Promoting women's financial inclusion

A toolkit

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from the British people

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Designing a women´s financial inclusion programme – the key steps

The following diagram suggests some of the most important issues you might want to consider in relation to women's financial inclusion (FI) at the different stages of programme design. The diagram tracks the structure set out in paragraph 1.4 – Toolkit structure.

Scoping the issues

- Legal, regulatory and institutional contexts – how do these affect women in relation to property ownership or justice?
- Social and cultural context – what cultural norms are there that affect women's participation in the economy?
- What do we already know about women's access to financial services? How does gender constrain access to finance?
- Familiarise yourself with the different types of financial inclusion programmes that have been used to empower women
- What do we already know about women's access to health, education, social networks etc.?
- How exactly would improved financial inclusion for women result in women being more empowered in this particular context?

Project design

- Make sure your baseline data includes sex-disaggregated data
- Be clear about the goal of the programme
    - Is the programme aiming to help all women, or poor women only, or poor women as well as poor men?
    - Does the programme have broad gender equity goals or is it only focused on financial inclusion?
    - Is it about financial market development or only about reducing women's vulnerability?
- Decide on any linked programmes (e.g. in health or skills development) that you want to build in to the programme
- How will you ensure your gender-related goals are sustainable after the programme comes to an end?

Implementation

- Fill in any gaps in your baseline data
- Think carefully about governance arrangements
- Pick your partners with care
    - Gender can be a sensitive topic – think carefully about how to present the programme to local partners
    - Who will your champions be – in the government and the private sector?
- Make sure programme activities reach the groups of women you are aiming to reach
- Be flexible – markets are dynamic and you need to be able to respond

Monitoring and evaluation

- Measuring impact – create indicators for women's economic and broader empowerment as well as for financial inclusion, e.g.:
    - percentage of women saying they have more decision-making power
    - percentage of women with a bank account
- Ensure women are represented on the board so that progress towards gender objectives is monitored
- Management systems should be aligned to the gender objectives of the programme
- Measure the impact against the baseline at the end of programme and, ideally, at some later date as well
- Ensure that lessons learned are used in future programme design

Executive Summary

Introduction

Financial inclusion benefits individuals and households, and well-functioning financial systems benefit whole countries. However, access to financial services is highly unequal, with poor people – and particularly poor women – frequently the least served by existing institutions and systems. There is ample evidence of how financial inclusion projects of different types can, if properly designed and implemented, enhance women's economic empowerment. Financial inclusion projects can therefore help to achieve both gender equity objectives and poverty reduction objectives.

As such, in order to promote poverty reduction and gender equity, there is a clear rationale for using development resources to enhance financial inclusion for women. This toolkit offers a practical guide to developing and monitoring financial services to enhance women's financial inclusion as one tool for the economic empowerment of women.

A financial inclusion programme may not be targeted specifically at women. For example, it may have broad poverty reduction goals that benefit men as well as women. To make sure women benefit as much as possible from the programme, it is important to understand why financial exclusion for women is different from financial exclusion for men.

Why is women's financial inclusion (FI) important?

FI matters for growth and poverty reduction ...

- FI allows people to:
  - save securely
  - borrow for investment or consumption
  - insure against risk
  - send and receive money savely
- Evidence from India has shown that branch expansion to rural unbanked areas significantly reduced poverty (Burgess and Pande, 2004)
- Studies show a consistent link between financial sector development and economic growth (DFID, 2004)

... however access rates are low, especially for women

- Less than 20% of households in Africa are banked (only 12% in Tanzania), compared to over 90% in OECD (Organisation for Economic Co-operation and Development) countries
- In Kenya, 40% of smallholder farms are run by women, yet women only receive 10% of MSME (Micro, Small and Medium Enterprises) credit (IFC)
- In South Africa, 58% of SMEs (Small and Medium Enterprises) are run by women. Yet, only 43% of women who run small businesses have bank accounts compared to 52% of their male counterparts (FinScope, 2010)
- In Bangladesh, 27% of deposits come from women but women only receive 1.8% of credit (UN DESA)

Scoping the issues

In order to determine if a financial inclusion project will enhance women's economic empowerment in a given context and to understand what type of project might be most effective, a scoping study is needed. This should include information on:

- the legal, regulatory and institutional context at the national level – for example, the legal position of women in relation to land or access to justice;
- the social and cultural context – for example, any cultural norms that inhibit women's participation in particular sectors, occupations, or regions of the economy;
- the context for individual women in the proposed project area – for example, the services available to them and the division of labour within households;
- the supply of financial services – who is currently being served and under what conditions? What are the barriers placed on women's participation, such as restrictive collateral requirements for loans?
- the demand for financial services from women – what issues are raised and what barriers may women face when seeking to become customers of financial institutions, such as illiteracy or the lack of control over household financial resources?

It is likely that both primary and secondary data will be needed to establish the baseline for any new programme, and it is advisable to involve a wide range of stakeholders to ensure that different perspectives are represented.

Project design

At the design stage, a number of different decisions need to be made to ensure the project meets its objectives in the most effective manner. These are:

Defining the objectives

- Who is the project targeting? For example, is it women from a particular income group or geographical region, or women engaged in a particular economic activity? Or are women only part of a broader target group for this financial inclusion project?

- What are the project's main objectives? For example, is it primarily intended to enhance women's involvement in economic activity or their resilience to risk? Or is it really about broad gender-related aims (e.g. access to education, access to justice) where financial inclusion is only a small part of what the project is looking to achieve?

Defining the scope of work

- In what ways and at what levels (macro, meso and micro[1]) are financial markets in the proposed project area currently failing women? What underlying market failures (e.g. information asymmetries preventing financial institutions from accurately assessing risk) can help to explain

See 3.2 for an explanation of what macro, meso, micro and individual mean in the context of market analysis.

the underprovision to certain market segments, including women? What are the possible remedies for this, and which of these are within the scope of the project?

- In what ways are individual women limited in their access to financial services? What combination of financial inclusion and linked services might remedy this?

What are the most effective uses of resources given the objectives and the context?

- What level should the project be aiming to operate at? Should it be, for example, at:
  - the macro level (e.g. influencing policy and regulation)?
  - the meso level (e.g. making information available to allow market systems to function more effectively)?
  - the micro level (e.g. helping financial institutions design products and services that reach women more effectively)?

  And what activities are relevant for these different levels?

- At the micro level, what particular combination of different financial services – such as credit, insurance, savings and transactions – should the project focus on, given the particular objectives in the specific context?

- What collaboration with other actors – including donors, apex and individual financial sector institutions, as well as providers of non-financial services – will help to achieve the project's objectives and ensure learning and sustainability?

- How can value for money be defined (economy, efficiency and effectiveness) and assured, and what data is needed to demonstrate this?

Implementation

- It is essential that the governance structure established for the project is appropriate to ensure effectiveness, accountability and flexibility.
- An appropriate range of national and international partnerships should be established on the basis of knowledge, networks, gender awareness and maximising synergies with other projects.
- Organisational sustainability and the sustainability of the changes that the project is trying to effect will always be important. Careful thought should be given on how to maintain the programme's impact after its funding has ceased.

