

Engendered Capacity Building: A Need for Sustainable Microfinance Initiatives¹



Anurekha Chari-Wagh University of Pune

Introduction

'Capacity building is an ongoing process through which individuals, groups, organisations and societies enhance their ability to identify and meet development challenges'

The paper raises three critical questions: First, what is capacity building? Second, what is the need for engendering capacity building? And third, why capacity building in microfinance programmes? To answer the first question, one needs to go beyond a narrow definition of capacity building as 'training' (as it is interpreted and implemented by majority of development institutions), to perceive it as not only the creation of an enabling environment with appropriate policy and legal frameworks but also institutional development, including community participation, of women in particular. Further, the need of 'engendering' arises because there is a growing recognition of the fact that development interventions have to be sensitive to the structures within which women are placed, for example frameworks of public and private spheres. Organization be, it government or non- government, has to recognize that 'policies and instruments have to be built to recognize the structures of inequality so as to make a positive impact on women. Therefore, any mechanism such as capacity building, that seeks to strengthen women's skills needs to be 'engendered'. Lastly, microfinance² programme is celebrated by the Indian state and international development institutions as an, 'ideal' programme for women that alleviates poverty, generates income and promotes

employment. It is based on the principle of providing collateral free credit to poor women organized into Self Help groups (SHGs)³, to help them with financial services and become self-employed in rural non-farm activities of their choice (Ghate 2007). In India the total number microfinance clients as of March 2009 is 22.6 million and SHG Bank linkage clients are 54 million (Microfinance Sector Report 2008-09). Therefore, to argue for engendering capacity building, microfinance proves to be a critical programme for analysis.

The paper is divided into three sections. Section one titled 'Towards a holistic understanding of capacity building' seeks to develop the case for going beyond limited notions of capacity building. Section two, titled 'Engendering capacity building', where the need for 'engendering' is argued to make for better development outcome. Section three is titled 'Financial Literacy as an engendered capacity building programme'. In this section, I discuss the Financial Literacy programme as developed by the Indian School of Microfinance for Women, Ahmedabad as a case which would reflect how by engendering programmes, not only it would reach targets but in the long run contribute towards making microfinance sustainable intervention. The focus of the paper is to analyse the design of financial literacy as a gender sensitive capacity building programme and it does not evaluate its implementation.

Section 1 Towards a holistic understanding of capacity building

As mentioned in the introduction, one needs to go beyond a narrow understanding of capacity building as 'training' if we want to make a sustainable development impact in the lives of the marginalized, especially poor women for whom development interventions are designed. In its broadest interpretation, capacity building encompasses human resource development (HRD) as an essential part of development. It is based on the concept that education and training lie at the heart of development efforts and that without HRD most development interventions will be ineffective. It focuses on a series of actions directed at helping participants in the development process to increase their knowledge, skills and understanding and to develop the attitudes needed to bring about the desired developmental change. It should be recognized that capacity building is a long term, continuous process, in which all stakeholders participate (ministries, local authorities, non-governmental organisations, professional associations, academics, and community leaders and intended beneficiary groups) (UNDP Briefing paper 1991).

Capacity building efforts can include a broad range of approaches such as granting operating funds, granting management development funds, providing training and development sessions, providing coaching and supporting collaboration with other non-profits. The major approaches to providing capacity building services include providing access to repositories of information and resources (for example, databases, libraries and web sites), publications, trainings (public, customized or on-line), consultation (for example, coaching, facilitating, expert advice and conducting research) and coordinating alliances.

A close analysis of approaches within capacity building shows that it goes beyond training component to include not only human resource development but also organizational, institutional and legal development. The need of capacity building is critical and the scale is enormous. An examination of the major hurdles towards ensuring 'sustainable capacity building', include issues such as **low appreciation**. Ca-

capacity building programmes, although a critical component of development intervention, is always given least priority by the organization. It is not taken seriously and organizations who adopt capacity building do it very mechanistically; 'approach it as something that has to be done'. Further, the **link between needs and supply is weak**. There is a great need of capacity building inputs. Why does one need capacity building? It is because somewhere there is lack of certain expected skill and one has to fill the gap. But what has unfortunately happened is that there are certain 'much acclaimed training programmes' and organizations without analyzing the feasibility of such programmes organize them for their clients. Additionally, the language, examples used in such programmes, and attitude towards the clients do not in many times fulfill the requirement of the client base and/or are not sensitive to their constraints and needs.

