF) and the United Sates Agency for International Development (USAID).

A Woman Development Officer (WDO) was recruited from each district and trained and posted to the project site, which usually consisted of about 100 households. In many cases the WDO was supported by a foreign volunteer from a volunteer agency. As the work at the project site increased, experienced extension workers in the form of Women Development Assistants were posted to the area.

The rural women were organized into groups to take up income-generating activities. The groups comprised 5 to 10 women from the same castes and locality, all of whom had similar interests. This homogeneity facilitated the disbursement of loans for a particular activity, for example, buffalo raising, and made for easy supervision. In some instances, members from the same group obtained a loan for more than one activity, which required closer supervision by the project staff.

Credit was obtained from Nepal's two commercial banks, the Rashtirya Banya Bank and the Nepal Bank Ltd. These banks, as part of the government's Intensive Banking Programme, channel 7 per cent of their total deposits to small-scale loans for agricultural production, cottage industries and services. After the credit groups had been formed, the actual determination of credit-worthiness depended on the banks. By January 1987, 269 credit groups had been formed encompassing 1,372 women. A total of Rs.2,818,538 was disbursed to the group members with the overall average loan per woman standing at Rs.2421. The overall repayment rate for all the sites was 67 per cent.

The PCRW project also implemented schemes that reduced daily household maintenance tasks. A very popular measure was the installation of facilities close to dwellings in all the sites, especially in remote mountainous areas. Other time-saving projects include childcare facilities, live-stock fodder provision, and installations of smokeless stoves and mills for processing grain and oil.

The WDO and her assistants also formed community development (CD) groups organized around a particular task such as drinking water, literacy, track repair, or school and community hall construction. Membership was open to everyone from the project site, including men. The function of the CD group was to identify women and children's basic priority needs and to develop and implement projects to meet those needs. This was performed with the Women Development Section and the line agencies and ministries.

Training was also an important component. The PCRW project functioned in a symbiotic relationship with the two commercial banks and therefore, the success of its economic component was dependent upon the degree to which the Intensive Banking Programme was able to reorient the attitudes and behaviour of the bank staff. In the first two years of the project more than 600 bank employees received training. Training for both central and field staff concentrated on building rapport with rural women, as well as on issues of income-generation and community development work.

E. Credit Scheme for Low-Income Women in Papua New Guinea

In January 1987, the Women's Programme of APDC, in collaboration with the South Pacific Commission, tried to apply some of the lessons of the SEWA and Grameen Bank experiences to Papua New Guinea. Two pilot schemes on credit for low-income women were initiated in the East Sepik and Simbu Provinces of Papua New Guinea. This was the first time that poor women in this isolated, mountainous area became actively involved in a self-employment programme. The Simbu women's credit scheme, initially administered by the Women's Division of the government but transferred to the Simbu Women's Association when operating successfully, was introduced to provide a wide range of services mainly focusing on rural women.

By October 1988, 200 women had received loans ranging from 150 Kinas to 500 Kinas. The project catered to women bypassed by formal financial institutions in their quest for small income generating activities, such as ice-block making, poultry raising, or vegetable growing. Loans were provided only for purposes of productive investments and were to be generally repaid on a fortnightly or monthly basis although repayment schedules remained flexible according to each borrower's requirements (within the limits of a one-year maximum repayment period).

The East Sepik Scheme differed from the Simbu Scheme because it was urban based and catered to better educated women with some exposure to small business. At the outset a Women in Business Association (WIBA) was formed by women, many of whom came from squatter settlements. Within three months of the group's formation there were 68 registered members. A four-member managerial group committee was elected from WIBA with two female government officers acting as advisors. Three months after the formulation of WIBA, 57 women had either already been granted loans or had requests pending approval.

The two pilot schemes were innovative in their approach and management: individual women were awarded credit in their own names and the scheme was administered by the women themselves. The Papua New Guinea Government Division of Women's Affairs has expanded the credit scheme to two additional provinces. To ensure maximum success, training in credit management and small business operations is also being emphasized both for administrators and recipients of the credit scheme. The Women's Affairs Division was also ensuring that agricultural and commerce extension services and business advisory services were available. In this way women of a primitive tribal culture were being helped to gain a foothold in the modern world.

II. Achievements and Limitations

All five cases have dealt with successful attempts at improving the economic assets of poor women as a means of enhancing their socio-economic position. Poor women themselves rather than families and communities have been the focal point for the channelling of such credit. The greatest achievement to emerge has been the creation of alternative credit systems resulting in considerable income gains, in some cases by as much as 30 per cent. Poor women's credit-worthiness has been demonstrated and the urgent need to reformulate banking concepts and management approaches responsive to women's needs has been underscored.

While credit represents one of the most successful entry points in addressing the needs of poor women, the question in the long run remains the extent to which it can facilitate systematic change and undermine the patriarchal class structures responsible for the conditions of poverty, powerlessness and vulnerability for the majority of women in Asia. Efforts to mobilize and empower women, however, have often not proceeded further than group formation to facilitate loan repayment. One exception was the credit programme in Nepal which went a few steps further in emphasizing a number of community development schemes, access to major government resource agencies and the bringing of women together outside their homes, leadership training and confidence building. Only SEWA has attempted to use mobilization and organization to change existing attitudes, laws and policies towards self-employed women workers. This has given poor urban women the confidence to deal with government officialdom, and to gain access to legal rights, such as the right to trade at certain sites.

In general, self-help schemes for women have faced a number of limitations: some relate to the approach of alternative credit systems, others relate to the use of credit for alleviating poverty through gender-responsive programmes. Many such schemes focus on women's existing economic activities without identifying new non-traditional opportunities. This approach builds on women's existing skills thereby also maintaining the traditional sexual division of labour which allocates women some of the most tedious and poorly paid tasks. Projects have also stopped short of examining the control and utilization of generated income. Given existing household structures and power relationships, part of project implementation and monitoring has sought to ensure the retention of income under control of women to enable poor women to translate their economic gains into a broader-based system of family and social power. While programmes have successfully tailored the credit delivery system to meet women's needs and constraints, they have been less successful in changing mainstream capital markets. Apart from the Grameen Bank, the numbers of women reached remains relatively small.

Although the case studies have demonstrated the ability of credit to transform the lives of women, credit cannot by itself help overcome socio-cultural restrictions and traditional power relations. Nor does the attainment of higher income levels and other forms of socio-economic advancement automatically result in a transformation of patriarchal power structures since the causes of poverty are rooted in a complex interplay of social, political and economic factors.

III. Recommendations

Numerous efforts have been made by governments and NGOs to provide credit to the poor, usually on a small-scale pilot project basis. Very few examples of successful large-scale programmes addressing the needs of poor women can be cited. The potential for impact by small-scale credit projects exists in terms of possible influence on policy or replicability in the formulation of other schemes striving to reach the masses of poor women. Support systems are required for substantial redesigning of existing mainstream credit programmes and the reorientation of government agencies and officials so planning and implementation processes can more effectively meet poor women's needs.

The successful case studies presented in the paper all had accountable leadership, innovative "delivery systems" and implementation processes that responded to the problems of poor women. These positive lessons must be integrated into national development programmes to make them more gender-responsive and to have a more lasting impact on poor women. Political will is also an important component in effecting change and in this regard women's groups have an important role in exerting political pressure.

At the project level, the lessons learned from successful credit schemes must be translated into general recommendations for wider implementation, especially by large banks and agricultural co-operatives which have already in some measure been successful in distributing credit to women. Such success stories involved credit schemes which took a direct approach in extending credit to poor women; or where the delivery system was designed to disburse loans in small amounts; or in instances where collateral and paperwork requirements were nil or kept to a bare minimum. Many of the success stories involved the members as closely as possible in management and provided extension services with a market outlet for goods produced. Careful appraisal and monitoring also made the difference between success and failure.

Credit programmes represent a first step in the upliftment of poor women. To attain significant systemic or structural change to transform women's lives far greater measures are required. Only then can the empowerment of women come about.

V. WOMEN'S ACCESS TO CREDIT IN LATIN AMERICA AND THE CARIBBEAN

by

Arelis Gómez

CONTENTS

I. WOMEN'S PARTICIPATION IN THE LABOUR FORCE IN LATIN AMERICA AND THE CARIBBEAN

A. General overview

In Latin America and the Caribbean, the participation of women in the labour force has increased more rapidly over the last 35 years than in the rest of the world. For example, women's share in the total labour force increased by 10 per cent between 1950 and 1980; in contrast for Latin America the labour force increased by 23 per cent. Women's entrance into the urban labour market is the main factor behind the high growth in the urban labour force in the region, which increased at an annual rate of 4.1 per cent between 1950 and 1980.1/

The participation of women in the labour force continues to increase as a result of four factors: (1) increased women's access to education; (2) a substantial flow of female migrants to the large cities since the outset of the 1960's; (3) a general economic downturn and significant reductions in real wages that have prompted women to seek employment or engage in income generating activities to supplement household incomes; and (4) high rates of rural to urban migration, marital abandonment, and high male mortality due to civil war in certain countries, all of which have contributed to the formation of female headed households and to women's search for employment. In response to these factors, women from low income groups have joined the urban labour force in greater numbers in Brazil, Costa Rica and Uruguay. Many of these new workers have joined the informal and service sectors.2/

Despite the great increase in the participation of women in the labour force they still tend to be paid less for comparable jobs and are often in occupations that are not as productive and/or lucrative as those of men. Data from household surveys in the 1970's for seven Latin American countries - Brazil, Colombia, Costa Rica, Chile, Panama, Uruguay, and Venezuela - show that, with the exception of Colombia, women predominate among the lowest income wage earners. Wage differentials by sex also seem to have increased between 1970 and 1980 in Brazil and Costa Rica. In Brazil the income of the active male population was 54 per cent higher than that of the active female population in 1970, and was 60 per cent higher in 1980. This income gap persisted despite the fact in 1980, active women had a level of training 33 per cent higher than that of men. In Chile, the greater the educational level, the higher the income that men received in comparison to women. In 1979, the median income of men with no education or basic education was 71 per cent higher than that of women with the same educational level. In the case of men and women with high school education the median income for men was 84 per cent higher than for women. In the case of men and women with university education, the median income of men was 191 per cent higher than that of their female counterparts.