Monitoring and evalution

- A useful framework for evaluating the success of a project is to consider four dimensions of financial inclusion: access, quality, welfare and usage. Information should be sought from project beneficiaries about how appropriately the project is serving their needs in these four dimensions.
- Monitoring frameworks must be built into the project design and structure at the outset.
- Indicators to measure the project's outcomes in relation to its goal and purpose must be linked to the original objectives and be appropriate to what is being monitored. It is likely that a gender-sensitive approach will require a combination of quantitative and qualitative indicators.

1 Introduction

1.1 Introducing the toolkit

1.1.1 Who is this toolkit for?

This toolkit is aimed at staff in governments, donor agencies and NGOs, who want information about how to design and implement programmes to enhance the financial inclusion of women. This might be as part of a broader programme of financial inclusion designed for the population as a whole, or as part of a range of activities designed to improve gender equality and the economic life-chances of women. In both cases, knowledge about the different approaches taken by past projects and their impacts and lessons, will be of value. This toolkit uses lessons drawn from past projects on improving financial inclusion, together with more general research literature, to discuss how such programmes can be effectively designed, implemented and monitored.

Box 1: What is women's financial inclusion?

There is no single accepted definition or indicator for levels of financial inclusion. But we can agree that women's financial inclusion occurs when women have effective access to a range of financial products and services that cater to their multiple business and household needs and that are responsive to the socioeconomic and cultural factors that cause financial exclusion in women and men to have different characteristics.

Financial inclusion, managed properly, can increase the empowerment of women in a number of ways. Firstly, having access to resources on their own account and to the tools that help them to earn a living can increase women's bargaining power within households and their influence over how money and other resources are used. Secondly, financial inclusion can help increase women's opportunities to earn an income or control assets outside the household. Thirdly, it can reduce women's vulnerability by, for example, allowing them to insure against risk or borrow to meet unexpected expenses, such as medical treatments. These are all key factors for economic empowerment and they can also help to empower women more broadly.

This toolkit is mainly intended to help people designing programmes that use financial inclusion as a way to improve women's economic empowerment. However, financial inclusion can empower women beyond their economic situations. As such, the toolkit will also be of interest to people working on programmes seeking broader empowerment outcomes for women, e.g. where financial inclusion may be only one of a range of objectives – such as an education programme with

a savings component or a health programme with a microfinance component. It would also be appropriate to consider measuring the effectiveness of a women's financial inclusion programme using indicators defined in social or even psychological terms, rather than just financially or economically (see paragraph 5.2).

1.1.2 Understanding women's specific financial needs in relation to men's

A financial inclusion programme may be targeted at the general population, i.e. not specifically at women. For example, it may have broad poverty reduction goals aimed at bringing poor people into the market system. These types of programme still offer significant benefits for women's financial inclusion and women's economic empowerment. However, to make sure women benefit as much as possible from the programme, it is important that we build up a proper understanding of why it is sometimes more difficult for women to access financial services or to achieve maximum benefit from them. We do this not by focusing exclusively on women's financial needs, but by actively comparing women's financial needs and behaviour with men's. As one practitioner has suggested, we need:

> *... to put men back into the picture. The inadequacies of focusing on women in isolation have long been recognised: women live in communities, they live in families, they live with men. Abstracting women from their social realities eclipses the relational nature of gendered power and the interdependency of women and men, and paints a distorted picture of women's motivations, choices and possibilities.*[2]

Esplen and Brody (2007). 'Putting Gender Back in the Picture: Rethinking Economic Empowerment'. *BRIDGE BB19*.

1.1.3 Toolkit approach

To ensure a successful outcome, a financial inclusion programme that is also designed to achieve women's economic empowerment should promote women's access to and use of different financial services and institutions in ways that enhance their own lives and those of their households.

There is no universally accepted definition of women's financial inclusion and neither is there a universally accepted definition of women's economic empowerment. However, work has recently been carried out[3] to examine how market systems development can be made more responsive to the gender-specific systemic constraints faced by poor women and men. It proposes that women's economic empowerment should comprise:

- economic advancement through increased income and return on labour;
- access to opportunities and life chances, such as skills development or job openings;
- access to assets, services and the support required to advance economically;
- decision-making authority in different spheres including household finances.

This toolkit is not trying to cover the range of issues that comprise a gender equity agenda, nor even the full range of issues that would be needed to address women's economic empowerment in its totality. The focus is on where financial inclusion, which embraces a much broader range of activities than traditional microfinance, overlaps with a wider gender equity and economic empowerment agenda, as in the diagram below.

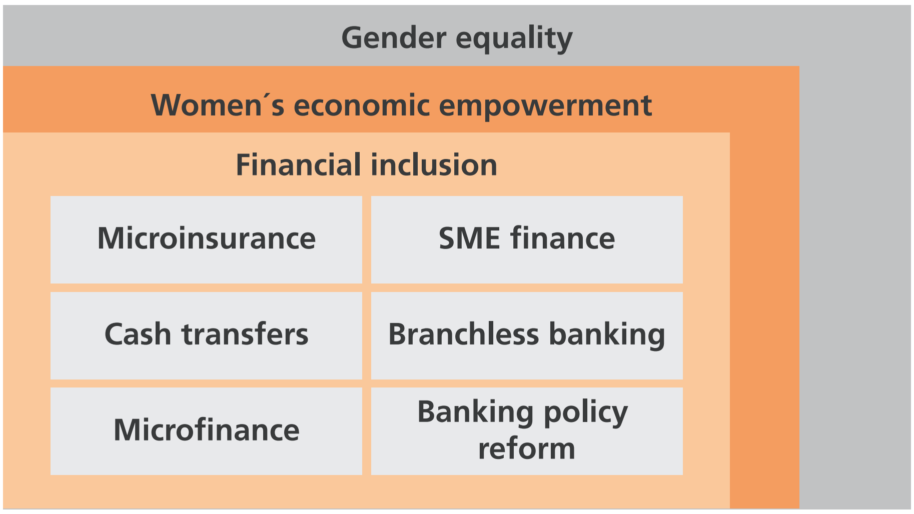


Figure 1: Financial inclusion as a subset of the wider gender equality agenda

3 Jones (2012). *Discussion Paper for an M4P Women's Economic Empowerment Framework*.

Box 2: Women's empowerment and financial inclusion – mix and match

Women face multiple and overlapping barriers as they try to improve their lives and their economic circumstances. Financial inclusion programmes can only address some of these. Often financial inclusion will be one part of a wider programme addressing several factors that limit women's opportunities.

A survey of women's land rights in Southern Africa by the charity ActionAid found that while land rights were considered highly important by women for many reasons, lack of access to land was just one constraint on their agricultural production. Illiteracy was found to be a huge barrier to adopting new technologies. Illiteracy itself and the lack of confidence associated with it were both factors preventing women from accessing credit, further limiting their use of land. In these circumstances, financial inclusion would be used as one part of a wider programme that also includes legal and educational reform to ensure that women can both access and use land (Action Aid, 2009).

1.2 Why financial inclusion matters for growth and poverty

Managing money is a key part of everyone's lives. Poor people everywhere are borrowing and saving in different ways for different purposes, sending and receiving money and trying to protect themselves against financial shocks. Financial institutions can play a vital role in this. An inclusive financial system is one in which rules and financial institutions are responsive to the needs of the poor, helping them to use money more productively and to develop financial security.