One also recognizes that the capacity building institutions are **isolated and communications are weak**. If one makes an analysis of the number of institutions offering capacity building modules then there are limited in number. Further, they offer courses which may not be relevant for you/organisation or for that matter offer something that is very expensive, and thus not affordable. There is also an added obstacle for 'field' visits. The access to knowledge and capacity building comes at a cost, which not everyone could afford. Additionally, the location of training institutions in cities and towns makes them inaccessible for the clients.

A greater constraint also is the fact that the **development of teaching materials is inefficient**. By this one refers to the fact that many of the teaching materials are not up to the quality of good standard materials. Capacity building modules ought to be creative, sensitive and relevant to the needs of the target groups. Many a times quality programmes are missing, and programmes that are run do not address the concerns of the participants. Further, they do not equip them with a concrete skill that could help them fulfill their responsibility with efficiency and confidence. A very important issue here is '**training material**' in **regional languages** in countries like India that have a diversity of languages. There is a dearth of 'quality training and capacity building' materials in

regional languages, which does not make programmes accessible to the 'critical' target group, which may refer to 'poor, illiterate rural based women/men'.

It is also very unfortunate that **alternative ways of capacity building are not adequately recognized**. As mentioned in the introduction capacity, building has been mainly interpreted as 'training'. So there is an unmet need to redefine capacity building and weave into it alternative forms of capacity building. This is very important because the client base is always changing and so would the needs for capacity building. Organizations should recognize that there are no ready solutions, and any programme must be appropriate for the local situation, organization and communities.

The discussion above highlights two important issues: First, there is a need for perceiving capacity building holistically as focusing only on the training aspect could be unproductive. Second, capacity building programmes should be sensitive to the demands of the client groups to be effective. This is important as clients for capacity building programmes are diverse. Local government, communities and NGOs are the main clients but central government and private commercial sector also need support. Given this diversity, the needs of the sector would differ, so the programmes should be so designed so as to meet successfully the demands of the multiple organisations. From this standpoint, it becomes easier to argue for 'engendering' of capacity building programmes.

Section 2 Engendering capacity building

For many years feminist scholars and practitioners have been campaigning for a 'gender framework' for all public policies and programmes. While there has been recognition of the need for such a framework, gender issues have been largely incorporated in a limited way using the strategy of 'add and stir'. This dominant approach referred to as 'adding on social policy approach' involves designing policies with a focus on market based criteria and then adding social policies

in order to achieve socially desired outcomes.

Alternative to this is the engendering approach which calls for mainstreaming gender in public policies and programmes and also in public institutions and organizations. This is more so in microfinance where the majority (more than 90 percent) of the clients are women. Microfinance is growing and one of the biggest challenges facing the sector is lack of gender sensitive human resources both at the grass-roots level and management level. If this is so, then one need to ask the question what is gender sensitive capacity building? I argue an engendered capacity building programmes has certain important features.

The first feature is the **understanding of the different roles, positions and responsibilities of men and women in society**. Gender sensitivity should include an understanding of the different roles which men and women play in society in order to understand how to incorporate them in the project design and implementation. For example, the training of entrepreneurial skills would not be helpful for women if the training programme does not take into consideration women's status and decision making power at home and in the public sphere. Any income generating activity that entails great deal of traveling may not be accepted by the family members as the initial responsibility of the family lies with the women such as cooking, child care, care of the elderly, and further an activity that involves her to be mobile is not encouraged by her family. In this context therefore the training programme is not gender sensitive. Second, there is a **need of continuous training programmes**. Training for women many a times become one time affair. For example many organizations offer one time gender training programmes. As development practitioners, one should realize that giving poor women an alternative through one time training programmes and not keeping a follow up is not going to help her as she is bound by tradition and culture which has a very strong hold over her and the mindset of her family. Women therefore need gender sensitive training programmes at regular intervals.

Third, **it is important for the training programme to address the 'gatekeepers'** (people and groups who restrict women, and bind them in rules

of propriety and duty). The gatekeepers include members of the family, community leaders, politicians, policy makers, and planners who play an important role in deciding for women. What is increasingly happening is that if it is a gender training programme, then only 'women' are invited and trained to become gender aware of their immense possibilities. This strategy involves many a times questioning the authority of the gatekeepers, which in some cases could backfire on women leading to increased violence (against women) in the household and community. Therefore, to be successful any strategy of gendered capacity building should also involve the gatekeepers so that they are also part of the change process and are not threatened.