However, the greatest level of wage discrimination takes place against women from low-income groups. They undertake low productivity and low paid jobs for a number of reasons: low levels of education and training; the need of combining household and productive tasks; and the tendency to undertake economic activities that are an extension of household work.

B. Women in the informal sector

The informal sector of the economy is presently a major source of employment and income in Latin America and Caribbean cities for both men and women. Nearly 20 per cent of the urban economically-active population in the region operates in the informal sector. For example, in Ecuador, almost 50 per cent of the labour force works in the informal sector; in Peru, the figure is 53 per cent; in Brazil this rises to 69 per cent; and in San Salvador, studies show that 85 per cent of poor households are engaged in the small scale, informal business activities.4/

The participation of women in the sector is expanding at a rapid pace due to rapid population growth; an increasing number of women entering the labour force; a pressure on resources; increasing migration; and insufficient opportunities in the formal sector for women. In the informal sector labour force 61 per cent of the self-employed are women, compared to only 18 per cent of those in the formal sector labour force. In Brazil, about 50 per cent of the informal labour force is female, while in Ecuador half of all women employed in urban labour markets work in the informal sector.5/

In the urban informal sector the majority of women workers who enter the market work in the overcrowded services industry and in petty trade occupations. Some women are unpaid family workers in family enterprises, while others do piece-rate production work at home. A large proportion of female workers however, are self-employed vendors.

C. Role of women's income in poor households

Women's strong economic participation in the region is largely a result of increasing levels of poverty in general and thus the need for women to earn additional income for the household. Data from four Latin American cities show that female-headed households are over-represented among the poor; the figures range form 22 per cent in San José, Costa Rica, to 38 percent in Lima, Peru. This phenomenon is common in Latin America. For example, 17 per cent of a sample of households in Belo Horizonte, in Brazil, were headed by women, of which 45 per cent fell below the poverty line, as compared to only 27 per cent of the households headed by men. In the Caribbean, it is estimated that one-third of the households in the area of West Kingston, Jamaica were headed by women.

Such households are universally the poorest, as cash earning opportunities for women are even more restricted than for men, and almost everywhere women on the average earn less than men.

Women's income is essential to family survival not only in female-headed but also in male-headed households. In rural Latin America, studies have shown that women contribute substantial proportions of the total income in farm and landless households. For example, a study in Cajamarca, Peru, found that, on average, women generate one-third of all household net income. In addition, studies on poverty-level households in the Dominican Republic, Ecuador, Guatemala, Jamaica, Paraguay and St. Lucia show that women allocate a proportionally greater amount of their income than men to such basic needs as food, health care, education and clothing. This is particularly important to children's survival needs. A survey of farm households in St. Lucia found that women were solely responsible for paying for family food in 37 per cent of their households; for child support in 31 per cent; for transport in 30 per cent; for medical needs in 29 per cent; and for farm supplies in 22 per cent of the households.

Thus women's income is vital for the economic survival of families. To have a greater social impact women should be the beneficiaries of credit programmes and technical assistance to raise their income-earning ability.

II. ROLE OF CREDIT IN WOMEN'S DEVELOPMENT

A. General overview

Credit plays an important and supporting role in assisting individuals and groups to acquire and mobilize productive resources. However, unequal access to formal credit sources, particularly as regards lowest-income groups in general, and poor women in particular, limits their potential for raising their productivity, thereby further distorting income distribution and asset ownership patterns.

In urban areas, lack of capital is the major constraint for informal business sector operators. Without sufficient working capital, the typical small entrepreneur has only enough cash to buy raw materials and stock for one or two days. When the inventory is depleted, or production or sales decline, businesses are frequently forced to shut down while the owners make a trip to purchase materials. The lack of sufficient capital means that informal sector entrepreneurs are unable to take advantage of quantity discounts on materials. This discontinuity in production-sales is inefficient and results in low productivity. To obtain enough cash to meet their daily living expenses they must sell their output immediately, whether or not the prices in the market are high enough to make their business profitable.6/ Additionally, due to lack of capital, only a small proportion of informal sector businesses are able to extend credit to clients. Such an arrangement could allow them to expand their businesses to service the needs of persons who are paid bi-weekly or monthly. This would be mutually beneficial for businesses and consumers. Finally, without funds to invest in necessary expansion, these businesses will falter. They will lose their customers to more efficient producers able to improve the quality of their products and establish more competitive prices. While this problem is a significant one for any business, it is particularly acute for micro-businesses run by women.

Thus, improved credit access is one of the keys to a better standard of living for the large population of women working in the informal sector of developing countries. Surveys consistently show that the majority of men and women concentrated in this sector recognize the vital importance of credit.7/ In Haiti, for example, interviews with micro-entrepreneurs revealed that the lack of working capital is one of the major management problems.8/ In Costa Rica, 83 per cent of micro-entrepreneurs interviewed stated that credit was their most important need.9/

In rural areas, on the other hand, male migration to urban areas in search of employment has resulted in increasing numbers of women managing their farms alone. In Peru, 21 per cent of the peasant women in a mid-eighties government study were farmers on their own account, with their husbands deriving income from other sources. In Guyana, 44 per cent of women in a rural sample were heads of households and farmers, and in St. Lucia 25 per cent of the farm operators were women.10/ These women are the principal decision makers in agricultural production, devote a major part of their labour to farming, and are responsible for most agricultural tasks. Credit constitutes a vital necessity for this group for several reasons:

1. It helps meet immediate needs, such as seeds, fertilizers, and the provision of cash for farm labour;

2. It permits investment into new technologies for long-term productivity improvement;

3. It helps stabilize cash flows during seasonal business downturns; and

4. It provides the means for consumption between harvesting seasons.

Finally, as the incidence of female headed households in urban and rural areas increases and the cost of land continues to rise, more and more women will need credit to finance housing costs. In fact, a recent survey of women heads of households applying to the Solada Project in

Quito, Ecuador, indicated that for 70 per cent of these women, savings covered less than six per cent of the project's least expensive housing costs. Should women liquidate all but their most necessary assets, the majority would still need to finance 90 per cent of their housing costs.11/

B. Women's participation in formal sources of credit

Despite a clear need for credit, women's access to such resources remains severely circumscribed by the failure of financial institutions to address their requirements in this area. In the Inter-American Development Bank's small projects programmes, for example, women comprise only 17 per cent of the beneficiaries despite the bank's acknowledgement that many more women are employed in this sector. In addition, as the bank's average project progresses, studies show that an increasingly lower number of women are involved.12/

The Industrial Bank of Peru credit records show that only 16 per cent of Urban Small Enterprise Development Fund (UEF) borrowers were women.13/ In Brazil, 88 per cent of the funds distributed in agricultural credit programmes went to large agricultural male operators. Similarly, a 1980 St. Lucia study of small women farmers showed that the latter received only one per cent of the total loans disbursed by the Agricultural and Industrial bank. A study of six major national banks in the Dominican Republic showed that women comprised less than 10 per cent of their loan portfolios.

Private voluntary organizations, and international development and aid agencies constitute another formal source of credit. These institutions numbered 2,297 in the mid-eighties, and each year handle US$2.5 billion in private funds and US$1 billion in State funds.14/ In most Latin American and Caribbean countries, such agencies and institutions have launched innovative schemes to promote small urban and rural producers, although these often regard women as having a social role, limited to mother, wife and housekeeper. Therefore, their funding targeted to women tends to be directed mainly towards maternal and child health clinics, family planning programmes, and home economic projects, such as cooking and sewing courses, rather than income-generating activities that are the prime interest of growing numbers of women in developing countries.

On average, women comprise only 7 to 11 per cent of the beneficiaries of micro-enterprise projects despite the fact that in most countries they comprise a much higher percentage, often 50 per cent or more, of those active in the informal sector.15/ For example, in the mid-eighties, women comprised only 11 per cent of the beneficiaries of Inter-American Foundation's development projects and only received 8 per cent of all grant expenditures.

In co-operative organizations it appears that women's participation is also limited.16/ A study of co-operative development in Honduras, for instance, identifies only fifteen women's co-operatives out of 971 total active co-operatives in the country. Instead women belonged to housewives clubs where credit was not an issue.17/ Since co-operatives are a major source of credit or information about credit, women need to increase their participation rate to improve their chances of receiving a larger share of such financial flows.

Despite women's limited participation in the formal financial sector, strong evidence suggests that women both want and are willing to pay for credit. Furthermore, mounting evidence shows that female credit recipients have repayment records that are as good as, and even better than those of their male counterparts. For example, the loan portfolio of Women's World banking in the Dominican Republic shows a repayment rate of 97 per cent. Another example is that of the "Grupos Solidarios" credit scheme of ADEMI, a Dominican Association for the Development of Micro-enterprises. The scheme, made up primarily of women, maintained an extraordinary repayment record of 100 per cent for two years as compared to repayment records of between 75 per cent to 80 per cent in the case of "micro-enterprise" credit scheme largely run by men. Similarly, in Nicaragua the Market Women's Co-operatives programme has maintained a 98 per cent rate of loan repayment. In all these cases, women were borrowing at commercial rates interest. In contrast to the above developments, women's participation in formal commercial lines of credit is very low. Since the vast majority of development funds still flow through this formal system, the ramifications of this constraint may be enormous given the major role played by women in providing for their families.

Since most existing formal credit programmes are not targeted to assist women's economic activities, the potential for increasing their productivity and household income by improving such access is considerable.

C. Obstacles to extending institutional credit facilities

There are several factors hindering the accessibility of credit to the poor, including women. Commercial interest rate policies and large lender transaction costs for servicing small or new borrowers discourage lending to the poor. Ponderous administrative regulations and practices have diluted the effectiveness of formal credit programmes. The high costs of small loans in most developing countries is a further constraint on rural women who are involved in activities that cannot absorb large loans.

Most financial institutions do not control the network of support services which they perceive as necessary to achieve loans productivity. This means financial institutions incur greater risks in extending small lines of credit to rural borrowers. Female borrowers are further hampered by traditional misconceptions as to their repayment capacity and ability to effectively administer credit. Or, as in the case of Bolivia, for example, married women can apply for credit from commercial banks independently of their husbands but in practice banks usually require the husband's consent prior to loan disbursement.