Access to responsibly delivered financial services means that people can:

- save money safely, with less risk of loss through fire, theft, fraud, etc.;
- send and receive money securely;
- borrow for consumption or investment purposes based on an understanding of pricing, terms and conditions;
- insure against risk.

In advanced economies, it is typical for well in excess of 90% of the adult population to have access to a bank account or similar facility. In Africa, the proportion is less than 20% for most countries, with some much lower – in Tanzania, for example, only 12% of the population has a bank account (FinScope Tanzania, 2009). Everywhere, people with higher incomes are more likely to have access to financial institutions. In Brazil, for example, 15% of people in the bottom income quintile have a bank account, compared to 64% of people in the top quintile (World Bank, Banking the Poor [2009]). See section 1.3.1 for statistics disaggregated by sex.

Provision of financial services to poor people can bring benefits for poverty reduction and growth. Research from India found that a 1% increase in the number of rural bank branches[4] led to a drop in poverty of 0.34% and an increase in output of 0.55%, mainly because access to finance made it easier for poor people to diversify out of agriculture (Burgess and Pande, from DFID 2004).

Access to financial services can also limit some of the risks poor people face. Holding money in a bank or savings scheme can reduce the risk of loss through fire or theft. It can help people smooth consumption when their income fluctuates and prevent them from slipping back into poverty as a result of shocks such as illness, unemployment or death.

4 This occurred when India's banking industry was nationalised (1969-1990).

Box 3: Women's financial inclusion and the G20: a three-point action plan

Recently, the G20 has acknowledged the important role that financial inclusion can play in development. Under the Korean presidency, at the Seoul Summit in November 2010, G20 Leaders formally recognised financial inclusion as one of nine key pillars of development and also committed to the launch of the Global Partnership for Financial Inclusion (GPFI)[5].

One area of the GPFI's work has been to establish the Global SME Finance Initiative, which aims to provide at least £5 billion of additional finance to over 200,000 SMEs, with at least 25% of loans reaching women-headed SMEs.

Although the GPFI is concerned with financial inclusion for both men and women, women's access to finance is clearly central to the work of the GPFI. A recent International Finance Corporation/GPFI report[6] proposes the following three-point action plan to expand women's access to SME finance:

1. Endorse the following set of recommendations for policymakers in the developing world to establish a supportive, enabling environment that will facilitate women entrepreneurs' access to financial services in their respective countries.
   - Develop country-specific diagnostics and strategies to include a gender dimension in financial inclusion programmes.
   - Develop a supportive legal and regulatory framework.
   - Increase women's legal access to property to improve access to collateral and control over assets, and strengthen women's incentives and ability to grow their businesses.
   - Encourage formalisation.
   - Expand financial infrastructure, such as credit bureaux and collateral registries, that can increase access and reduce the cost of borrowing.
   - Strengthen SME access to small claims courts and alternative dispute resolution mechanisms.
   - Build the capacity of financial institutions to better serve women entrepreneurs.
   - Expand research to combine access to finance and business training.
   - Design effective government support mechanisms.
   - Appoint a national leader/champion for women-owned SMEs.
   - Build more inclusive public-private dialogue processes by empowering women's networks to actively participate in policy dialogue.
   - Strengthen women entrepreneurs' human capital by developing appropriate entrepreneurial education and training opportunities.
   - Consider providing incentives and specific goals for increased procurement by government of goods and services from women-owned enterprises (specifically women-owned SMEs) within their countries.
2. Lead efforts to identify, evaluate, and support the replication of successful models for expanding financial services to women entrepreneurs.
3. Lead efforts to gather gender disaggregated data on SME finance in a coordinated fashion.

5 See: *www.gpfi.org*.
6 See: International Finance Corporation (2011), *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*.

As well as benefitting individuals and households, financial inclusion also matters for countries (see Box 3 for information on how the G20 is supporting financial inclusion). Financial institutions can mobilise and aggregate individual savings and make them available for investment, leading to higher productivity and higher growth. By reducing vulnerability, the existence of a strong financial sector can also encourage risk taking among entrepreneurs and facilitate the adoption of new technologies or diversification into new areas. Studies have shown consistent and positive linkages between formal financial sector development and economic growth (DFID, 2004).

Box 4: Why financial inclusion for women?

Women lead different economic lives to men:

- As farmers – frequently a gendered division of labour within rural households means that women farmers tend to specialise in the production of food crops and men in cash crops. Men therefore often have first claim on the money generated from sales of cash crops, while women use sales and exchange of food crops to generate their own incomes (ActionAid 2010).
- As entrepreneurs – according to sub-Saharan estimates, women are 6% less productive than men (using value added per worker as a measure of performance among enterprises)[7] (Hallward-Driemeier, 2011).
- As income earners – gender differences in labour markets are well documented, with women generally earning less or specialising in certain types of employment. Business activities are also often divided along gender lines, with certain types of trading or production often dominated by men or women.
- As holders of assets – women are less likely to be the formal owners of land, property or other assets. In Uganda, for example, only a quarter of women own the land they farm (GTZ, 2010).
- As consumers – many studies have documented the different spending patterns of men and women, the different types of consumer goods bought and investment decisions made depending on who controls the cash within a household (e.g. Johnson, 2004).

These differences mean that unless a financial inclusion programme is designed to specifically include women, it will often exclude them, or at least impact upon them differently to men. So, rules about collateral for loans might discriminate against women who are less likely to own any assets, and insurance scheme uptake will vary between men and women depending on their attitudes to risk.

7 Hallward-Driemeier (2011). *Expanding Women's Opportunities in Africa.* World Bank.

1.3 Financial inclusion and women's empowerment – the evidence

1.3.1 Women tend to be financially excluded

Poor people in general tend to be financially excluded, but women in many countries are frequently more financially excluded than men at similar levels of income[8]:

- In Kenya, women make up around 40% of smallholder farm managers, but have less than 1% of available agricultural credit (World Bank, Gender and Economic Growth in Kenya).
- In Bangladesh, women make 27% of deposits with banks, but receive 1.8% of the available credit (UN DESA).
- In South Africa, there are 3.5 million female small business owners, compared to 2.5 million male. Yet only 43% of female small business owners have a bank account, compared to 52% of male small business owners (FinScope Small Business, 2010).

Many studies have demonstrated the impacts of financial inclusion schemes on different types of women and the evidence suggests that financial inclusion schemes of different types can have significant effects on women's economic empowerment, However, there are other constraints that will not be overcome through programmes that focus on financial inclusion alone.

8 There is an increasing body of literature that examines the consequences of relative financial exclusion for women, showing, for example, that women are more likely to: face higher interest rates, be required to collateralise a higher share of the loan, and have shorter-term loans. See, for example, Bardasi et al (2007), Ellis et al (2007).

1.3.2 Microfinance schemes

Microfinance programmes are the most common and most studied of financial inclusion programmes. A number of studies have shown that they can have a positive impact on women's empowerment (e.g. Littlefield, Morduch and Hashemi, 2003; Mayoux, 2006), although this does depend on how well they are conceived and run. Recent randomised evaluations in South Africa (Kim et al, 2007; Karlan and Zinman, 2009) and India (Banerjee et al., 2009) have shown that microfinance schemes can have an effect on both women's economic situations and on indicators of broader empowerment. Other non-randomised evaluations (e.g. Pro Mujer, 2006) have found similar results.