Fourth, **the capacity building programmes should adopt an integrated approach.** The dominant strategy in designing capacity building training programmes followed by organizations is to invite a 'gender expert' and design the programmes. The good part of this strategy is that the expert would be aware of many issues which even the women may not be aware of. But the negative side of such an approach is that the experts decide the needs and women become 'passive recipients' of programmes. On the other hand, there are organizations that first conduct a training needs assessment (TNA) programme and then design the module as demanded by women. This policy is good as it includes what women want for themselves but the drawback of this is that it could be possible that there are many issues that poor women themselves are not aware of, which could have a negative effect on their life chances. An engendered approach would be to conduct TNA, organized by the gender expert and then design modules that would reflect an integrated approach. This strategy would be relevant to poor women and the expert could also bring her/his perspective to share a holistic perspective with the women.

Fifth, **the programmes should be sensitive to the life experiences of poor women.** Gender aware capacity building programmes should design training modules which take into consideration the life experiences of women so that they can relate to the issues. In many instances to make their programmes sophisti-

cated, organizations develop modules which are abstract and theoretical for poor women. One needs to realize that these are women who need most the capacity building programmes but have the least time and mobility, with little or no experience of the formal learning environment. Therefore training needs to be practical, related to women's experiences, communicated in their language and of direct relevance to the problems and barriers that they perceive. It also needs to be of good quality with adequate use of participatory methods, practical demonstrations, and field visits which may facilitate learning (Leach 2006).

Sixth, **capacity building programmes to be engendered needs to be aware of women's daily circumstances and constraints.** This usually means that training should be short and recurrent, for most women have little time to spare, and many are not used to sitting in a class room. It would be better if the training programmes are held at a place which is accessible easily and does not involve long hours of travelling. Child care provision should be made and women who work on daily wages should be compensated so that they do not lose their wages. Lastly, the most crucial is the process of **engendering of the staff of the NGOs.** It is very important to engender the organizations and its staff. It is not enough to sensitize a few staff especially if they are not in decision making roles. Intra-NGO gender training followed up by gender aware institutional development is more appropriate (Leach 2006). Further, it is important that the training programme address issues of power, i.e., questions the gendered nature of development, clarifies concept of patriarchy, perceives gender relations as social relations of power and links these concepts with a reflection on the individual and on the NGOs as institutions. It is only such training programmes that can have an impact on power, social institutions and gender relations (Murthy 2006).

Now the question is whether there is an engendered capacity building programme that is designed to address multiple needs of poor women and which takes into consideration the demands of the society on them. Financial literacy programme is a unique training programme offered by the Indian School of Microfinance for Women (ISMW), Ahmedabad

which I argue is an excellent example of an 'engendered capacity building programme.

Section 3 Financial Literacy as an engendered capacity building programme

It is an accepted fact that to be successful, a microcredit programme requires both client discipline (timely repayment) and institutional discipline (practices that lead to sustainability). One such training programme that addresses both the issues is the financial literacy training. Importantly, the way it is designed takes into consideration all the above mentioned issues necessary for any programme to be 'engendered'. Financial literacy involves training poor economically active women to be financial literate so that they can come out of the vicious cycle of poverty and build their own assets and capital. It is unique in the sense that it is built on the premise that microfinance is perceived not only as a means of poverty alleviation but as a means for women's leadership and building of the assets of poor women – the School follows a holistic perception of Microfinance. In the words of its chairperson, Elaben Bhatt, microfinance has to be perceived as a way to provide relevant financial services for the working poor women, as 'women' show the way towards financial management and financial responsibility. Significantly, the erstwhile Director of the School Dr Joy Deshmukh-Ranadive states that microfinance can be transformative in the sense that it could transform the lives of poor women clients through which microfinance products are routed by addressing the reasons for poverty. Therefore, there is a need to focus on the financial sustainability of the households in microfinance. Financial sustainability of the households of poor women clients can be achieved through programmes of financial literacy (ISMW Annual Report 2008-09). This perception is based on the assumption that women are increasingly responsible for the welfare of their households in its economic and social aspects. It is in this context that its training programme on financial literacy is to be analysed.

ISMW regards financial literacy as one of its niche areas. The School works towards spreading financial literacy amongst poor, especially women, by building their financial awareness, knowledge and skill to enable them to manage their finances. The idea is based on the fact that it is not just enough to provide poor women with credit but one needs to make them adept to handle credit so that they do not become more indebted but work towards securing their future and come out of the vicious circle of poverty. Training on financial literacy works makes women financially self-reliant and provides them with better and secured future. The importance of such trainings is more in times of economic recession and downturn as in these times, the pressures on poor families is huge, which pushes poor women to manage the financial crisis with fewer resources. This is because financial literacy would help women to manage and preserve the fewer resources they have at their disposal and work towards their financial sustainability. With financial literacy, microfinance clients would learn skills, related to setting economic goals, making of financial plan, managing cash flow, minimizing debt and planning for the future (ISMW Annual Report 2008-09).