Governments do not possess adequate resources to train enough personnel or provide adequate sufficient field support to extension and other rural development services; nor do most governments have the capacity to hire additional female staff to work with rural women. Lack of village level infrastructure in most of Latin America prevents the effective utilization of credit. Basic services like water supplies, availability of firewood and road conditions are generally lacking or inadequate.

Poor women's weak demand for formal credit has been the principal explanation given for their limited use of credit. For example, data from three branches of the Industrial Bank of Peru showed that the low proportion of women participating in the credit programme was not due to more women being rejected, but rather to the fact that few women applied.18/ A survey showed that few female-headed households reported that they had applied for current loans from the People's Co-operative Bank, in which 80 per cent of managers and assistants were women. Only seven per cent of the households reported having applied unsuccessfully for loans. The survey concluded that a small percentage of farm households had benefitted from loan facilities because the majority had not actively sought this service.

Lack of technical skills amongst women constitutes another constraint in the development process. Most rural women lack technical knowledge in food production, marketing, processing and storage, one of the reasons for this state of affairs being the tendency of most credit agencies to rely on male staff for the provision of extension services. Similarly lack of managerial skills amongst rural women bars them from more renumerative income-generating activities.

As gaining access to institutional sources usually relies on written mechanisms and community organizations to which women do not belong, the majority of women simply never learn what credit facilities are available (however poorly they might prove to meet their needs) nor are they encouraged to make use of them.19/ For example, a study in St. Lucia found that although one half of the farm population surveyed had received some sort of agricultural extension service, only 17 per cent of women had received information from extension agents. In the northern district of St. Lucia, only 1.5 per cent of the farm visits were directed at women farmers.20/

Financial constraints hampering female access to credit are manifold. They included high transportation costs and lengthy procedures; unfavourable terms and conditions of loan repayment; and the fact that small loans remain unattractive to most banks. This is significant since between 40 to 85 per cent of women in the Latin America and Caribbean regions are involved in small-scale economic activities. Lack of collateral constitutes another major obstacle to women's access to formal credit. In many cases male household members hold title to land or other property usually required by banks as collateral, and are required to serve as signatories for loans.

Legal constraints relating to women's status include traditional social and religious practices in many developing countries which reinforce women's subordinate positions. Property inheritance laws in Latin America generally favour males thereby giving support to women's secondary social and economic status. For example, in Paraguay, Bolivia and Peru, daughters are by custom willed a smaller portion of the father's land than sons. As land is not usually registered in a woman's name, the latter cannot generally enrol in co-operatives as membership is restricted to those whose land is registered for crop production: since many loans are made through such institutions, women lose out in the process. Even land reform laws do not always solve the problem. In Honduras, the 1962 agrarian reform law gave widows and single women household heads the right to own land, although not single widows without dependents. In practice however, input into decision-making and access to resources, such as agricultural credit, depended on membership in the male dominated collective organizations to which women rarely belonged.

Social constraints hindering women's access to credit include high illiteracy rates. In Guatemala, statistics from the mid-eighties show that 62 per cent of the women had never attended school. Data from a project in Honduras showed that 39 per cent of market women had never attended school and were probably illiterate as compared to 19 per cent of male heads of household. Economic factors operating against female accessibility to credit include sex segregation in the labour market and occupational structures favoring men. In agriculture government extension programmes for the introduction of cash crops are geared to male heads of families leaving women in subsistence farming.

D. The informal sector as a source of credit

Caught between the inadequacy of formal financial institutions as a source of credit and their increasing need for capital, women have increasingly turned to informal sources of credit where they have demonstrated their credit-worthiness.

The importance of relatives and friends as sources of credit for women is widely acknowledged. For example, an investigation of market women reports that about 60 per cent of agricultural produce traders interviewed had obtained their start-up capital from relatives.21/ In Haiti, family members and friends were second only to personal savings in kind as the most important sources of start-up capital for female-owners of small-scale enterprises. Friends and relatives were also found to be a crucial source of funds as the businesses developed. The combined funds provided by family, friends and personal savings enabled 90 per cent of the entrepreneurs to buy equipment for their businesses.22/

Moneylenders and pawnbrokers, usually local traders, merchants or landowners, constitute another important source of informal borrowing. Credit terms from both sources require little or no collateral, and repayment schedules remain flexible. Such borrowing is widespread in Latin America. In Nicaragua, moneylenders are considered the main sources of cash for market women. Typically short-term loans (30 to 60 days) incur a 10 per cent interest rate per month or 120 to 240 per cent per year. In Peru, borrowing from moneylenders is also widespread involving an interest rate of 10 to 35 per cent per month, with an average of 25 to 30 per cent.

The immediate and flexible financial services moneylenders provide are apparently highly valued since small borrowers are not deterred from turning to the moneylenders for financing, despite the high interest rates generally involved. In Nicaragua, for example, many market women continued to secure loans from moneylenders at 20 per cent interest per month, despite the fact that the Fundación Nicaraguense's loan (FUNDE) office in the Central Market was providing credit at a rate of one per cent per month. Further investigation indicated that the market women were intimidated by the formal atmosphere at FUNDE's office. Credit procedures seemed too strange and impersonal. In contrast, longstanding acquaintance with moneylenders allowed for very informal relations between the women and the latter. Moneylenders could be easily found at odd hours if there was an urgent need for cash. The moneylenders' daily presence in the market allowed the women to pay back their loans daily.

Pawnbrokers represent another important source of credit for women, allowing women to put up jewelry, ornaments, or gold as collateral, generally for small loans. In instances when women own few cattle or plots of land, or lack control over productive outputs, these personal items constitute their only form of collateral. Like moneylenders, pawnbrokers provide small loans in a timely and flexible fashion.

Sources of credit from wholesalers, middlemen, and shopkeepers are particularly important for household and productive activities. Wholesalers provide women with loans to purchase daily supplies of food and, in some instances, the willingness of suppliers to extend credit directly determines whether or not a woman can engage in market activities. Shopkeepers may extend credit to well-known, consistent buyers of food and other household requirements by maintaining a record of the purchases and allowing the bill to remain unpaid for a certain period of time. Interest is usually not explicitly charged; rather it is levied indirectly through higher prices for goods.23/ Wholesalers also allow clients to leave bills unpaid until the purchased goods are sold at retail.

Middlemen will advance women credit to buy seeds and fertilizers. Women farmers may also receive credit in kind from middlemen.24/ Interest is usually not charged; in return for the credit, middlemen expect to buy women's production at lower prices than usual. However, one study indicates that women in the Dominican Republic pay an interest rate ranging from 10 per cent per day to 20 per cent per month.25/

Indigenous savings associations, defined as "a group of persons who agree to make regular contributions to a fund which becomes the property of each contributor in rotation", are also important for promoting savings and borrowing. They provide for easy membership and direct accessibility to information and credit at low rates of interest compared to local moneylenders' terms.

III. SUCCESSFUL CASE STUDIES

A. Model credit schemes

In a number of Latin American and Caribbean countries, successful small credit schemes are reaching women and helping to promote female self-sufficiency and integration within formal financial institutions. Such schemes are serving as models in reaching large numbers of rural and urban women entrepreneurs previously marginalized in the informal sector. Examples of such credit programmes are as follows:

1. Mujeres en Desarrollo Dominicana, Inc. (MUDE) in the Dominican Republic;

2. Association for the Development of Micro-enterprises, Inc. (ADEMI) in the Dominican Republic;

3. Federación de Cajas de Crédito (FEDECREDITO) in El Salvador;

4. The Market Women Project in Nicaragua; and

5. Programme for the Development of Micro-enterprises (PRODEM) in Ecuador.

1. Dominican Republic: Mujeres en Desarrollo Dominicana, Inc.

Mujeres en Desarrollo Dominicana, Inc. (MUDE) was established in 1979 to promote the socio-economic development of low-income women in rural areas by providing agricultural training, technical assistance and credit for agricultural purposes. Since no public or private organization in the Dominican republic was providing credit and technical assistance to rural women, MUDE filled a vacuum.

In 1987 MUDE was providing credit to 1,158 groups with 3,369 direct beneficiaries in five of the country's 29 provinces. The groups range in size from 10 to 120 women, with the average size around 30 women. The programme is carefully tailored to the needs of each group, with courses ranging from organizational development to management and financial training for project administration; and from technical assistance to social services, both covering a wide range of community activities, such as nutrition and family planning, installation of potable water and latrines, reforestation, housing improvement, and construction of Lorena stoves. Agricultural projects include cultivation of vegetables, strawberries and flowers; animal husbandry projects, include raising of dairy cattle, pigs and goats. In areas where agriculture is not productive, MUDE provides credit and technical assistance to artisans groups and runs marketing services in co-operation with the Dominican Development Foundation, Mujeres Aplicadas a la Industria (MAI), and several other NGOs.

From 1983 - 1987, MUDE provided US$500,000 in credit to over 185 productive projects benefitting 2098 women, an increase of 50 per cent over previous years. MUDE charges 12 per cent interest a year on its loans, which is considerably below the 12-24 per cent charged by government and commercial banks. Repayment rates are over 91 per cent which is significantly higher than that of other development programmes in the country.26/

2. Dominican Republic: Association for the Development of Micro-enterprises, Inc. (ADEMI)

ADEMI was established in 1982 to strengthen the informal sector so as to create employment and increase incomes in unskilled jobs. It was clearly recognized that traditional lending practices would have to be modified and studies were made of a number of projects: Dominican Development Foundation in the Dominican Republic, FEDECREDITO in El Salvador, Working Women's Forum in India, and Badan Kredit Kecamatan (Rural Bank of Indonesia) in Indonesia. Such studies helped to determine the most effective methods for reaching the informal sector.

ADEMI combines characteristics of informal lending practices with elements of a formal lending institution. These include frequent repayment options; elimination of collateral requirements; reduction of paperwork and transaction time and cost; and advisors' frequent contact with clients in their business places or homes. ADEMI's most important innovations are its emphasis on: (1) the scope of operations whereby the maximum number of businesses are reached; (2) simplicity involving a minimum of bureaucratic paperwork; and (3) speed ensuring rapid loan approval and disbursement.