However, some microcredit schemes have little impact on women's economic empowerment. In some cases because the prevailing discrimination against women's economic activities was too pervasive. In other cases, there were defects with the scheme itself, most commonly due to: loans being too small to transform women's opportunities; short loan repayment terms that do not allow for long-term wealth-creating investment; or because interest rates are too high. Far from empowering women, such factors can push them into overindebtedness and may increase their vulnerability in other ways (see Box 8). As is also the case with men, women may also simply lack the entrepreneurial skills to create value from a microloan, and the ultra-poor may not be able to access microcredit due to their inability to make even minimal loan repayments.

One woman in Malawi, interviewed for the World Bank book *Moving Out of Poverty*, put it like this:

> *Our businesses are failing to expand just because the operating capital is very minimal. [We overuse credit] in trying to solve our own problems like buying food and other things that may need money to be addressed. If our capital had been big, this would not have been happening.*

Microfinance has definitely made a major contribution to improving women's access to credit opportunities. It is estimated that eight out of every ten microfinance clients are women (DFID, 2007. Briefing Note No. 5, 'Gender and growth'). However, it has become increasingly recognised that microfinance is not a solution without problems. The rigidities of microfinance can be limiting for women, especially because microfinance has tended to be credit-led, rather than providing the broader range of services that poor women (and men) need, notably savings.

Nevertheless, the creation of the microfinance industry has created an infrastructure, which can act as a platform for the delivery of a wider range of services, often through partnerships between microfinance institutions (MFIs) and other financial institutions, e.g. banks. Such partnerships give banks access to a client base they would not have otherwise been able to reach and give microfinance clients access to a wider range of products and services that MFIs may not be able to offer. This is especially important when entrepreneurs' financial needs become more complex – for example, when small businesses grow and they need larger amounts of capital than an MFI can offer, or they need payment services (e.g. for payroll or for international transactions) or products such as trade finance or leasing[9].

9 International Finance Corporation (IFC), 2011.

1.3.3 Savings schemes

Studies in Peru (Trivelli, 2009) and in the Philippines (Ashraf, Karlan and Yin, 2009) show that savings schemes can improve women's confidence and decision-making power in the household, improve their purchasing power, and reduce vulnerability.

Box 5: Village savings and loans associations

Village savings and loans associations (VSLAs) are an increasingly common type of financial inclusion project, combining a credit and a saving element, and organised around groups of participants who collectively manage savings and make decisions on loans. These are frequently very successful – a woman interviewed for an evaluation in Tanzania by the charity CARE International spoke of the difference a VSLA had made in her life.

Agnes' story:
"Since joining VSLA I have been able to save and take loans several times, which have helped me to revive my shop, which was collapsing. I also started selling fish. With the income from my business I am able to buy food for my household and small things for my son and daughter. I feel very free being able to do this without having to go to my husband for money. VSLA has helped me to change my view about myself. I now believe in myself. I believe that I am able to achieve anything. I am full of confidence and no longer fear standing in front of people to provide my opinion on an issue. I can take loans because I do not fear that I will be unable to repay. Even if I face difficulties, I will pay the money back." (CARE, Women's empowerment and VSLAs)

However, the same evaluation found other significant constraints on women's empowerment, such as illiteracy or personal safety fears, were not being addressed by the VSLAs. It also found that loans made were in some cases too small to allow women to set up viable businesses, and that the work involved in participating in the association added to women's already considerable time pressures. The impacts of the different associations on poverty varied considerably from country to country.

1.3.4 Schemes to facilitate holding and transfer of cash

A third type of financial inclusion programme involves the provision of schemes to enable women to hold or transfer cash. Again, studies, both randomised and non-randomised, have found that this provision can enhance women's economic activity and incomes (Dupas and Robinson, 2009). Mobile phone banking in Kenya, for example, improved personal security and food security for households (FSA community level impact of M-Pesa, 2010). Security was also one of the reasons why basic bank accounts in South Africa were so popular, especially with women (Bankable Frontier Associates, for FinMark Trust, 2009).

1.3.5 Financial literacy programmes

Increasing women's financial inclusion is not just a matter of providing products and services that more closely meet the needs of women. It is also a matter of improving women's financial literacy or capabilities. Enhancing financial knowledge and economic skills can thus be considered as one of the key instruments required to promote economic empowerment. Financial literacy is often offered as part of microfinance or other programmes and should take into account underlying social and cultural factors in its design. A randomised control evaluation in India attempting to disaggregate the impact of financial literacy on its own found financial literacy and business skills training led to greater uptake of loans and higher business income among Hindu women, although there was no evidence of any impact on Muslim women. The authors hypothesise that this is due to the greater restrictions faced by Muslim women, who are less able to translate new knowledge into action (Field et al., 2010).

1.3.6 Combined financial inclusion and economic empowerment programmes

Some programmes have an explicit objective of increasing women's economic empowerment, with financial inclusion as just one element. These often begin life as an effort to build social capital or as an NGO, and expand their provision of different services as they become aware of new or unmet needs. Two South Asian organisations – SEWA and BRAC – are among the best known examples of this approach. SEWA, the Self-Employed Women's Association, started in India in 1972. It describes itself as a trade union, and runs a variety of services including health services, childcare provision, legal services, and the SEWA bank, which began in 1974 and now has 93,000 depositors, according to SEWA's website. BRAC, the Bangladesh Rural Advancement Committee, also began life in 1972 and runs a huge number of different programmes focusing on development and social change. These include health projects, adult literacy programmes, human rights advocacy, and a microfinance arm, which started in 1974.

Financial inclusion is clearly one part of increasing women's economic empowerment and, as such, of growing the overall economy. However, it is far from the whole story and can only be one part of a programme of women's economic empowerment. Some of the most successful programmes are those which have included both financial and other components, designed to tackle different aspects of women's economic empowerment.

Microfinance (plus) schemes

- South Africa: reduction in domestic violence and increased empowerment (Kim et al.)
- Latin America: Pro Mujer – borrowers improved health knowledge and practice (SEEP, USAID)

Savings schemes

- Philippines: increased decision-making power for women and an increase in goods purchased by women (Karlan and Yin)
- Peru: reduced vulnerability (Trivelli)

Schemes to promote hoding and transfer of cash

- Kenya: providing women traders with access to bank accounts increased investments (IFC)
- Kenya: M-PESA led to benfits such as business expansion and improved security

Financial literacy programmes

- India: financial training for women led to greater uptake of loans and higher business incomes among Hindu women (Field)

Village savings and loan associations

- Uganda: training and capital to earn money, pay children's school fees and provide food for families. However, tensions with husbands might increase (CARE)

SME finance

- Nigeria: use of non-traditional collateral and ›women-friendly‹ credit assessment improved access for women entrepreneurs (IFC)

Figure 2: Summary of programme approaches targeted at women and examples of their impact

1.4 Toolkit structure

This toolkit takes a project cycle approach. It goes through the different questions and issues involved in each stage of the design and implementation of a project. The issues that each section tackles are as follows:

Scoping the issues

- What do you need to know about gender equity, financial systems, and the barriers to supply and demand for financial services for women in order to design a good project?