In various discussions with Jayashree Vyas, MD SEWA Bank and Chairperson Citicentre for Financial Literacy, ISMW, she stressed that the poor live their life on a daily basis without any plan for their future which makes them vulnerable and insecure. There is an unmet need to inculcate habit about thinking about future, which will help them to reduce their vulnerability and insecurity. It is very important to motivate poor women to have a vision of their own future and make a financial plan which they should implement in their life. This is what financial literacy trainings aim for.

One look at the modules gives one a perspective of the kind of training that financial literacy provides (Financial Literacy for Poor Women, Facilitators Guide, ISMW). It includes module one – *fundamentals of financial planning* – where the participants are made aware of the need of financial planning to meet various expected (such as education, marriage, building a house, old age) and unforeseen financial demands (such as illness, natural calamities, death)

which would need money to be spent. The participants are taught how to manage their income and build towards securing their future. The second module titled – *smart savings* – is more specific as it is geared towards emphasizing the message that saving is the first step towards building capital and asset so that they have something to depend on in case of emergency. The aim of the module is to provide motivation to the poor to remove their fear that their financial situation is too weak to allow space for saving and try to show them how is it possible to save within limited means.

Module three is on *wise spending*, where the poor women are first made to understand that consumption is a very integral part of the financial planning process. Consumption when used for unproductive purposes (spending on addiction, alcohol, pan, tobacco, or entertainment such as cinema, superstitious beliefs, social ceremonies) could have a negative effect on the family financial position. Controlling the consumption element can have a very positive impact for the individual and the shape of their financial planning process. Financial literacy training also has a module on '*matured borrowings*', where women are taught to borrow judiciously, comparing the interest rates, the monthly installments and even to question whether the 'need' requires borrowings or can the expense be avoided. Women are emphasized to reflect whether they need to be indebted which has a negative impact on their financial behavior.

Further, women are also taught the importance of investments through the module '*intelligent investments*' so that they realize the concept of investing their savings and to not utilize all their savings on basic necessities, consumption expenditure and repaying old debts. This module was developed out of the experience of SEWA Bank where it was observed that if poor women form a habit of investing their small savings, they slowly work themselves out of poverty (Financial Literacy for Poor Women, Facilitators Guide, ISMW).

The engendering of the financial literacy training is not only the innovative modules, but it also includes the manner in which they are designed. It is also present in their perspective, which is to financially

empower poor women by making them adept in managing their money and drawing up their lives financial plan. Further, very important is that the training programme is engendered because the modules have been designed to address the challenges posed by the different demands of the life cycles of poor women and the vicious cycle of poverty. What does it mean? It means that it was only after analyzing the needs of the poor women, their ways of lives, their patterns of living and the challenges that they face that the modules were designed.

As mentioned in section two, engendering a capacity building programme involves seven important features such as understanding of the different roles of men and women play in society, need of continuous training programmes, address the 'gatekeepers' (people and groups who restrict women, bind them in rules of propriety and duty), integrated approach, sensitive to the life experiences of poor women, aware of women's daily circumstances and constraint and lastly engendering of the staff of the NGOs conducting the capacity building programme. In the next few paragraphs, it would become clear how engendered the financial literacy programme is.

A review of literature on the roles of women and men reveal that though both men and women earn, the household management is generally the duty of women. They have to manage with whatever meager incomes they earn and see to it that the needs of the family are met adequately. Further, community and social responsibilities is also the domain of women in India. Keeping these realities in context, what is interesting about financial literacy capacity building programmes is that the modules take into account these roles. As mentioned above, the programme stresses the issue of consumption and makes women aware of unnecessary social spending such as marriage expenses, feeding of community people during birth and death ceremonies, which will burn a hole in their meager savings.

In many of the financial literacy programmes, the organizations conducting the training have also included the gatekeepers especially male members of the household. The organizations have realized that in a patriarchal society it makes not much sense to incul-

cate smart financial behavior on women as they do not in majority of cases control money. Rather, it made sense to discuss these issues with men, especially relating to unnecessary spending on entertainment and addiction such as alcohol, tobacco. Therefore, an organization called Village Welfare Society, West Bengal conducts 'couple counseling' of poor class people as it believes that focusing on the 'women' of the household ensures limited impact (ISMW Annual Report 2008-09).

