Credit for Rural Women: Catalyst for Development

FOR over 550 million poor rural women in the developing world, poverty means many things: not having enough to eat or lacking adequate housing, seeing one's children crippled by malnutrition and dying of disease, seeing the life-giving fertility of the land steadily decline under the increasing pressures of people struggling to survive. Poverty also means not having the economic resources to invest in shaping a better present or building a more secure future. Without such resources they face an ever descending slide into deeper destitution.

If this downward spiral is to be reversed, if the poor are to have a fighting chance to improve their lives, they must have access to credit. Loans, whether in cash or in kind, are not just helpful, they are essential. While the impact of appropriate, timely and well invested credit is most immediate at the household level, it has broader effects on the local and even national economy. When loans enable the borrower to grow more food or earn more income, they also enhance his or her purchasing power, creating more demand for goods and services, increasing employment opportunities, raising wages and generally stimulating economic growth. Thus credit is a vital catalyst for development.

The poor in general have limited access to credit. Those who live in rural areas have even less. Women have the least of all. Worldwide, only 7 to 11 per cent of loans go to women. Why this situation?

The answer, as regards poor rural women in the developing world, is complex, for it involves a host of factors related to the legal, economic and social status of women, and to traditional customs, age-old practices and long-held stereotypes.

In many parts of the world, women of any age are considered legal minors and thus cannot get credit without the signature of a father, spouse, or brother. Without title to land or control of other assets, they have nothing to put up as collateral and so are ineligible for many types of loans or are viewed by banks as poor credit risks. Most poor rural women engage in subsistence farming, and banks find it difficult to believe that loans to them can be repaid. In addition, since women tend to take out smaller loans then men, the higher administrative costs involved are considered a reason to avoid lending to them.

Other factors enter the picture as well. With their heavy, time-consuming domestic responsibilities, women find it difficult to leave the home and travel to a bank, a problem compounded in societies where women traditionally are discouraged form associating with men outside the immediate family. Lack of education and experience in financial matters is a further constraint, as is the fact that cooperatives and other associations through which credit may be channelled to farmers tend to be the exclusive reserve of men.

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So poor women, even more than poor men, are faced with the choice between going without or turning to the informal credit sector. Statistics indicate that in countries like China, Malaysia, Nepal, the Philippines and Pakistan, close to 70 per cent of all credit is obtained from such sources as relatives, traders and local moneylenders. Since these loans can carry interest charges as high as 240 per cent the effect is to plunge borrowers into ever deepening debt.

In an effort to help poor rural women overcome these obstacles and so increase productivity and self-reliance, the Rome-based International Fund for Agricultural Development (IFAD) of the United Nations has increasingly focused its efforts on devising ways to make credit available to them. Since 1984, 86 per cent of IFAD's projects include credit for women, compared to only 27 per cent for 1978-1984. Local conditions are examined to determine the most effective mechanisms for reaching this segment of the rural population. In many regions the system of lending through borrowers' groups which are collectively responsible for repayment, an approach pioneered by the Grameen Bank in Bangladesh, has proved highly successful. Village development funds controlled and allocated by the people themselves have been an effective solution in countries like Mali and Guinea. In other contexts (India, Nepal, Pakistan and many Latin American countries), the enlistment of established governmental or private financial institutions for the disbursement of project credit funds has significantly increased the flow of loans to women. In a few instances, where neither grassroots nor national institutions are capable of handling credit disbursement, the project itself has assumed the function.

Whatever the specific mechanism used, the important thing is to ensure that women get a fair chance to obtain credit, for both on-farm and off-farm activities.

Contrary to the common stereotype rural women in the developing world are far more than just keepers of the home and children. Although their economic contributions beyond domestic activity are too often unrecognized and unappreciated, women make up a large proportion of the agricultural labour force and are responsible for producing more than half of all food crops grown in the developing world. In Africa, a full 85 per cent of women engage in agriculture and livestock rearing, growing up to 70 per cent of the food their continent produces. They make other significant economic contributions as well, earning income from a wise range of off-farm micro-enterprises. In Latin America in particular, women's self-employment activities are often responsible for more than half of their families' incomes.