The programme has two components: a solidarity group credit mechanism for extremely small businesses and an individual micro-enterprise component for slightly larger businesses. Women were not originally targeted as beneficiaries, but most aspects of the project-design were conducive to women's participation. In general, the income level and types of business represented by women clients coincide with the groups targeted by ADEMI. At present, 31 per cent of ADEMI's total membership is composed of women, or 14 per cent of all micro-enterprise clients and 43 per cent of the solidarity group members. The greater percentage of females in solidarity groups reflects women's generally lower income level in the Dominican Republic.27/

3. El Salvador: Federación de Cajas de Crédito

The credit funding programme of the Federación de Cajas de Crédito in El Salvador has been very successful in meeting women's needs. The programme is designed to provide a revolving line of credit to increase the income of existing small-scale enterprises, such as stores, family-based services, clothing manufacturing and sales, handicrafts, tailors, and shoe manufacture and repair. Small loans are made available to new borrowers for working capital for the purchase of tools or equipment, or for construction and improvement of workshops.

Although not originally intended as a women's programme, in 1984 women entrepreneurs held 85 per cent of the portfolio of 700 loans. This is in part due to the fact that women are very active in the types of business served by the programme. Outreach efforts to reach women have been very successful by concentrating on the largest and poorest settlements, where a high percentage of female-headed households and female entrepreneurs can be found. Nearly all recipients are part of organized groups serving as excellent start-up organizations for other activities, such as buying and selling; technical assistance, etc. Groups throughout the area are developing their own organizations to qualify for loans. Today, the programme has resulted in both direct and indirect benefits. Business incomes have risen from between 50 to 200 per cent; repayment rates have been very high; and employment expansion took place in a short period of time.28/

4. Nicaragua: The Market Women's Project

The Market Women's Project was established in 1972 by the Nicaraguan Development Foundation (FUNDE). The project was begun to help counterbalance the exclusion of women petty-traders from formal means of credit notwithstanding their important household and economic contributions. Initially FUNDE set up a special office in the city offering credit to women at only 12 per cent interest per annum, as compared to 120 - 200 per cent charged by moneylenders. Yet the office had very few customers due to its physical and cultural distance from women's activities. FUNDE adopted a more successful approach shortly thereafter in which savings and loan co-operatives were organized among at least 30 to 50 women. This was achieved by working with and through community leaders; by using the existing market structure; by relying on group self-sufficiency; and by integration with the commercial banking system. 29/

FUNDE makes a loan of US$10,000 to a co-operative in the first year of operation. Within two years, a typical co-operative is able to repay its first loan from FUNDE and to pay its own manager. Within four years it is in a position to borrow from financial institutions at regular commercial rate of interest with FUNDE's guarantee. Within five years, it is in a position to diversify its activities to include day care, health clinics, marketing centres etc. In at least seven years it can operate independently of FUNDE. Capital shares are very small to allow even the poorest to join. Loan terms are 8 months to a year and repayment periods are set at frequent intervals to suit the borrower's needs. Interest is calculated at one per cent per month.

By 1979, 15 women's co-operatives existed involving 5,530 women whose repayment records were over 97 per cent. In addition, 43 other co-operatives, 50 to 80 per cent female-owned and female-operated, had been formed primarily around retail enterprises. Between 1975 and 1979, total co-operative savings of the 58 units grew from US$74,556 to $1,640,500, and total assets from $126,056 to $623,000. The total amount of loans given by FUNDE to all co-operatives in 1979 was US$1,273,700. 30/

5. Ecuador: Programme for the Development of Micro-enterprises (PRODEM)

This Programme for the Development of Micro-Enterprises (PRODEM) was launched in May, 1982, by the Ecuadorean Development Foundation. The programme was designed to provide credit and management training to micro-entrepreneurs and street vendors organized into "solidarity groups."

PRODEM offers small, short-term loans as working capital. As borrowers establish good credit records, larger long-term loans may be obtained. No collateral is required, but personal guarantors and the incentive of future access to larger loans serve as a repayment guarantee. In the solidarity groups, each member of a group is responsible for paying back his or her individual share of the loan; if one member fails in repayment, the others must cover the debt or risk losing access to further loans.

In its first year of operation PRODEM extended over 500 loans to individual micro-entrepreneurs and members of solidarity groups. In 1985, 34 per cent of the members in the micro-enterprise component and 66 per cent of the members of the solidarity groups were women. Many individuals and groups have already received more than one loan. Programme staff report that clients see the benefit of the forced savings component and that there is considerable evidence of increased employment and higher incomes. The programme's success can be gauged from the fact that within a year, the programme was 80 per cent self-sufficient, and was reaching over 1,500 beneficiaries.

Innovative small-loans programmes in the region have sometimes succeeded in reaching a high proportion of women organized as groups although until PRODEM's establishment none had reached as many individual women entrepreneurs. In the more successful loan schemes for women, at most 17 per cent of the recipients had been female.31/

IV. SIMILARITIES IN CASE STUDIES

The case studies presented in the previous section provide ample evidence of the potential of poor women if given the opportunity. They show that credit programmes designed to serve specific needs of a particular economic group of women can be an effective strategy in mobilizing resources in developing countries. They have shown that there is a large demand for capital within low-income settlements, and that women entrepreneurs utilize credit effectively.

Commercial interest rates: The case studies discussed in this paper demonstrate that women are willing to borrow at commercial interest rates if the other terms of the loan are properly structured. In the case of PRODEM and ADEMI, women are ready to pay interest rates higher than prevailing commercial rates of interests. In contrast, most development credit programmes charge interest rates below market rates as to give the poor access to cheap credit to allow their enterprises to grow. Yet from the standpoint of the borrower, the level of interest rates is not the most important factor in determining the attractiveness of the loan, a fact widely demonstrated by the frequent use of moneylenders as a credit source. Furthermore, a strong case has been made against highly subsidized government interest rates, in both urban and rural sectors, because the beneficiaries tend to be the better-off borrowers.

Innovative collateral: All five case studies have shown that collateral requirements may take various alternative forms or be set at minimal rates. Examples of collateral requirements are group guarantees, personal reputation, jewelry or other personal valuables. Credit programmes that either wave collateral requirements or employ innovative strategies based on resources available to women have shown women to be reliable borrowers. For example, repayment records have been good in programmes such as those of Women in Development (MUDE), where no collateral is required, and of FUNDE, where loans are secured by another co-operative member, demonstrate that repayment rates without collateral can be reliable.

Flexible terms of repayment: All the case studies provided for flexible terms of repayment which would allow the borrower to maintain a good credit record. In general, payments can be made on a daily basis to the group leader or in weekly installments to the programme staff. Given the nature and scope of a female borrower's business, such an arrangement allows a steady rate of savings. Options that give the borrower the choice of repaying the loan according to the size of the expected income tend to dramatically reduce the high level of default commonly associated with small loans. For example, women in the FUNDE programme make repayments in daily installments. This arrangement not only serves as a security against spending money in other ways, but also works against defaulting since regular, small installments increases the pressure to repay.

Small loan size: Loan size is critical so as not to overburden the borrower or create a pattern of dependency. This was taken into account in all five cases with loan sizes structured around the absorptive capacity of the particular enterprise.

Minimum transaction cost: The programmes have ensured that transaction costs are kept to a minimum and the time lag between application and disbursement is the shortest possible. This has been possible through permanent on-site staff and proximity to lenders.

V. IMPROVING WOMEN'S ACCESS TO CREDIT

Policy-level changes are vital for improving financial resources available to women and for overcoming the obstacles faced by formal financial institutions. Changes at project level and in project components are also important. Credit projects can have an impact on women's control of financial resources not only directly, through the numbers of beneficiaries actually reached, but also indirectly, through demonstration of women's demand for credit and productive utilization of the latter credit when projects are designed to meet their needs. Such demonstration effects will ultimately have an impact on the structure of the financial sector by preventing a compelling care for reformulating lending programmes to favour small borrowers, in particular women.

A. Policy-level recommendations

Legal reforms to eliminate discrimination against women and improve their access to land and other productive assets: Legal reforms at the policy level are critical to improving women's access to credit. Collateral requirements in the form of land and other properties have been pointed out as one of the major constraints facing women in gaining access to formal sources of credit. In most Latin American and Caribbean countries women still cannot obtain credit in their own names, requiring prior permission from a husband or father. This requirement represents a major obstacle for the growing number of single, divorced or widowed women who are heads of households. Thus legal reforms must be implemented to equalize women's legal status in the community, and to remove the discriminatory practices affecting their rights to land and other productive assets. Legislation regarding land distribution must take into account women's role in agriculture, especially as part-time or seasonal laborers who can be easily disenfranchised by land reform schemes.

Laws, and adequate mechanisms for their enforcement, may constitute powerful tools for gaining equal access to financial resources and ensuring rights to education for women. However, such legal reforms are not sufficient without a strong emphasis on educating women concerning their legal rights. Judges and others charged with interpreting and applying new laws must also receive appropriate guidance.

Reforms for interest rate policies to improve women's chances of obtaining credit from formal sources: Financial reforms are particularly important in overcoming the constraints faced by banking, credit and savings institutions in serving women. Many governments up to now have regulated interest rates to encourage greater use of credit by low-income groups. A regulated interest rate, however, can negatively affect the lender's willingness to make loans and provides incentives for the lender to allocate credit to larger borrowers and better-off customers. If the interest rate is regulated and maintained below its market level, lenders must compensate for lower returns by relying on lower risks and costs. This results in high transaction costs, inflexible collateral requirements and cumbersome loan application procedures which further reduce the chances of the small borrower receiving loans. Women in particular are strongly affected by such mechanisms. On the other hand, moneylenders, pawnbrokers and other informal sector creditors, whose expected returns are not regulated, can afford to impose low collateral requirements and transaction costs with the unregulated interest rate charged compensating for higher risks taken.

Thus deregulation of interest rates could improve women's access to formal sources of credit by allowing the market-clearing interest rate to prevail. This would eliminate the excess of demand and obviate the need for non-price rationing mechanisms that are disadvantageous to women. If a regulated interest rate prevails, those denied access will ultimately pay rates of interest higher than the original market rate that the government intended to lower.

Review of national statistics and data gathering programmes to improve the flow of information on women and to secure more accurate data inputs for planning, decision-making and policy formulation: Policies, programmes and projects that involve women require accurate information to be fully effective. In the past years some progress has been made in accumulating statistical information on women and in preparing baseline data for development planning although to date more basic research on women and development is required. For example, the "invisibility" of women's role in the production and distribution of services remain a problem for both analysts and national planners.