Project design

- What are the goals of the project and who will be targeted?
- What changes might be needed in the financial system and what types of project might overcome particular barriers to demand and supply of financial services for women?
- What complementary (or 'linked') services might be needed and how might they be managed?
- What links and partnerships with other institutions and with the formal financial sector will help to deliver the programme?
- How can it be ensured that the programme offers value for money?

Implementation

- What governance structures might be appropriate?
- What partners, at local, national and international levels might help?
- What management systems will be appropriate?
- How can it be ensured that the programme is flexible and sustainable over the long term?

Monitoring and evaluation

- What systems will be useful for monitoring the progress and impact of a project?
- What indicators will be needed to measure progress?
- How can data be collected to measure progress against the indicators and minimise the burden on financial institutions?

2 Scoping the issues

2.1 Assessing wider issues of gender inequality and lack of access to financial services

Women's financial inclusion can make an important contribution to women's economic and broader empowerment and, therefore, to poverty reduction (see paragraph 1.1.3). While this toolkit is directly relevant to MDG (Millennium Development Goal) 3 (Promote gender equality and empower women), improved financial inclusion will also help in meeting all the MDGs from 2 to 7, as it both increases the opportunities for individuals and households to benefit from and contribute to economic growth, and also helps households manage the money needed to access health and education services.

Given, then, that the ultimate goal of promoting women's financial inclusion is to reduce poverty, the design of a women's financial inclusion programme needs to analyse the conditions under which it will actually contribute to that goal. When will women's financial inclusion lead to greater women's empowerment and poverty reduction? And when will it not?

Evidence shows that access to financial services alone is generally not enough to empower women. Therefore, a financial inclusion programme needs to consider whether or not, at the same time, to promote access to other services such as health and education in the interests of maximising the programme's impact on women's empowerment. We call these 'linked services' and return to this issue in Section 3.3.5 below.

The provision of a women's financial inclusion programme should therefore carefully consider the context in which women are living and the multiple levels of exclusion and discrimination.
This analysis can be based on the following analytical framework (Figure 3), which will then inform the design of the overall programme. The framework is based on Figure 1 in 1.1.2, and outlines various levels of analysis related to women's social exclusion in Section 2.1.1 before going into detail on women's lack of financial inclusion in Section 2.1.2.

Figure 3: Framework for assessing wider issues of gender inequality and lack of access to financial services

2.1.1 Women and inequality – understanding the wider constraints to gender equality and women's empowerment

The data collection on gender inequality in the scoping can be used to (i) demonstrate the nature of the need for a women's financial inclusion programme and (ii) ensure that the programme's impact is maximised by taking into account wider gender-related barriers to access.

There are multiple wider gender-related barriers that inhibit women's ability to access financial services and block women's empowerment. These barriers and the realities for women in their local contexts need to be considered carefully before design.

Wider factors that impact on women's empowerment and gender equality	
I. Legal, political and regulatory enabling environment	▪ Are there policies, laws and regulations that support women's rights and protect gender equality, or do laws and regulations inhibit women's empowerment (for example: inheritance, property rights, ownership, marriage, sexual and reproductive health and rights laws, regulations on land registration, business and employment, and birth registration)? Is there sufficient implementation of legal and regulatory frameworks that protect women's rights? Are women more exposed than men to official harassment and seen as softer targets for corruption? Do women have access to justice (for issues like violence against women and rape in marriage, as well as ownership issues)? ▪ Are women and men who will promote greater gender equality participating in national and local decision making? Are there women leaders (for example, in parliament, trade and business associations, village councils, etc.)?
II. Institutional capacity	▪ Do state institutions support and protect women's rights and gender equality? Is there gender and social exclusion knowledge and awareness in service delivery institutions in the public and non-state sectors (schools, health system, police, etc.)? ▪ Are women routinely excluded from equal opportunities in the private sector? Is there gender equality and social exclusion knowledge and capacity within the private sector (service delivery organisations, financial sector, business and trade associations)? ▪ Is there transformative leadership capacity to pioneer gender equality in either public or private sector institutions?
III. Social and cultural enabling environment	▪ How are social and cultural factors contributing to gender inequality and women's social and financial exclusion (for example, negative gender stereotypes and cultural barriers to gender equality such as mobility restrictions, men's attitudes and role as gatekeepers of decision making and access to resources)? ▪ What are the social and civil society support mechanisms and institutions that might enable women to become empowered (for example, networks and social support systems for women and girls, and civil society support to gender equality and women's empowerment)?
IV. Individual capabilities and resilience	▪ Do women and girls have access to: - health information and services (particularly sexual and reproductive health services); - education, training and skills (financial literacy and business development skills), especially secondary and tertiary education; - productive assets (land, property, other physical assets such as livestock, agricultural equipment and consumer durables, financial services); - employment, or access to and information about other income generating activities such as livelihoods and markets; - information about legal rights; - groups/networks/social capital? ▪ How do social and cultural factors affect women's mobility and ability to link with others, their self-esteem and decision-making power? ▪ How do women's unpaid care and household responsibilities impact on their ability to: develop their business, access education, find employment, and access financial services? ▪ Do women have adequate identification and details of registration? ▪ How do other dimensions of social exclusion – such as race, ethnicity, disability, religion or caste – impact on women's ability to access services and assets?

Where can this information be found?

Much of this information can be found in background documents about the country or region in question. Good sources are: FinScope, national household and labour force surveys, DHS, World Bank data on inclusion and gender, other donor information banks, UN Women, UNIFEM, UNFPA, and the Directory of UN Resources on Gender Equality and Women's Issues: *http://www.un.org/womenwatch/directory/statistics_and_indicators_60&PageNo=2.*

A note on the use of research, evidence and data in context

Try to avoid making assumptions about how men and women behave based on research that has been done in other settings. You cannot automatically transfer assumptions about gender-related behaviour between cultures. Also ensure that you analyse the woman's setting and the context in which she lives to understand her behaviour, the constraints she faces and the mechanisms through which she can achieve greater empowerment.

2.1.2 Gender-related barriers to accessing financial services

Typically, barriers to financial inclusion (FI) are categorised as 'supply' or 'demand' side. These may affect women more than men, or affect them differently from men, but in some measure they will affect both men and women, and especially poor men and women.

Box 6: Affordability of financial services and its impact on financial exclusion

The recent furore over alleged abusive lending practices by microfinance institutions in the Indian state of Andhra Pradesh has refocused attention on the role played by the cost of financial services to consumers in perpetuating financial exclusion. Costs come in various forms: transaction fees; minimum balance requirements; account maintenance fees; and high rates of interest payable on loans (in the case of Andhra Pradesh, these were set at 30 to 35% per annum) and these rates often increase over time. In theory, competition should ensure that these costs come down, even allowing for the fact that microfinance is much more expensive on a unit-cost basis than mainstream finance and will tend to seem expensive relative to the incomes of the users. A bank will make much more money processing a loan of US$100,000 than one of US$100 and the amount of work involved may not be much greater. So what are poor people prepared to pay to access financial services? The Consultative Group to Assist the Poor (CGAP)[10] recently published a Focus Note[11] reflecting on how the poor find microfinance services so valuable that they are typically willing to pay high interest rates on loans and accept minimal or no return on savings. One benchmark often used is that consumers are willing to pay up to 2% of their income[12] to access financial services but some people may be willing to pay much more than 2% if they have no other choice or see a good return from doing so. Intuitively, the cost of financial services ought to be a key determinant of exclusion and more so for women because they typically have lower incomes. FinScope's data suggest that affordability is important but not always decisively so.