On-farm Credit

In all regions of the developing world, women are engaged in farming : planting, weeding or harvesting, tending cattle and raising small livestock and poultry. In Kenya, for example, 98 per cent of economically active rural women work full-time as farmers, and 35 per cent of all small holdings are run by women. In fact, an increasing number of rural households around the world are headed by women, full fledged farmers in their own right. At present, nearly one out of every four households in developing countries has a woman at its head, and in sub-Saharan Africa it is one out of every three.

Just as men, these women need credit if they are to obtain the vital agricultural inputs — seeds, fertilizes, pesticides — needed to sustain and increase harvests. They must also have the resources to buy tools, get animal draught power, hire extra labour, construct irrigation systems and undertake soil and water conservation measures. In country after country — Bolivia, Ethiopia, Ghana, Malawi, Nepal, The Sudan and Yemen, to cite just a few — women's access to agricultural credit has made a substantial contribution to increasing family food supplies and income.

Of course, credit alone is not enough. It must be accompanied by appropriate technological advice and training, and applied research, especially on sectors that are the particular responsibility of women : traditional food crops such as cassava, cowpees, sorghum, millet, plantain and sweet potatoes, responsible for up to two-thirds of family nutrition; small livestock and poultry; and home vegetable gardens. The impact of timely credit combined with appropriate extension and training is dramatically demonstrated in Kenya, where the Fund-supported National Extension Project has introduced women to such things as row planting, inter-cropping maize with beans and cultivating fodder. Many women began to apply fertilizers for the first time and were taught improved methods of past and disease control. The result : potato crops have increased 84 per cent, beans 80 per cent and maize 28 per cent.

Off-farm Credit

A large and growing number of rural women have little or no access to land, and many others live in ecologically fragile environments where farming or livestock raising is limited. For these women, off-farm employment is an attractive — and sometimes the only — alternative. Many, of course, work as wage labourers on large farms or in local factories, but employment is often temporary and wages low, sometimes only half what a man would earn for the same work. Much better, both in terms of reliable income and economic self-reliance, is self-employment through small-scale enterprises run and controlled by the women themselves, either individually or in groups.

In fact, a high proportion of rural micro-businesses that cater to local needs are operated by women, and the income they earn makes an important contribution to family welfare. For example, in Latin America, women own between a third and a half of all small rural enterprises; in Honduras, the figure is 61 per cent. In this region, it is estimated that between 20 and 35 per cent of those rural households that live above the poverty live do so thanks to these women's contributions.

Reflecting growing recognition of the economic, social and environmental importance of small off-farm ventures, IFAD has begun to change its priorities in allocating credit, and now many projects have this type of assistance as a major component. The variety of enterprises that women have been helped to start up or improve is very wide, ranging from various types of trading to crop processing, from handicrafts and other cottage industries to services. What they have in common is small size, informal structures, flexibility, low capital needs, modest educational requirements and high labour intensity. Most depend on local raw materials and cater to local markets. — (IFAD)

Women Summit Tackles Plight of 550m Rural Women

by A Special Correspondent from Geneva

THE Palais des Nations may sound pompous to rural women, but it will be the venue of a February summit on the plight of 550 million rural women in developing countries who live in poverty.

Two out of three women live in chronic poverty in the developing world, a number which is 50 per cent more than 20 years ago.

Of these 363 million live in Asia — more than the entire population of Western Europe; 130 million in Africa — equal to the population of Japan; 43 million in Latin America and Caribbean — almost four times the population of Belgium; and 18 million in Northern Africa and the Near East — about the same as the total population of Denmark and Sweden.

"These women are caught in a downward spiral of poverty," says Idris Jazairy, president of the International Fund for Agricultural Development which is organising the summit for women. "Poverty is forcing them to work even harder to provide for their families, but they just keep getting poorer because of forces outside their control."