Organizations implementing the financial literacy training such as Center for Youth and Social Development, Bhubaneswar and Chaitanya, Rajgurunagar have linked it to ensuring livelihood security for poor women by focusing on building their assets. In order to ensure the success of financial literacy programmes many organizations have realized that only by following an integrated approach within their training programmes that they would achieve goal of women's social and economic empowerment. Another very innovative idea was the linking of financial literacy programme with awareness on health and nutrition issues. An organization named Self-help promotion for Health and Rural Development (SHEPHERD), Tamil Nadu, linked financial literacy with health and nutrition as it believed that 'ill-health' was one of the greatest risk challenging financial security of the poor making them vulnerable to indebtedness. Therefore, it made sense to link health with financial literacy. Further, keeping in mind the constraint that poor women face in understanding 'elite language' – English – so many organizations have started conducting the financial literacy trainings in regional languages such as Hindi, Marathi, Telugu, Bengali and others so that poor women have a better conceptual understanding (ISMW Annual Report 2008-09).

Last but not the least the master trainers of ISMW are trained to be gender sensitive so that when they impart training to women and/or to other trainers the perspective of the gender sensitivity is imparted. The fact that ISMW has pitched itself to be an organization to address the capacity building requirements in the microfinance sector has played a major role. The vision of the School is to develop as an institution which would strengthen and spread microfinance as

a strategy for poverty alleviation through development of skilled human resources. The training and research programmes of the School are designed and planned focusing on the lives of women as the primary participants in microfinance interventions. In this context, the employees of the School are trained to be gender sensitive which then gets reflected in the way trainings and research are developed, implemented and disseminated.

Conclusion

In this paper, I argued for a gendering of capacity building programmes to ensure for sustainable microfinance. It is only when we comprehend the lives and challenges of the poor, that we can then design appropriate financial service products for them. In order to so all aspects within microfinance needs to be gender sensitive, especially capacity building as it works towards ensuring that the innumerable financial services that are offered can be appreciated by the poor. Microfinance from a humble beginning to address the microcredit needs of the poor women has become in recent times a multimillion industry with large especially corporate players coming into the fray. This I fear would shift away the focus from the poor women clients as a priority and emphasize on efficiency and sustainability of the intervention. To counter this, one should develop programmes that while ensuring sustainability of the microfinance intervention would also address the challenges present in the lives of poor women. To this end, an engendering approach to microfinance interventions especially capacity building would help securing the sustainability of the service providers and consumers.

Notes

1 The paper has gained immensely from the 8 months I was employed at the Indian School of Microfinance for Women, Ahmedabad as Senior Faculty, Research. I am grateful to Dr Joy Deshmukh-Ranadive, erstwhile Director and Ms Komal Rana, erstwhile, Manger Research and Rashmi and Nikita for their support, encouragement and insights. The opinions expressed in this paper are entirely mine.

2 The term microfinance refers to credits/loans, savings, insurance; transfer services and other financial products targeted at low income clients. Microfinance generally covers: microcredit (small amount of money loaned to a client (individual or a group) by a bank or an institution without a collateral), micro-savings, (are deposit services that allow one to save small amounts of money for future use and micro-insurance (is a system by, which people, businesses and other organizations make a payment to share risk) (Khandelwal 2007).

3 SHG is a small group of rural poor, who have voluntarily come forward to form a group for improvement of the social and economic status of the members. It can be formal (registered) or informal. The concept underlines the principle of Thrift, Credit and Self Help. Members of SHG agree to save regularly and contribute to a common fund. The members agree to use this common fund and such other funds (like grants and loans from banks), which they may receive as a group, to give small loans to needy members as per the decision of the group.

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Anurekha Chari-Wagh is a lecturer, at the Department of Sociology, University of Pune, India. Her doctoral work was on 'Citizenship, Development and Gender: A Study of Three Microcredit Programmes'. At present, she is teaching courses on Sociology of India, Sociology of Rural Development, Sociology of Gender and Popular Culture, Ideology and Politics in India to Master students at the Department of Sociology, University of Pune. She works in the field of sociology of development, labour, poverty alleviation, gender and development, citizenship, media studies and women's movement. She also works as a gender consultant, designing courses, conducting research, organizing workshops and training sessions on gender and development.