Of course, supply and demand side barriers can reinforce each other, notably around affordability where it may be difficult to determine which is the greater barrier – the cost of the financial product or the income of the person wanting to buy it. The programme will then need to decide where it can have the greatest impact.

Research has indicated that many more people cite demand-side barriers, rather than supply-side barriers, as the reason why they do not engage with formal financial services. But both matter and it is the relationship between the two that largely determines the extent and quality of access. Income poverty (the primary demand-side constraint) is the reality in which financial inclusion opera-

10 The Consultative Group to Assist the Poor is an independent policy and research centre dedicated to advancing financial access for the world's poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors. Visit: www.cgap.org.
11 Focus Note 59: 'Does Microfinance Really Help Poor People?' (January 2010).
12 See: Genesis Analytics (March 2008), An investigation into the 2% affordability threshold for transactional banking, for the FinMark Trust.

tes and, depending on the particular issue, tackling financial exclusion from the supply side may be the best (or only) way for the programme to make headway.

The importance of demand side research on women's financial inclusion cannot be underestimated. The way women manage their money has been a much more private (and often domestic) undertaking in comparison to the way men manage their money. Intra-household dynamics have sometimes obliged women to manage their income and savings with great secrecy.

As regards enterprise finance, all SMEs, regardless of the gender of their owner, can face many major barriers to accessing credit, although some barriers have a disproportionately negative impact on women entrepreneurs. These include: record keeping issues; limited financial awareness and literacy levels; lack of ownership of acceptable collateral (e.g. where banks have a high preference for land and buildings, cash and some types of equipment); the cost of credit; negative perceptions of banks; risk aversion; gender discrimination; and cultural constraints on women entrepreneurs. Furthermore, because women entrepreneurs tend to run smaller businesses than men[13], this puts them at a disadvantage when accessing bank finance because banks tend to prefer larger loan sizes.

Some of the constraints that particularly affect women are set out in Figure 4 below.

Supply-side constraints

- Collateral requirements exclude women who often lack land/property rights
- Limited physical outreach and typical bank opening hours affect women more than men because they are less mobile than men
- Documentation requirements: women often lack proof of identity
- Product features: may not meet women´s requirements (e.g. eligibilty, loan term etc.)
- Marketing messages not targeted at poor women
- Service delivery can be patronising towards women
- The physical infrastructure can intimidate women and is not suited to their needs (e.g. baby changing facilities)
- Few women in senior management positions: women are not prioritised as a business segment

Demand-side constraints

- Women have lower incomes than men, often because of the kind of work they do
- Low levels of education: women are often less well educated and literate than men, affecting their financial capability
- Constraints on mobility
- Lack of access to a mobile phone
- Lack of decision-making power and self-esteem
- Poor access to information, poor social networks and risk aversion
- Loyality to informal products (e.g. ROSCAs, burial societies) due to their social dimension, which may stop women from exploring formal-sector alternatives
- Statutory formal laws, which may explicitly inhibit women´s access to commercial credit
- Customary laws that undermine incentives to invest

Figure 4: Supply and demand side constraints

13 Women's entrepreneurship is largely skewed towards smaller firms. Globally, women-owned businesses make up nearly 32 to 39% of 'very small' firms, 30 to 36% of 'small firms' and 17 to 21% of 'medium-sized' companies (World Bank Enterprise Surveys).

2.2 Determining the baseline

2.2.1 The process

Because the world of finance and the world of gender equality and women's empowerment are often functionally separate, there may be little understanding between them. So it is particularly important to approach data collection in a methodical way. Whilst the process shown below is fairly obvious, it should be helpful for planning a staged approach to pre-design research.

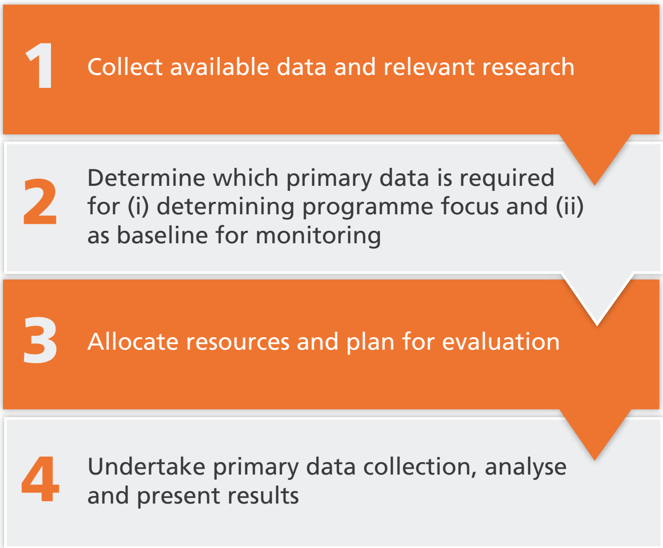


Figure 5: Determining the baseline

2.2.2 The design team

Although the design team should be led by someone with experience of financial inclusion, a multi-disciplinary team with gender, social development, business, and financial sector skills is required to ensure that the cross-sectorial nature of this work is fully explored. Specialist skills in health or education may also be important if the scoping uncovers a need to promote linked services.

2.2.3 Collection of primary data

First, assess what primary data is actually needed. There may already be surveys, background materials, other reports and so on that contain much of the information required. Once it is clear what is needed, research can be divided into supply side, demand side and financial systems data.

Supply side data

Supply side data will provide a picture of who is currently served by financial institutions, to what degree and under what conditions. There is usually plentiful ***supply side data*** from central banks, banking or microfinance industry associations. Data may include information on products and services available, reach of services, number of clients, average loan size, etc.

However, supply-side data alone are inadequate for the purposes of establishing a baseline of financial inclusion. For a start, many people have multiple accounts and so bank account penetration may be overstated if based solely on central bank data. Further, the data refers to people who are, by definition, included and so tells us nothing about the people who do not have access to financial services. These are, after all, the primary target of a financial inclusion programme.

Box 7: Financial inclusion data

A number of countries are measuring financial inclusion at the national level. This data can be used for developing a baseline and for evaluating progress towards financial inclusion against certain indicators. Most data sets will be disaggregated by sex and so should be useful for determining national levels of women's financial inclusion and trends over time. In addition to its use in monitoring and evaluation, the use and communication of data can have an important impact on the formal financial sector that can enhance financial inclusion. Country-based exercises to gather inclusion data are typically led by the central bank or by financial deepening trusts. FinMark Trust has supported FinScope surveys in a number of mainly African countries while the World Bank, with funding from the Bill and Melinda Gates Foundation, is engaged in an exercise to capture high-level financial inclusion data from up to 150 countries globally (FINDEX).