These forces include inequitable access to basic resources such as land, agricultural inputs, credit and extension services, environmental degradation and male migration to the cities.

Although they are poor, these women make vital contributions to family and community as producers of food and income. Most are farmers who work 14 to 17-hour days in the fields and at home. The poorer the household and the country, the longer hours women work.

Let them look forward to better days

A survey made by IFDA in 114 developing countries shows that 67 per cent of rural women are engaged in agriculture. In Africa, women produce about 70 per cent of the continent's food, and 55 per cent of the food grown in the developing world as a whole.

But development projects have mostly ignored women. This is because of ignorance of the role women play. Or there is the mistaken assumption that aid to men will automatically benefit women.

For example, a project provides "households" with animal traction and transport. But women in these same households often continue to cultivate their fields with hand hoes and carry their produce on their heads to market.

The introduction of mechanisation may ease men's soil preparation tasks and extend the acreage of cultivated land. But it can also increase women's weeding, harvesting and crop processing work.

In many areas, male migration to cities in search of better income has left women with greater responsibilities at home. A growing number of them are already de facto heads of households and are full-fledged farmers.

Women also face more obstacles than men do. Law or custom may deny them legal rights to land. In Honduras, only 3 per cent of those who benefitted from land reform were women.

Too often, development projects have ignored women, either out of ignorance of the role they play or on the faulty assumption that aid to men will automatically benefit women

This lack of ownership is a major reason why banks often refuse to give credit to rural women, believing them to be poor risks. For instance, only 12 per cent of loans given nationwide in Brazil have gone to women.

In many countries, women are excluded from training and services. Illiteracy among rural women is overall, 21 per cent higher than among men.

Agricultural extension services have been traditionally geared solely or primarily to men. In Asia, less than 15 per cent of all extension staff are women.

When it was founded in 1977, the International Fund for Agricultural Development had a single mandate : to assist the rural poor in the world's poorest countries to improve their nutritional living standards. It has done this through designing and financing 302 projects in 93 countries that are creating some 2.5 million jobs and increased global food production by 29 million tons annually, enough to feed 180 million people, almost a fifth of the world's poorest people. And this at an average cost of only US$14 per person.

Increasingly, the Fund's efforts have been directed toward women. And here, credit has been a key element. Between 1978 and 1984, 27 per cent of all IFAD projects with credit components served women; since then, 86 per cent have done so. Projects in Bangladesh, the Gambia, Lesotho and Pakistan have women as primary beneficiaries; two, in India and Nepal, are exclusively for women.

IFAD has found that loans of as little as US$50 have been enough to start a woman on the road out of poverty. Experience has proved that poor rural women are creditworthy. The rate of repayment by women borrowers in the Production Credit for Rural Women Project in Nepal, for example, has been 95 per cent. This is a rate 20 per cent higher than farm credit repayment in many industrialized nations.

Women use their loans for a wide range of purposes. Some buy seeds, fertilisers, tools and other inputs to increase harvests. Many invest in small livestock. Others purchase equipment and materials for food processing or cottage industries like weaving or basketmaking or set up trading or community services. In all cases, the aim is to grow more food or earn more income.

But assistance does not stop with credit. The right extension services and technological information are keys to the advancement of poor rural women. This often involves recruiting and training female extension staff — something a number of IFAD projects have accomplished.

Literacy programmes, training in nutrition and child care, and the formation of self-help groups all provide women with vital support. The introduction of fuel-efficient stoves, planting of fuelwood trees and the construction of village water supplies significantly reduce women's drudgery and give them more time for productive tasks.

The Fund has organised a series of four regional consultations on the Economic Advancement of Rural Women. These meeting — Cyprus for the Near East, North and Anglophone Africa, in Costa Rica for Latin America and the Caribbean, in Senegal for Francophone Africa and in Malaysia for Asia and the Pacific — have brought experts together to discuss the issue and share experiences, both failures and successes.