Financial and legal reforms may be necessary to improve women's access to credit but are unlikely to be sufficient. Intermediary organizations such as women's co-operatives and banks also have an important role to play. Governments should accept and facilitate the useful and necessary development role intermediary organizations in linking women to governmental financial agencies. To this end, governments could assist these organizations with the start-up costs of their credit programmes, and provide them with the financial extension services to encourage more women to apply for formal credit.

B. Project-level recommendations

The type of programme implemented must be determined by a case by case analysis of the advantages and disadvantages of women-specific versus mixed-sex credit programmes: In mixed sex credit programmes, women could take full advantage of the resources and high priority that integrated projects receive, although they may inadvertently be excluded through such factors as selection of location and promotion mechanisms. Even in programmes designed to reach small and inexperienced borrowers, women may face a disadvantage relative to men when competing for credit because of their relatively low status in the family and the community.

Mixed-sex credit programmes must have a clearly articulated commitment to women as project participants from the start to ensure their participation. This involves identifying women as a specific group within the programmes targeted to receive a proportion of funding equal or close to their representation in the economy. It is also important to hire women field staff to work with this particular target group.

Women-specific programmes, on the other hand, can be effective in overcoming obstacles encountered by women in mixed-sex programmes. Women receive all the programme's resources and benefits. They may acquire leadership skills and greater self-confidence in sex-segregated environment. Technical assistance and training in non-traditional areas may be much easier without male competition. However, programmes for women tend to be small scale and underfunded. That may implicitly remove women from the mainstream of development efforts and are often welfare-oriented, reinforcing traditional misconceptions of women's economic roles. Furthermore, they may be perceived as catering to special interests and thus may be politically unacceptable. Nevertheless, women-specific programmes are particularly recommended in cases where women's poverty is extreme and/or where male/female interaction remains socially limited. Otherwise, these programmes should be designed as an intermediary step toward the full participation of women with men in mixed credit and savings programmes.

Women-oriented supporting services: Development agencies must accelerate their efforts at increasing the number of females employed as credit officers and extension agents. These agencies should make special efforts to improve women's access to credit and financial facilities and also to re-orient field staff toward providing technical assistance which recognizes the particular needs of female economic activities.

Dissemination of information on credit facilities utilizing communication channels accessible to women: Banks, development programmes, co-operatives, and extension services have not been successful in distributing information on credit facilities to the vast majority of women requiring financial assistance. Such institutions promote credit information through co-operatives, small farmer's groups, land distribution committees etc. which generally tend to bypass women. Such information, when disseminated through existing women's groups, for example, greatly increase the chances of reaching women. Religious groups, mothers' clubs, small savings associations, and grassroots organizations tend to be more aware of and responsive to the economic needs of women.

Advantageous features of informal borrowing systems (in which women are traditionally active) to be incorporated into the design of formal credit programmes for women: Examples of such features include frequent repayment schedules; innovative collateral requirements; the development of female extension workers where male-female interaction is socially restricted. In many cases these features will help reduce transaction costs. Important to these features is group lending. This mechanism can be promoted to overcome the problem encountered by most credit institutions of high costs regarding the administration of numerous small loans. It can also serve as a means for women to pool resources for collateral. Moreover, group lending provides an efficient means of integrating training, technical assistance, and the introduction of new technologies to women.

Timely access to requisite amounts of capital and credit from reliable sources is crucial to the success of income-generating projects. Such projects designed specifically for women should build upon conditions that enable women to demonstrate their credit worthiness and to approach the same "windows" or sources of credit available to male borrowers. Recognition of these factors in programme design and planning will permit rural and urban women entrepreneurs to contribute more effectively to the economic development of their countries.

C. Research priorities

The outcome of this study points to the need for stressing certain priorities in future research on women and credit:

1. Studies should be made of ways to strengthen marketing potential of small rural and urban enterprises;

2. Complementary data should be collected for efficient targeting of credit programmes, such as identification of regions with high percentages of female-headed households; or with strong female household composition;

3. Studies are necessary to determine the relationship between increases in provision of credit and increases of productive output;

4. Country-specific socio-economic analysis of laws and regulations on individual ownership and banking practices affecting female access to modern credit institutions are important issues;

5. Case studies should be undertaken of women borrowers concentrated in particular kinds of economic activities; loan default studies; and transaction cost assessments of women borrowers.

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VI. WOMEN'S ACCESS TO CREDIT IN AFRICA

By

Gloria Nikoi

CONTENTS

INTRODUCTION

This paper takes Ghana as a case study and looks at the factors inhibiting women's access to credit from formal financial institutions in Ghana. Some examples of informal financial arrangements are presented and innovative programmes for improving women's access for credit instituted by two formal financial sector institutions are examined and lessons are drawn from them. The study makes recommendations as to programmes needed to improve women's access to credit.

In Africa, estimates indicate that women perform 75 to 80 per cent of the agricultural work on the continent. The literature emphasizes their responsibility for food production, for providing agricultural labour, for planting, weeding and harvesting, and for transporting, storing, processing and marketing food crops in addition to their household duties. They constitute at least 60 per cent of the labour force involved in trading. Women are also engaged in housebuilding and repair, accounting for as much as 30 per cent and 40 per cent of such activities respectively. In addition they account for 70 per cent of all community projects.

In the industrial sector in Africa, comprising the modern large-scale sector and the small micro-enterprise informal sector, women form a small proportion of all modern sector employees and are concentrated in unskilled, low wage jobs, largely in light industry. The majority of women work in the informal sector in both rural and urban settings and undertake a variety of highly mobile, small-scale productive activities, seasonal in nature, with flexible hours permitting a combination of domestic and work responsibilities.

The proportion of women in professional, technical and related occupations in Africa is low, in general, compared with that in agriculture. There are instances where, with increasing educational opportunities, some women are assuming high level professional roles, however generally women proliferate in areas like nursing and elementary school teaching. Administrative and managerial grades employ few women in Africa although there are country variations. This pattern of variation also shows itself in the sales and services sector. In general, there are more women employed in the services sector although in a few countries, such as Ghana, more women are engaged in sales than in services.

TABLE I

MAJOR OCCUPATIONS OF EMPLOYED PERSONS BY SEX
(aged 15 years and older)

1.	All Occupations	5,423,142
	Male	2,637,330
	Female	2,785,812
2.	Agriculture, Animal Husbandry, Forestry Workers, and Hunters	3,289,319
	Male	1,732,849
	Female	1,556,470
3.	Production & Related Workers, Transport Equipment Operators, and Labourers	887,279
	Male	489,436
	Female	397,843
4.	Sales Workers	750,230
	Male	82,731
	Female	667,499
5.	Professional, Technical, & Related Workers	221,743
	Male	142,662
	Female	79,121
6.	Service Workers	130,742
	Male	85,322
	Female	45,420
7.	Administrative and Managerial Workers	16,244
	Male	14,809
	Female	1,435
8.	Clerical Related Workers	127,585
	Male	89,561
	Female	38,024

SOURCE: Office of the Government Statistician, Accra. Provisional data, 1984.

Table I illustrates the major occupational employment breakdown, disaggregated by sex, for Ghana. In general, the table reflects the patterns for Africa as a whole as described above. Most African women are employees, unpaid family workers or self-employed workers largely concentrated in the agricultural sector. They work long hours (an estimated 18-hour work day) with rudimentary tools, and earn low incomes. The majority of them live in rural areas where development, in terms of good roads, potable water, proper housing and health facilities, has passed them by. In the urban informal sector they usually live in overcrowded slums with water, market and health facilities located far from their homes. Increasingly, these women are becoming single heads of household and because of their low incomes, such female-headed households are among the poorest in Africa.

A sample survey of some Asian countries indicated 43.2 per cent of the economically active female population in Asia were employed in services; 34.9 per cent in agriculture; and 20.4 per cent in industry. The status of the economically active female population is indicated as follows: employees 59.4 per cent; unpaid family labour 23.5 per cent; and employers and own account workers 13.0 per cent. In Latin America and the Caribbean, literature shows the number of women workers in agriculture as relatively lower than in Africa or Asia. The proportion of women in industry is about 16.5 per cent, with the services sector providing the major source of employment for women. Here women proliferate in the wholesale/retail trade, restaurants and hotels, and in personal services where they occupy the lowest rungs of the occupational ladder. Economically active female populations in Latin America and the Caribbean are classified by employment as follows: employees 70.4 per cent; employers and own account 15.1 per cent; unpaid family workers 5.4 per cent; and unclassified; 8.9 per cent.1/

I. SOURCES OF CREDIT CHANNELS AND LIMITATIONS

A. The Formal Banking Sector in Ghana

The formal financial system in Ghana is dominated by a banking sector comprising three primary commercial banks, eight secondary banks (including three development finance institutions) and some 120 rural banks. Of the total assets of the banking system, comprising about 25 per cent of the GDP, about 60 per cent are concentrated in the country's three primary banks. All the primary and secondary banks accept public deposits and, with the exception of one small secondary bank, are either wholly or partly owned by the Government. The three main government-owned financial development institutions significantly increased their level of commercial banking in the eighties and at the end of 1986, one quarter of their outstanding liabilities were accounted for by demand savings and time deposits. The rural banks are community- owned banks established to mobilize savings in the rural areas to obtain resources to extend credit locally. Rural banks are owned and managed by their respective local communities. The small size of the rural banking sector is indicated by the fact that it accounts for under 3 per cent of the deposits mobilized by the banking system as a whole. The non-banking formal sector is limited primarily to the national social security insurance scheme, a national trust holding company, and insurance companies.

Accessibility and Limitations of the Formal Sector

The formal financial sector has been constrained by a number of factors limiting the accessibility of credit to large numbers of women. A number of reasons account for this state of affairs. Firstly, the commercial banks have generally catered to a limited, urban clientele engaged in import/export trade, mining, commerce or industry, with few linkages to the population in the wider economy. As regards urban women, the nature of their employment -they are concentrated in the lower rungs of industry and in clerical grades in the civil service; in nursing; and in unskilled jobs in the informal sector - means that they have not qualified for commercial loans.