Example: FinScope in Zambia – encouraged growth of financial sector

In Zambia, a number of banks have responded positively to headline data provided by a FinScope survey. For example, Barclays used the data to justify the re-opening of a number of branches and service centres in non-urban areas. Also prompted by FinScope evidence, the bank created a new brand and business model specifically focusing on the unbanked, although these plans have been put on hold because of the global financial crisis. In addition, Zambia National Commercial Bank (ZANACO) has launched a mobile banking venture similar to Wizzit; and Dunavant, a cotton company, has created a mobile payment linkage for 150,000 of its out-growers. Both these initiatives were, in part, stimulated by the financial inclusion debate fuelled by the provision of FinScope headline data in Zambia.
Source: Bankable Frontier Associates (2010)

Demand-side data

The baseline also needs to include ***demand-side data*** which tends to be much less readily available. Demand-side data give a picture of what services might be of value to different groups and what constraints they might experience in accessing it.

Typically, demand-side data include information on people who are both included and excluded, which allows us to trace an access (or usage) frontier. This then helps us to determine what the actual barriers are from the individual's perspective. Because women are surveyed as well as men, it is possible to build a picture of the factors that constrain women's access in particular (as discussed in 2.1.2 above).

Ideally, some demand-side data should be collected during the project scoping stage but, because it can be expensive and time-consuming to do so, it may need to wait until the project is underway. If this is the case, the data should be collected as early in the programme as possible.

Methodologies for collecting demand-side data can include:

- **Financial diaries** are are surveys of poor households taken at regular intervals over time, which provide valuable insights into financial management and financial flows. For example, Microfinance Opportunities (MFO)[14] has a diaries methodology that tracks inflows and outflows of cash and non-cash household and business resources on a weekly basis. A team of local fieldworkers, trained by MFO, visits a group of participants each week and asks them to recount all the resources that came into the household/business and all resources that left the household/business over the past week: every bar of soap bought, every basket of tomatoes sold, every cash gift received from a visiting in-law. A diaries exercise was carried out in South Africa in 2005 (see *www.financialdiaries.com*) and the study's findings were subsequently incorporated into the influential book, 'Portfolios of the Poor'.
- **Community based and participative assessments** are particularly useful if the programme aims to empower women and the communities they live in to participate in programme design and implementation. In this way, data collection is not extractive, rather it is owned by the community.
- **Household and population based surveys**, such as FinScope, are useful for gaining national and large-scale information but are fairly expensive and take time to implement.
- **Focus groups** are a qualitative methodology providing a depth of understanding about issues, such as attitudes towards particular financial products or financial institutions, or why people make certain financial choices. They can be a useful tool to market test new products and services, and to study the multiple levels of exclusion women may face in their daily lives.
- **Financial services-based surveys** include, for example, mystery shopping[15] and exit interviews.

14 *Financial Diaries as a Tool for Consumer Research*, Microfinance Opportunities, May 2010.
15 Where a researcher masquerades as a genuine customer so they can experience what the quality of service is really like.

Market system data

Financial inclusion involves ensuring that a potentially wide range of financial institutions – banks as well as 'pro poor' institutions such as microfinance institutions (MFIs) – responds to the needs of the poor. A picture of the whole system is therefore needed. This data comprises information on what institutions exist and the legal and regulatory environment they operate under. It should include information on: how they are regulated; who the different types of service provider are and how they address the market; what kind of market information is available (e.g. from credit bureaux) and who has access to it. Civil society organisations can be valuable partners for a programme designed to achieve specific gender outcomes.

The range of stakeholders should include:

- the financial sector – both formal (e.g. banks, insurance companies, microfinance institutions, and their industry associations) and semi-formal (e.g. cooperatives);
- other relevant industries (e.g. mobile phone companies);
- government – policy makers and regulators;
- academics and the research community;
- women's groups;
- other civil society organisations with a perspective on gender equality and women's empowerment (e.g. land or consumer rights organisations);
- the legal profession and other service providers (e.g. credit bureaux).

Box 8: A client of Wizzit, a mobile phone-based bank

Nobelungu Mboda, 67, works as a cleaner at a factory near Kagiso, a township to the west of Johannesburg. Although she needs her daughter's help to use her phone to do her banking, having a Wizzit account has given her peace of mind that her money is safe and offers her the convenience of being able to pay her bills from home.

Before she opened her Wizzit account two years ago, she used to deposit her money into her daughter's bank account or keep it in a tin under her bed. 'I didn't have much,' she says. She paid cash for everything, and whenever anyone gave her any money, it was in the form of cash.

However, her money would regularly get stolen, particularly on payday, which meant using cash was no longer a safe option. She had not thought of opening a bank account as she thought the charges would be too high. However, when the Wizzkid (one of Wizzit's in-field agents) explained Wizzit's fees, they seemed reasonable, so she opened an account. Now her salary is paid into the account and she uses a range of facilities Wizzit offers. She pays for her groceries using the debit card and uses her mobile phone to pay for bills and electricity.

For Nobelungu, the biggest benefit of having a Wizzit account is knowing that her money is safe and that this security comes at an affordable price. It has transformed her payday experience from one of fear that her hard-earned money would get stolen to one of confidence that she will have the money to contribute to the needs of her household.
Source: Real Money, New Frontiers (2010)

Once the baseline data on supply, demand and the financial system is established, project design moves on to consider target groups and objectives, in the light of this information.

3 Project design

3.1 Vision, goal and purpose

It is important to clearly identify what it is you are aiming to achieve with your programme. Is it about economic growth? Or about social outcomes? Or business development? How far should your financial inclusion programme stray into areas that are tangential to, but not strictly part of, the financial sector – for example, land rights – in order to intensify the impact of the programme on women's economic empowerment? And what about other areas that may have nothing to do with the financial sector, such as health and education, that are nevertheless beneficial to women's empowerment? Should these be part of the programme or not? And precisely which groups of women are we trying to empower (see 3.1.1 below), because different instruments will be needed to reach different groups?

Programme resources will be limited, so it is important to have answers to all these questions. The range of potential activities in a pure financial inclusion programme is broad enough but adding in the goal of women's economic empowerment creates the risk of spreading resources too thinly to make any real difference anywhere. There have to be real benefits to the overall programme impact to ensure good value for money.

3.1.1 Targeting

Below are a number of different ways of segmenting the potential participants in the programme. Financial service providers may segment and target groups based on their behaviour rather than their socioeconomic status or industry. There is value for a donor in thinking through which group is the main target for services (financial and linked services) and then segmenting further depending on the results of the scoping studies.

Possible ways of segmenting	Issues and examples
All women	Specifically tackling gender-related barriers to financial inclusion. More likely to be working at the macro and meso level but also, at the micro level, in the formal financial sector.
Poor women and men	This would be more of a general financial inclusion programme, but with the gender dimensions designed into the programme from the start. Tackling financial exclusion for both men and women offers the opportunity to understand which additional barriers women face in accessing and making full use of financial services.
Poor women and girls	A programme specifically targeting women and/or girls. There should be a special reason for targeting just women and/or girls. Usually these sorts of programmes produce added value in terms of women's empowerment by identifying with and supporting a group of women. Examples include Grameen, Kashf and BRAC, with the latter offering a specific programme for adolescent girls that includes training, empowerment and financial services.
Ultra-poor women and men	Is credit an option for the poorest, who may not be able to make even minor loan repayments? Would social protection be more appropriate? How could microfinance help to enable beneficiaries to graduate from social protection support (see section 3.3.4)?
Industry group	Homeworkers – SEWA is a union for women informal workers, many of whom work from home. The targeting of this particularly excluded and disempowered group has been an effective way of reaching a large number of very poor and excluded women throughout India.
Women working in agriculture	The programme might support the setting up of cooperatives. Kuapa Kokoo Credit Union is part of the Kuapa Kokoo cooperative of cocoa farmers, which supplies to the fair trade market. The Credit Union currently has 8,300 members in Ghana and provides savings facilities and loans for agriculture and household emergencies.
Women business owners	Depending on the programme's overall objectives, it may use different levels of informal, semi-formal and formal financial services to target: ▪ subsistence and informal enterprises, to provide an important option for women and protect them from vulnerability; ▪ entrepreneurs and start-up enterprises; ▪ the growth of micro, small and medium-sized enterprises to deliver employment and wealth creation. (All are targeted as it is often difficult to predict growth). Finance for women-owned businesses to progress from micro to medium-size is particularly scarce.