In October 1991, an International Consultation reviewed and finalised the finding of the Regional Consultations. A summit on the Economic Advancement of Rural women will be held on 25-26 February 1992 in the Palais des Nations in Geneva under the High Patronage of Queen Fabiola of the Belgians.

A number of wives of Heads of State or Government of the developing world will attend : Mrs Ana Milena Munoz de Gaviria, Colombia; Mrs Suzanne Mubarak, Egypt; Dato Seri Datin Paduka Dr Siti Hasmah, Bte Haji Mohammed Ali, Malaysia; Mrs Maryam I. Babangida, Nigeria; Mrs Elisabeth Diouf, Senegal; and Mrs Semra Ozal, Turkey. The Summit will bring together women leaders from around the globe.

The summit will focus international attention on both the plight and potential of the developing world's 550 million poor rural women.

UNICEF Challenges World Bank Role in Africa

by Michael Urlocker

Development policies of the World Bank and International Monetary Fund have attracted harsh criticism over the years. African countries in the 1980s were plagued by a glut in commodities markets and drastic cuts in public funding in order to meet escalating debt payments required by the structural adjustment programmes hatched by these institutions. A new study by Unicef, reports Gemini News Service, points squarely at the policy failings of the decade.

THE crisis in Somalia has again focused world attention on Africa. The pictures beamed around the world by communications satellites are the same; only the names have changed. Today Somalia is the backdrop for scenes of emaciated babies. Yesterday it was Ethiopia.

Statistics, also, are hauntingly similar among many African nations: national economies stagnated in the 1980s; foreign debts soared; spending on education and health fell. All this despite a massive rise in Africa's production of export commodities and billions of dollars spent on structural adjustment programmes by bodies such as the World Bank and the International Monetary Fund (IMF).

Yet in the 1970s many were optimistic about Africa's future. Economies were growing. So, too, was manufacturing production, education spending and investment. "It is important to keep this pattern in mind," says Giovanni Cornia, editor of a new study on African development by the United Nations Children's Fund (Unicef). "Africa was not the sick man of the world in the 1970s."

Cornia is Director of the Economic and Social Policy Programme at UNICEF's International Child Development Centre in Florence, Italy. He led a team of 16 people, half of them Africans, to produce Africa's Recovery in the 1990s: From Stagnation and Adjustment to Human Development. The three-year study, produced at a cost of about $100,000, points out the shortfalls and rare successes of development efforts of the 1980s in sub-Saharan Africa, in many cases suggesting the period was a lost decade.

"Despite the radical policy reforms introduced in the 1980s, prospects for the rest of the century remain dismal in the view of most observers," Cornia writes in the introduction to the 375-page study.

Among the biggest regrets was the emphasis on boosting Africa's production of primary commodities such as cocoa, coffee and uranium for export. Food crops for domestic consumption were a low priority. As a result, when international commodity prices tumbled, partly because of the abundance of new producers, African countries found themselves in the difficult position of having little foreign currency, little food, but heavy debt.

Structural programmes also often loosened the rules for imports, which hurt domestic businesses, and forced across-the-board cuts in public spending, resulting in lower investment on education and health care. The net results are "far from satisfactory of even counter-intuitive," says Unicef's study.

Earlier critics of structural aid programmes have been more outspoken, in some cases referring to the IMF as the "Imperialist Monetary Fund". For example, African author Bade Onimode condemns the IMF for undertaking to boost the fortunes of private foreign investors at the expense of recipient nations. But rarely has an international body such as Unicef come so close to what is considered the radical assessment.

In conversation, the study's authors are more blunt than in print. "Clearly we have a problem because the World Bank thinks its policies are correct and we're pointing out the need for change," says economist Frances Stewart, a senior research officer at Queen Elizabeth House, Oxford.

The Unicef researchers make clear their recommendations for African recovery are not new discoveries, but rather a selection of well-known development principles to be applied judiciously. For example, small-scale farming should be boosted, along with programmes to support labour-intensive manufacturing. Exports should be diversified, foreign debts forgiven and aid implemented in a way so that debts does not further escalate.