Secondly, the geographical spread of branches of the commercial banks is mainly urban. They have very few branches in the rural areas. As of March 1987, the commercial banks operated 207 branches in the country, and the secondary banks 124. These were mostly in the greater Accra region and in other regional capitals.2/ Thirdly these banks extend very few loans for agricultural purposes. In Ghana, it is estimated that the commercial banks devote less than 13 per cent of their loans and advances to the rural-based agricultural sector. These banks often fail to satisfy the Central Bank's credit guidelines with respect to agricultural lending. In cases where banks have lent to the agricultural sector, the loans and advances have gone to the large commercial farmers. Few, if any, have benefited small farmers, 50 per cent of whom are women, and who form the backbone of Ghanian agriculture. The Bank of Ghana regularly issues credit guidelines to banks, emphasizing the need by banks for adopting a policy-mix which not only restrains monetary expansion but also channels a permissible amount of credit into the productive sectors of the economy. Existing guidelines require all banks to lend at least 20 per cent of their loan portfolio to the agricultural sector as a whole, and not less than 12.5 per cent to small-scale farmers. Most banks have satisfied these guidelines by lending to large commercial farmers. It is estimated, for instance, that of the 1.5 million or so farmers in Ghana, only 10 per cent have benefited from institutional credit.

Certainly women have been left out of this lending process. Although women constitute half of the rural population and play a significant role in rural economic activities, their access to credit is virtually non-existent. For example, a survey of farming activities conducted in one specific agricultural area of Ghana indicated that women formed approximately 61 per cent of the total farming labour force in the survey area. Their participation in food farming was estimated at 46.9 per cent. They were found to comprise 49.5 per cent of the permanent farm labour force and 87.9 per cent of family workers on farms. Yet the survey established that in respect of borrowing for their own farms, 3.42 per cent of male farmers obtained credit from the commercial banks while only 0.22 per cent of the women had access to such credit. Similarly when it came to borrowing for joint farms, bankers showed a clear preference for the male farmer to borrow on behalf of his wife or for both parties. The survey also revealed that 6.02 per cent of the men and 0.01 per cent of the women obtained loans for joint farming.

Fourthly, commercial banks have been reluctant to extend loans to rural or urban women because small loans incur high risks and administrative costs. In the rural areas, women, inter alia, work on farms of about 1-4 hectares in size; they process and sell farm produce in small quantities in markets or by the roadside; some travel long distances to cart foodstuffs from the food producing areas to consuming centres. Banks have also been unwilling to extend loans to women engaged in informal sector activities.

Lastly, banking procedures and collateral demands are oriented towards the promotion of the large-scale commercial and industrial enterprise sectors where turnover is quick, risk is minimal and returns are lucrative. Their operations are characterized by a rigid bureaucratic structure, complex paperwork, and the demand of immovable property such as stocks and bonds as collateral for instance. Thus, the majority of female producers are effectively barred from bank credit.

Rural and Urban Community Banks

Rural banks came into existence in Ghana in the mid-seventies. The inability of the existing commercial banks to make credit accessible to small rural producers was one of the reasons for their establishment. Another reason was the fact that savings mobilized in rural areas by the commercial banks were being channelled to urban centres for the benefit of large-scale urban producers. A third reason for the establishment of the rural banks was related to the concern for the increasing incidence of rural indebtedness, and the resulting stagnation of agricultural production - both of food and cash crops - as farms became more and more heavily mortgaged to money-lenders to pay off loans extended by them. In the first place, rural banks are unit banks owned, managed and controlled by people in a rural locality . Board members consisted of local persons having ample knowledge of the area, its people, its traditions and its culture, and are committed to the development of the area. Secondly, rural banks mobilize savings locally and make loans locally. They do not depend on government hand-outs which can "dry up" whenever government funds are low, or for any other reason, and thus cannot be readily subject to political interference. Their liquidity base is solid, continuing and growing as local initiatives, local drive and local endeavours permit.

Rural banks aim to be physically accessible to rural populations - to bring banking virtually to the doorstep of the rural people. Their regulations enjoin them to operate within a 20 mile radius within which they can open as many agencies in various villages as their resources permit.

The operating procedures of rural banks are tailored to local needs, conditions and demands. Most rural banks observe flexible banking hours to suit the convenience of customers. Collateral requirements are simple, based on local knowledge. Although membership of rural banks is open to both men and women, and credit is accessible to both, banks in general have failed to target women as an important group for special programmes. Efforts have not been made towards developing special services, such as extension and other services, to improve access to credit for women. Nor have mechanisms evolved to ensure that the benefits of credit extension are enjoyed by its female customers. The result is that although rural banks have given rural women more access to institutional credit than the commercial banks, rural women's participation in the services and facilities of rural banks is not commensurate with the numbers of women in their designated areas or with their significant contribution to the rural sector. In any case, although more and more rural banks are being opened all over the rural areas of Ghana, and the sums they mobilize are lent to deserving customers in the rural areas, as has been stated earlier, the rural banking sector accounts for under 3 per cent of the deposits mobilized in the banking system as a whole.

A community bank has been established in an urban area where many informal sector activities take place. This bank is based on the same self-help, self-reliant principles as rural banks and is designed to give institutional credit to small scale producers - both men and women - in the informal urban sector through mobilizing their savings and lending to deserving customers. Customers include such traders as fish-smokers, fish sellers, and operators of way-side eating places. Encouragement of the establishment of more such urban banks will mean that the institutional framework for extending credit to small-scale operators in the urban informal sector, most of whom are women and single heads of household, is being firmly laid.

The non-banking formal financial sector, i.e. the Social Security Insurance Scheme, the National Trust Holding Company and the 11 insurance companies which lend for housing, commercial and industrial activities are all characterized by the same attitudes as the commercial banks when it comes to lending to women. They are mostly urban-based and consider lending only to large-scale enterprises, which effectively excludes over 99 per cent of the female producers in the urban centres from the scope of their operations.

B. The Informal Sector

The majority of women in both rural areas and the urban informal sector rely on credit from informal sources, the largest creditor being the private money-lenders. In the rural areas, friends and relatives, traders and shopkeepers, and private money-lenders all provide credit to women, the most prominent source being the private money-lender. These sources have the advantage of promptness and close contact. In the cases of friends and relatives, no interest is charged and there is usually no limit to repayment time. The disadvantage of credit from such sources is that they are usually small amounts and infrequently granted. Traders and middlemen can offer credit in cash or in kind. Credit in kind may usually consist of consumer goods like soap, kerosene, clothing, building materials or agricultural implements. This is an important source of credit as it provides the borrower with much needed liquidity and also saves her the trouble of having to make fruitless trips to urban centres for much needed goods and inputs. For giving such accommodation, traders, middlemen and processors of agricultural goods are given the first option to buy and market the produce. The disadvantage of credit from this source is that produce can be bought at a low price while the commodities are sold at a high price. The value of the produce may be higher than the loan received, but the borrower has no alternative but to accept the situation. Thus farm produce may be mortgaged far in advance of the harvest.

The private money-lender constitutes the most well-established source of rural credit. He offers credit in cash for all needs - for production purposes, for personal needs and emergencies and for the requirements of socio-religious events, such as festivals, funerals, and births. His credit may be short, medium or long-term. He charges differential interest rates depending on the urgency of the borrower's needs and on the nature of the needs themselves. The procedure for loan-making is devoid of any documentation, report writing or project analysis. The money-lender ascertains the credit worthiness of the borrower through intermediaries. The verbal promise of the borrower to repay may be the only security offered and accepted. Other acceptable forms of security may include witnesses who attest to the character of a borrower; movable property, such as gold trinkets, precious beads and cloth; immovable property, such as farm crops, the labour of the borrower or that of her children on the creditor's farm, or the labour of her children in the creditor's household until the loan is repaid. The main disadvantage of this type of credit is that the usually usurious interest rates charged can leave the borrower and her family in a constant state of indebtedness. Furthermore since the private money-lender does not necessarily care what his money is being used for as long as it is paid back, the sanction of borrowing to improve one's productive income is not there and this may add to the borrower's persistent state of indebtedness.

Rural banks are meant to combine the best features of the informal sector with sound financial management of the formal sector to reduce the reliance of the rural population on the money-lender. How well these banks are accomplishing this needs to be studied, as the role, scope, and performance of the informal market will determine the linkages that can be forged between itself and the formal sector to give women effective access to credit.

In the urban informal sector, the most important types of such institutions are the indigenous savings associations, comprising the self-help "susu" groups which proliferate among market women; professionals, such as nurses, teachers, clerks in the civil service, and women in the lower rungs of the industrial ladder; and the "susu" groups found mainly among illiterate market women which are organized on their behalf by men. The former needs encouragement so as to grow further while greater linkages should be established between the latter and the formal sector.

II. WOMEN IN BANKING

A. Female Representation in Banking

As part of the study, information was collected on the role of women in senior and decision-making positions in the formal financial sector. Information was collected from two banks. The total female staff of Financial Institution I constituted 23 per cent of the total staff at all levels, and senior female staff formed 20.8 per cent of all senior staff. There were, however, no female staff members in the three top policy-making grades below that of the Managing Director and Senior Manager, and there were no women department heads. A similar situation prevailed in the second bank. Women comprised 38.9 per cent of the total staff of the bank and 19.1 per cent of the senior staff. There were no women in the executive grades of the bank.

Once women become better represented in the ranks of banking executives, a greater number of female entrepreneurs will step forward and request loans form the bank. This will become particularly effective if the women who rise to decision-making positions in formal banking institutions are aware of the special concerns of women and the need to eliminate discriminatory procedures and regulations against women.

An encouraging development among women in banking in Ghana has been the establishment of ladies groups among the female staff members of the formal financial institutions. These groups generally seek to provide the female staff of the Bank with a facility for communication, education, orientation and development, and in their orientation the groups are directed towards assisting rural women in the urban informal sector.

B. Improvements and Changes to facilitate Women's Access to Credit: Some Case Studies

1. The Akuapem Rural Bank

The Akuapem Rural Bank is one of over 100 unit banks which have been operating in rural areas in Ghana since 1976. These unit banks mobilize savings from rural areas and lend these resources to customers of the bank for the improvement of their productivity and welfare. The rural banks are self-reliant institutions owned, managed and controlled by the people of that particular rural area. Their services are available to men and women alike.

Established in 1980, the Bank serves small scale farmers and rural producers covering an area of about 300 square miles easily accessible from the national and regional capitals. The inhabitants of Akuapem live in more than 16 towns on the Akuapem range - a hilly ridge varying in height between 1,250 and 1,600 feet above sea level - and in a number of villages in the valleys. Many Akuapems work in secondary occupations as well. They are, for the most part, school teachers, health workers, artisans, craftsmen, workers in the services such as way-side restaurant operators and traders in foodstuffs.

The Bank has steadily grown since it was established in 1980 with 720 shareholders by the end of 1985, and a total number of depositors exceeding 12,000 - 77 per cent of whom maintain savings accounts. Gross funds, mobilized in that year amounted to C47 million;3/ net deposits were C18.5 million; loans and advances amounted to C12.2 million with 62 per cent of these going to small-scale farmers. The bank has opened four agencies in different parts of its designated area to facilitate its resource mobilization activities and also to bring banking services virtually to the doorstep of the rural people in Akuapem.

The Bank provides a variety of services to the people of Akuapem. These include savings, current and time deposit accounts; agricultural, cottage industry-trading and transport loans and advances; educational and personal loans; hire-purchase loans for artisans and craftsmen to acquire tools; and home-improvement loans.

(a) Women in Akuapem

Women comprise the majority of the population of Akuapem as the majority of the male population has migrated to urban areas or to Western Ghana to work in cocoa and palm oil plantations. Most of the women of Akuapem engage in subsistence farming and animal husbandry; or engage in small trading and other economic activities. Some of the urban-based women travel to far away places in the North of Ghana and beyond the Volta River to buy local food items like yams, beans, groundnut and smoked fish to sell in Akuapem which is a food-deficient area. Most of these women are single-heads of households - taking care of children and grandchildren and keeping family homes in good repair for family and the festival occasions when the men return. They need adequate incomes of their own to spend on nutrition, health and the education of their families.

(b) The Akuapem Rural Bank's Women in Development Programme

In 1983, the Bank's statistics were disaggregated by sex and it was discovered that women constituted one-third of the Bank's shareholders, one-third of its savings account customers and one-third of its current account customers. As regards borrowing, however, women constituted only one-fifth of the Bank's credit recipients. Subsequently the Bank stepped up its customer relations and by 1985 women's participation in credit comprised one-third of all the bank's loans and advances. The Bank, however, was not satisfied with this level of women's participation in its services because they constituted the majority of the population in Akuapem. In 1986, it was decided to establish a special women's programme within the Bank.

(c) Aims of the Women's Programme

The initial aim of the programme was twofold. Firstly, the Akuapem Rural Bank's female customers were to be made into more effective users of the bank's facilities such as credit, training and extension services. Secondly, more female producers from the small informal and farming sectors were to be brought into the scope of the Bank's operations. A future goal was to assist the pool of unemployed women and young girls, who had drifted to urban centres in search of employment, in the acquisition of skills necessary to eventually establish income-generating activities. This would be done through, inter alia, making available a package programme of credit and training at vocational institutes.

(d) Progress of the Women's Programme

In June 1987, the Bank held its first workshop under the women's programme. Entitled "Improving women's access to credit and other services of the Akuapem Rural Bank," the workshop brought together female customers of the Bank, representatives of women's groups, other interested women and Bank representatives. Four hundred women were expected, two thousand turned up! This was a female customers' need assessment workshop organized to help remove constraints and to encourage fuller use of the Bank's facilities. Problems facing women who were not customers of the Bank and which prevented them from patronizing the Bank were also discussed. The female bank customers identified the main drawbacks as: (1) insufficient amounts given as loans; (2) insufficient working capital; (3) high interest rates; and (4) high transportation costs incurred by the food traders hence the need for more affordable transportation. Female customers main constraints were: (1) the lack of working capital to begin some activity and achieve eligibility for the

Bank's credit facilities; and (2) lack of familiarity with banking procedures and the perception that banks did not cater to very small-scale operators with uncertain, irregular incomes.

The outcome of the workshop was an action programme now being implemented which involved the following points:

(1) A disaggregation of the bank's activities by sex.

(2) A U.S. foundation grant that allowed for the strengthening of the office of the women's programme co-ordinator so as to provide credit and project advice to the women and to begin mobile training and monitoring programmes.

(3) A revolving loan fund that was established with a grant from the same U.S. foundation: (a) to grant loans to female customers engaged in food transportation, poultry, and crop farming to ease the various bottlenecks identified; (b) to help women and food traders with transportation to help increase incomes by making a quick turnover and lowering unit costs; and (c) to give female farmers loans to acquire low cost technology and simple processing equipment, such as maize shellers.

(4) The terms of the loan will be adapted to special problems of each activity.

(5) The collateral is to be the same as that required by rural banks i.e. two persons of good standing within the community to act as guarantors.

(6) A special programme to offer credit to very small-scale traders and casual producers in the informal sector is being discussed by the Bank for future implementation.

The programme's success can be gauged from the fact that there was a rapid increase in female customers and shareholders.

2. <u>The Agricultural Development Bank's (ADB) Programme for Women</u>

The Agricultural Development Bank's projects have addressed the problems of small-scale farmers with a view to making credit very effective. Particular attention has been paid to: (1) an efficient delivery system; (2) appropriate farm technologies and innovations; (3) storage and processing of produce; and (4) access to ready markets with predetermined realistic prices. The ADB have linked credit with the supply of improved inputs through production to storage, processing and final marketing of produce. They have also mostly used group-lending practices.

a. The ADB's Commodity Credit Scheme

The ADB's Commodity Credit Scheme constitutes one of the strategies giving Ghanian rural women access to credit for the production, processing and marketing of agricultural produce. The Scheme, begun in 1969, aims at helping men and women rural producers to increase their productivity and incomes and to provide a sound organizational base for credit management.

Loans are granted by the ADB to groups of small farmers, each group comprising from 5 to 50 cultivators of a particular crop. Those participating in the Scheme must be debt-free and must cultivate a minimum area ranging from 1.6 to 2.4 hectares. A group leader and two other members form the executive committee which supervises input supply and the recovery of loans and constitute the automatic guarantors of the loan. Group loans are repayable at the end of each crop season.

The procedures of the Bank have been simplified. Loan making procedures and loan utilization and recovery follow the supervised credit concept, i.e. loans are offered in kind - for inputs such as seeds fertilizer and machine services where applicable, and only labour costs are made in cash. A loans officer of the ADB and Extension Officers of the Ministry of Agriculture assist farmers in organizing the groups and supervise loan disbursements. The bank dropped the tangible security requirements for loans and relied on collective responsibility of group members for loan repayment. Follow-up visits carried out at specific intervals by bank project staff and Ministry of Agriculture extension officers provide a good opportunity for monitoring and giving advice and assistance as required.

The Scheme began in 1969 with 269 small farmers. By 1980, some 374,000 small farmers and other producers were benefiting from the scheme. Loan recovery rates were stated to be as high as 85 per cent compared with those of private sector loans of between 43 and 50 per cent.

b. Participation of Women in the Scheme

When the Scheme started in 1969, all the 269 participants were men. In 1970 there were 9 women among the 1,270 participants under the food crop scheme with their participation rate highest in maize, vegetable and cassava cultivation.

In 1980, the commodity credit scheme was extended to cover entrepreneurs in fish processing and tomato marketing areas where large numbers traditionally operate in their own right. Unlike the food crop scheme groups which were predominantly male and where men were always the group leaders, the processing and marketing schemes consisted predominantly of women's groups with women as group leaders. Initially, the project officers of the ADB assisted 150 women in a particular Greater Accra area engaged in the processing and marketing of fish along the coast in the fishing villages to organize into five groups. Another group made up of 20 women was organized for the bulk haulage of vegetables mainly tomatoes from the hinterland for distribution in Accra. The overall participation of women in the fish processing and tomato marketing scheme was 93 per cent since the end of 1980, out of the 4,340 participants, 4,222 were women.

c. Assessment of the Programme

Some elements accounting for the success of the ADB's commodity credit scheme which need to be emphasized are the flexible and innovative procedures adopted. The guided credit approach to lending was also helpful. These procedures enabled small scale farmers and entrepreneurs, who normally have no tangible security to offer and who would normally not have had any access to institutional credit, to participate in the scheme. The Bank also took a more activist stance in its lending policy by increasing its project staff; by permitting the latter to co-operate with the extension staff of the Ministry of Agriculture; by helping the participants organize themselves into groups; and by encouraging more regular monitoring and counseling. The Bank went to the participants. Furthermore, the reduction in administrative cost (for instance, preparing one feasibility study for assessing all members of a group) through lending on a group basis enabled the bank to reach a larger number of small scale farmers and producers than would otherwise have been the case. The group approach also helped the participants. They experienced a sense of involvement in management of their own affairs. They achieved high repayment rates through their own sense of responsibility and their understanding of the function of credit as explained to them by the ADB. There was evidence of an indirect increase in the overall cultivated areas for the various crops and increasing productivity as a result of the supervised credit approach.

With regard to the women, especially those in the crop farmers' scheme, it was evident that their participation could have been better. Their participation in sugar cane, yam, groundnut and shallots production was respectively 27, 20, 29 and 16 per cent. Where women are an integral part of an on-going economic activity such as farming, it is important that a special look be taken at their particular problems within that activity with a view to evolving programmes that increase their access to credit and other inputs. For instance, there is a higher level of illiteracy among small-scale female farmers. Their functions within farming are also different and varied. More female project officers need to have been employed by the bank to help the female farmers. Also they need to work closely with the Home Extension Unit of the Ministry of Agriculture. This unit has female staff working with women in the field to help them better organize themselves and their activities.

By far, the greatest constraint that limited the expansion of this scheme was financial in nature. Between 1969 and 1980 (when the scheme was studied) it is estimated that 57.9 per cent of the demand for loans in monetary terms was met. During the same period, women in the farming areas engaged in the processing of local staples, such as cassava, were identified for organization into groups for participation in the credit scheme. The groups however, could not be helped due to lack of available funds for loans. More funds were also required by individual group farmers to increase their acreages and thus their income. But since only small amounts could be granted to them very few funds remained for reinvestment.