Backing up its case, the report cites several positive stories, in Niger, Tanzania, Zambia, Zimbabwe and Burkina Faso which are examined in detailed case studies. "Not everything went wrong in the 1980s," says Cornia. For example, Burkina Faso is described as one of the successes of the 1980s, largely because of a "self-imposed adjustment" undertaken in 1983.

The programme, conceived in part on advice from the World Bank, include diverse actions such as freezing public spending, banning the import of luxury cars, hiring more elementary school teachers at low wages and eliminating a fertiliser subsidy. The net effects: cereal production rose annually by 14 per cent, child welfare has improved and life expectancy has increased by 10 per cent.

Dryly, the report notes: "Burkina Faso has not experienced the extreme balance of payments crises, debt problems and budget deficits that shook much of Africa throughout the 1970s and 1980s... no full-fledged World Bank or IMF adjustment programme was implemented during the last decade."

The study falls short of blaming the adjustment programmes of the IMF and World Bank for all the ills of Africa, noting that the powerful external shocks of stagnating world trade, collapsing commodity prices and mushrooming interest rates hit Africa simultaneously in the 1980s.

Furthermore, pressures intensified with the arrival of Aids, drought and civil wars. However, losses caused by uneven international trade and even in agriculture from drought "cannot be seen as exogenous factors but rather as the result of policy failures," says the study.

As the report notes, IMF and World Bank structural adjustment programmes often contradict long-term development goals. "In many respects the policies are pushing African economies away from a desirable long-term structure, especially because they are dampening local capabilities, reorienting economies towards heavy specialisation in export agriculture and not permitting a build-up of dynamic comparative advantage." —Gemini News

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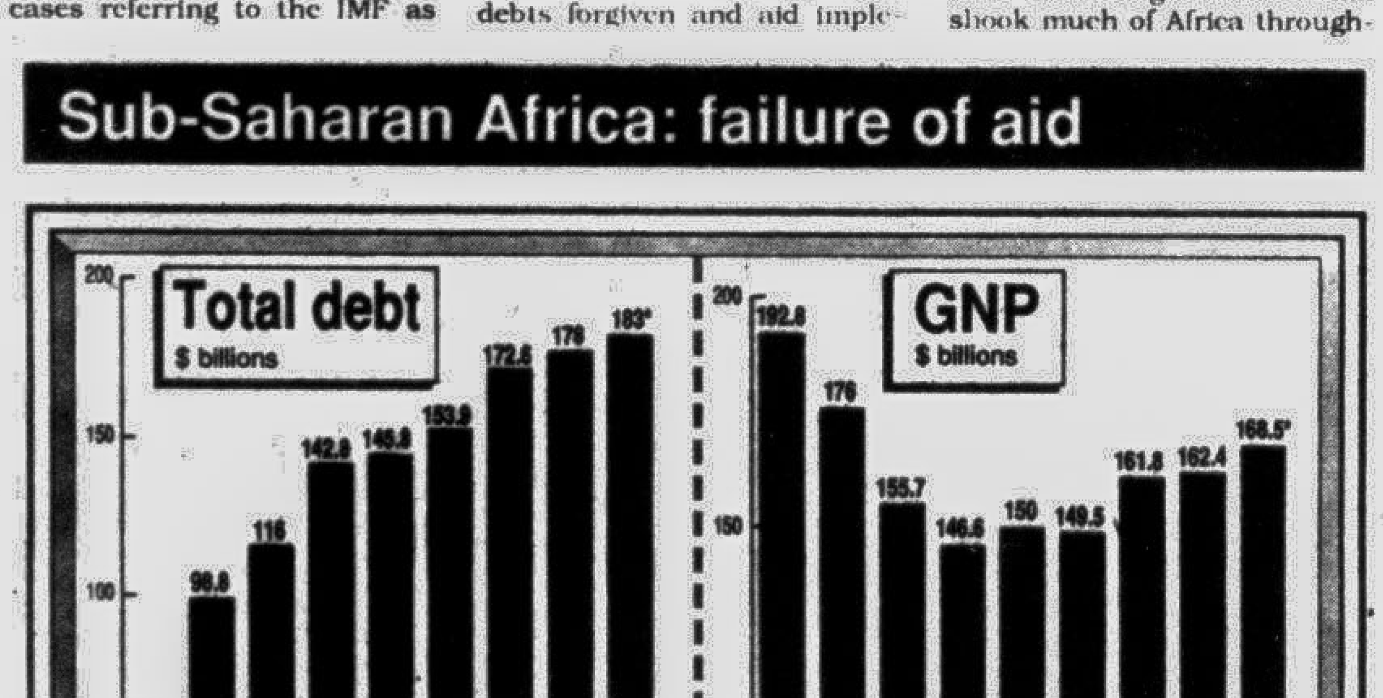
Sub-Saharan Africa: failure of aid



Source: World Debt Tables 1992-93, The World Bank.

Housing Policy Alternatives are Urgent

HOUSING policy everywhere is lagging behind developments in society. Every year, for example, another portion of the urban accommodation available to lower income groups is eroded away by luxury redevelopment, conversion, demolition or amalgamation.

It was awareness of this fact that prompted the recent proclamation of the "Hamburg Manifesto", a document drafted and adopted at the 4th International Congress of the housing federation "Neue Wohnformen in Europa". The paper calls for housing policies tailored to the needs of a multicultural society and recommends that groups with experience of alternative forms of housing — nearly twenty years experience in some cases — should pool their expertise in a dynamic coalition.

The fact that experiments so far have largely been confined to the alternative scene and young academics' families, the manifesto's authors point out, is due to lack of organizational and financial assistance. Those who would benefit most from new forms of housing, namely single-parent families, mobile young people, working singles and the elderly, have neither the time nor money to embark on such projects.

The need to give serious consideration to alternative forms of housing is evident from the statistics. 50 to 60 per cent of city-dwellers live alone. In the property market, these single-person households represent a "relatively mobile mass"; small dwellings occupied by the less well-off — mostly pensioners and students — are easy prey for developers' bulldozers.

The state subsidy system is still mainly geared to the "standard family". So progressive deregulation in the housing sector has primarily benefited profit-minded investors and increasingly undermined the principle of social utility.

The experience accumulated by groups involved in collective housing projects in Germany has now been outlined in a brochure entitled "Gemeinsam Leben", "Living Together". It covers 42 initiatives, ranging from experimental housing project through family-oriented ventures to "quartier" projects designed to raise or restore the quality of life in residential areas.

These initiatives show how local government offices and private citizens have been working together on alternative housing over the last ten years.

Experimental housing projects includes organized house and flatsharing for students, single parents, re-trainees, pensioners, the mentally ill, etc... In many cases, the aim is to integrate work and home life, especially where the project involves the joint conversion of an old factory or barracks.

The family-based projects place primary emphasis on contact, mutual assistance and surroundings tailored to children's needs, frequently overlaid with a desire to create an ecologically benign home environment.

After experiencing alternative community life in younger years, some groups — mainly academics' families and single parents — get together to make homes under one roof, in residential complexes or in small estates of adjoining or detached houses. The examples cited in the brochure show that the financial outlay required is small.

The main thing is that the groups enter into the projects in community spirit. Concepts are worked out in collaboration with architects, lawyers and sociologists, and the myriad legal forms of organization, chosen according to nature of the project, range from loose associations of individual contractors to groups in which resources are pooled and responsibility shared.

Despite years of planning and building, the original group members tend to stay together. Internal administration can be as sophisticated as that of a village community, even providing for the assignment of "mayoral" duties. The degree of creativity and individuality found in some of these projects is admirably illustrated by a cooperative venture in Kassel, where, to save the expense of cellars and provide rooms for communal use, an ecological housing estate has been built on piles.

The collegiality of the residents is frequently fuelled by shared political disenchantment. Foreigners and the socially underprivileged are also attracted to this kind of self-governed project. (IN Press)