The main source of available funds for loans for the ADB are the Government of Ghana and the Bank of Ghana. Another source is the ADB itself, namely loan recovery revenue from the sale of capital items imported by the Bank and deposits which are mainly deployed into overdrafts to customers operating in priority sectors of the economy. These sources are by no means steady especially in periods of general financial stringency. This emphasizes an important point in the sustainability of credit schemes i.e., the need for a dynamic and activist resource mobilization effort by financial institutions as an indispensable complement to their credit activities. This would put liquid resources which these institutions can offer on a sustainable basis, and help improve the access to credit of many more entrepreneurs, including women.

III. CONCLUSIONS

Despite increasing awareness of the important role of women in society and the economy in Africa, there is a paucity of information on their access to credit, both at the country, regional and national levels. Statistics of financial institutions are not disaggregated by sex. Governments, central banks and financial institutions are, therefore, not aware of the impediments hampering the access of women to credit and are consequently not sensitized to such issues. Paucity of information on the problems regarding women's access to credit means that governments, in the formulation of national policies and programmes, lack awareness of the need to link women's access to credit with national fiscal policies. At the international level, lack of information and lack of special attention to the needs of women mean that adjustment policies, such as those recommended by the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) do not pay special attention to the impact of such policies on women as producers, farmers, workers in the informal sector nor on their needed access to credit channels. The continued institutional bias against women and small producers in general means that in the near future, women will have to rely on the informal sector for their credit requirements. On the other hand, women are so integrated into the rural agricultural and urban formal sectors that formal financial institutions must recognize their credit requirements and begin innovative programmes to integrate these into their formal lending programmes. Financial institutions should take into account the fact that effective credit programmes must include not only the quality of loans but the effective use of credit for productive purposes.

IV. RECOMMENDATIONS

The need for in-depth country, regional and international studies on legal, cultural and institutional constraints, *inter alia*, impeding women's access to credit is imperative. It is recommended that INSTRAW co-ordinate such studies and provide the basis for intra-country, intra-regional and international exchanges of relevant information, experiences and lessons. Other recommendations deriving form this study are as follows:

(a) Sex-disaggregated statistics of financial institutions should be co-ordinated by Central Bank research departments as part of normal reporting requirements from financial institutions;

(b) Such disaggregation should be accompanied by continuous updating and evaluation of information to enable the design and implementation of relevant and appropriate policies for improving women's access to credit;

(c) Such information should be made available to Finance and Planning Ministries for assessment of the impact of government macro-economic policies on women and encompass economic needs into the mainstream development process; and

(d) Affirmative action to enhance women's access to credit is necessary. This should include:

(i) The sensitization through staff training programmes of existing financial institutions and their professional associations - such as the Institute of bankers - to the special credit needs of women and the obstacles hindering their access to credit;

(ii) The encouragement of formal financial institutions to design credit programmes more appropriate to the needs of women (such as the Agricultural Development Bank's Women Farmer and Fishing Programmes and the Akuapem Rural Bank's Women in Development Programme). Such programmes should emphasize the accessibility of their services to women; removal of legal and bureaucratic procedures, such as excessive paperwork, where there is a high-level of illiteracy among women; the removal of procedures that discriminate against women as borrowers, such as the requirement that husbands co-sign the loans; constant consultation and needs assessment with technical support, such as training in rudimentary bookkeeping, accounting and constant customer education to enhance the female client's use of credit;

(iii) Financial institutions should embark on innovative and dynamic mobilization programmes as an integral part of their regular activities to enable them to sustain ever-widening access to credit for an increasing number of entrepreneurs;

(iv) Financial institutions should be encouraged to employ more women, particularly at the managerial and policy-making levels and to examine their recruitment, training and promotion procedures with a view to removing any discriminatory aspects based on gender;

(v) Fuller recognition and support of self-help financial associations should be granted by governments and financial institutions in the informal sector to groups such as the "susu." Such groups could, for instance, be used as channels for the distribution of needed inputs to their members. In addition, government and financial institutions should endeavour, with the support of the women, to evolve programmes aimed at removing those aspects of the operations of the informal financial associations which work against them - aspects such as women being cheated by unscrupulous male bookkeepers;

(vi) Women's professional and other groups should mobilize themselves to educate the public on relevant economic matters;

(vii) Government could consider issuing an injunction to financial institutions to devote a certain percentage of their loans and advances to women, and considering such financial instruments as revolving loan funds, etc;

(viii) Government should provide logistical support for improving women's access to credit, first, in making rural areas accessible and providing such areas with roads, water, housing and transportation, and secondly, in ensuring basic services to the disadvantaged urban areas where most women live;

(ix) The training of women credit and extension officers should receive priority. Such officers can be readily trained from the ranks of retired professional women such as teachers, nurses, and social workers. This can serve, among other things, to de-mystify banking and make it part of the everyday life of the average woman;

(x) The International Monetary Fund and the World Bank should specifically assess the impact of their lending programmes and adjustment policies on women in the rural and urban informal sectors and as single heads of households; and

(ix) INSTRAW should act as a clearing house with regard to information relating to women's access to credit and the impact of national and international macro-economic policies on women's access to credit.

Annex I

Results of a Survey on Women and their Accessibility to Credit

To assess sources of credit accessibility and their limitations, questionnaires were distributed to all the commercial banks and interviews were conducted with the managing directors or senior personnel of six of the banks. The questionnaires and interviews were aimed specifically at determining the following: (1) the number of female customers and the total amounts granted to them in relation to comparable figures for men; (2) the distribution of loans and advances by end-use, disaggregated by sex; (3) problems and constraints relating to the access of women to credit as perceived by senior bank personnel and ways these can be overcome; (4) problems and constraints relating to access of women to credit as perceived by female customers and their participation in informal sector arrangements. It was not possible to conduct interviews with representative samples of customers due to lack of field staff; and (5) the employment of females in staff positions at two banks was also examined.

Of the eight banks to which questionnaires were sent, only one had responded at the time of completing this study. The managing directors and other senior personnel of six of the banks however, granted interviews. An analysis of the returned questionnaires and interviews conducted brings out the following points:

(1) Dissaggregation of statistics by sex: None of the banks disaggregate their statistics by sex. Some are in the process of computerizing their data so that disaggregation should not be problematic. Also some consider that such disaggregation should be useful for their work. The majority of those interviewed found the questionnaire to be too time consuming.

(2) Women as clientele: The banks do not consider women as a particularly important target group nor as contributors to economic development with a potential to become significant customers. They do not, therefore, have any special customers development programmes aimed at women.

(3) Accessibility: Some of the banks emphasized insufficient advertisement of their programmes as well as the limited scope of their branches as barriers to access credit by women. They emphasize that men are more aggressive than women when it comes to seeking credit. Women are, in general, wary of falling into debt, therefore the necessary mobility must be developed to bring credit nearer to the women, especially to those in rural areas.

(4) Collateral: Collateral usually considered included the following: (1) Ghana Government Treasury Bills/stocks; (2) Supported or unsupported guarantees by third parties; (3) Legal mortgage over residential properties owned by the borrower of third parties; (4) Mortgage over life insurance policy of the borrower or third parties. In addition to the collateral demanded above, which is difficult enough, in the case of a woman, the husband has to co-sign the loan. However, where group lending is involved such as among women fishmongers, brewers of local beer, and block farmers, no collateral is demanded. Reliance is placed on group pressure to effect payment.

(5) End use of loans and advances: In the case of commercial banks, advances to borrowers are usually employed in the following activities: (1) Trading - the distribution of food, imported and locally produced goods; (2) Transportation; (3) Poultry and livestock raising; (4) Fishing - deep sea fishing and distribution; (5) Export of handicrafts and manufactured drinks; (6) Manufacturing - soft drinks; (7) Miscellaneous - catering, baking, etc. Only a very few women can engage in any of these enterprises in any significant way.

(6) Procedures and regulations for lending: (1) Customer must have maintained current account for at least one year; (2) Reasonable turnover should be seen on the account; (3) The amount of the loan or overdraft considered sometimes is based on 1/10 or 1/12 of the annual turnover of customer. These criteria may be waived if the account is operating actively, i.e. where daily deposits are made. (4) The borrower must show evidence of being engaged in active business; (5) The borrower should produce statements of affairs or current audited balance sheet; (6) Borrowing is normally subject to Credit Control Regulations issued at the Central Bank. Borrowers' areas of operations are, therefore, affected by credit control ceilings in force at any particular time.

(7) Repayment record of women borrowers by sectors:

Sector	Repayment Record	Comment
Trading	Good	Good
Miscellaneous	Good	----
Transportation	Fair	Lack of spare parts, etc.
Fishing	Fair	Frequent poor fishing seasons
Manufacturing	Fair	Irregular inputs
Poultry	Poor	Irregular supply of inputs

(8) Problems encountered in lending to women: Most women are said to be over-ambitious and have a tendency to overtrade. Female customers always need more working capital. They start up with very little or inadequate capital for their business and subsequently pressure the banks for increased capital.

(9) Factors inhibiting women from making use of formal bank facilities: The banks do not see any inhibiting factors except that women tend to concentrate in domestic trading, a sector that is subject to more stringent credit control restrictions by the Central Bank. Over 50 per cent of the female borrowers from commercial banks are engaged in domestic trading. A certain diversification of activities for which credit is sought is called for.

(10) What factors influence rejections of loan applications from women: If the borrower is in debt, has not paid and has not adduced any tangible reason for not paying; and if in the bank's opinion, the area the woman wishes to invest in is not viable, a request for a loan might be turned down. Other reasons relate to women's lack of management or professional skills.

(11) The informal financial sector: All the banks are aware of the informal financial sector and its importance as a credit source for the majority of women small-savers. Some of the banks are beneficiaries of funds from such groups since sometimes daily deposits are made into banking accounts in the name of the groups. Some of the commercial banks envisage linkages to the informal sector. They are happy to keep the sums mobilized in the form of savings or current accounts which the operators keep in these banks. Others see a role, for instance, in helping organize institutional credit for groups of women, such as food-sellers.

Footnotes

1. These statistics were obtained from United Nations, INSTRAW, _Women in Economic Activity. A Global Statistical Survey (1950-2000)_ (ILO/INSTRAW).

2. Republic of Ghana, _Quarterly Digest of Statistics_, June 1987 (Accra, Ghana: Statistical Service, June 1987), p. 28.

3. 1985 US$1 = C 60.

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