It is stressed that this is by no means a comprehensive segmentation. Others groups of women might include married/unmarried, urban/rural, employed, mothers, widows, refugees, sex workers, and so on.

As mentioned in 1.1.2, the programme may not set out to target women specifically but might instead have broader objectives, e.g. poverty reduction or SME development, which benefits men as well as women. If so, it will be important for programme designers at the outset to make an active effort to understand how women's needs differ from men's so that women benefit from the programme as much as possible.

9: BRAC services for adolescent girls

BBRAC started a 'safe spaces' programme for girls, providing a location or building where girls could further develop reading skills and socialise. This progressed into a space for providing livelihood and life skills, leading BRAC to eventually incorporate financial services. Despite much resistance from communities, which do not see girls as able to cope with money, the programme started with savings accounts. Through the savings programme, and by spending a lot of time in the communities, BRAC was gradually able to provide credit services to girls. Parents have to be present and sign off credit agreements. When groups convene for credit and savings services, BRAC staff give talks on issues relevant to adolescent girls, such as sexual and reproductive health rights, dowries, etc. It is important to combine both the social and the financial elements, as girls have less decision-making power and ability.

Girls tend to borrow smaller amounts than adult women because it is easier for them to repay smaller amounts and because their involvement in the programme tends to be shorter term (many move away due to marriage). So the organisation will take longer to become financially sustainable. In Bangladesh girls are seen as a burden due to dowry and that they do not bring in money as boys do. So this programme has a powerful effect on their status in the family and on their future prospects – possibly delaying marriage and improving education.

3.1.2 Establishing the main objective

The needs of the target group should inform how the main objective (or goal) is identified. The following three goals are not mutually exclusive in practice. However, your programme goal will have a large impact on the type of outputs and activities planned. Once again, as noted in 1.1.2, if the programme's main goal is not specifically defined by gender (e.g. it is a more general poverty reduction programme), you should think carefully about how women's needs are different from men's, so these needs are not overlooked when you come to designing what the programme will actually do.

1 To increase women and girls´ opportunities to participate in and stimulate economic growth

2 To empower women and girls and enhance gender equality

3 To increase women and girls´ resilience to sustain alivelihood

Figure 6: Potential programme goals

A programme with Goal 1 is more likely to target financial inclusion towards women-owned enterprises and start-ups that have the potential for growth. Financial services will be the main (and perhaps only) focus of the programme. As the formal financial sector will be involved, this type of programme will address the constraints that affect people's access to financial services – whether regulatory in nature or product-based. It might also look to scale up successful models of innovation in financial services where these have had a demonstrable benefit for poor people, and for women in particular. Services closely linked to financial services, such as business development services and financial literacy, would fit squarely into a programme like this.

Programmes with Goals 2 and 3 may feature financial inclusion and access to financial services as a component, but not necessarily as the main focus. Indeed, in the case of a cash transfer programme, the financial system, in the form of a payments system, may be nothing more than an enabler. But even where social objectives are the primary goal of the programme, such as maternal health or combating violence against women, the promotion of certain kinds of financial products (especially savings or insurance products) could be highly beneficial.

Related services such as health, skills training, gender training, access to employment etc. may be an important component of these programmes. While Goal 2 aims to empower all women and has wide gender aims, Goal 3 is more about reducing the vulnerability of the poorest women and building resilience. This may include building social networks and financial security (possibly primarily through social transfers), and reducing vulnerability to shocks caused by health issues or family tragedy (using micro-insurance or subsidies/vouchers for health services).

Summarised types of programmes

Goal type	Purpose and output types
Goal 1	Purpose: Financial inclusion for women-owned enterprises and businesses, growing women's employment and market opportunities. Output types[16]: ▪ Macro: enabling (i.e. policy) environment for women's businesses ▪ Meso: enhanced legal and professional support for women-owned enterprises ▪ Meso: credit references for women-owned enterprises ▪ Micro: technical assistance and financial support to banks and financial institutions to design products and services that address women-owned enterprise needs (including a range of financial products). The involvement of universities in the design of gender-sensitive financial products (e.g. a survey of actual and potential clients) has proven to be a rewarding approach. ▪ Individual: linked business development and financial literacy services ▪ Individual: leadership and management training
Goal 2	Purpose: Financial inclusion for women to improve gender equality and women's empowerment (targeted at all women or a focused subset of women). Output types: ▪ Micro: banks and microfinance institutions enabled to provide adequate services to women and girls ▪ Micro/individual: Support to informal financial service providers ▪ Individual: gender training in communities and relevant institutions ▪ Individual: networking and social support for women and girls ▪ Micro/individual: relevant linked services
Goal 3	Purpose: Women are more resilient and less vulnerable to shocks through better financial inclusion. Output types: ▪ Individual: poor and marginalised women have access to community-based and group-based financial services ▪ Micro/individual: women have access to microfinance products for subsistence and micro business ▪ Macro/micro: micro-insurance is available to reduce vulnerability to health and humanitarian shocks ▪ Macro/micro: cash transfers or asset-building grants are targeted at vulnerable groups of women

16 See 3.2 for an explanation of what macro, meso, micro and individual mean in the context of market analysis.

Box 10: Impact of microfinance on violence against women – IMAGE in South Africa

The findings of the cluster-randomised trial conducted by Intervention with Microfinance for AIDS and Gender Equity (IMAGE) in rural South Africa indicate that the economic and social empowerment of women can contribute to reducing intimate partner violence. After two years, the risk of physical or sexual violence by an intimate partner occurring during the past year was reduced by more than half, and improvements in all nine indicators of empowerment were observed.

It should be noted that there is a long-standing debate in the literature regarding the extent to which microfinance empowers women. As the IMAGE researchers themselves acknowledge, 'The relation between microfinance and women's empowerment is complex, and its benefits cannot be assumed in all contexts. Providing credit to women does not guarantee their control over its use, and the pressure to pay back loans can add to the already heavy burden of responsibilities borne by poor women. Although some studies have suggested that microfinance can reduce the risk of IPV [intimate partner violence], others have noted that attempting to empower women can potentially exacerbate this risk by challenging established gender norms and provoking conflict within the household. In light of these contradictory findings, the question of whether women's empowerment more broadly, and participation in microfinance in particular, contributes to reductions in violence has remained an unresolved research question of central policy importance.'
Source: Kim et al. (2007)

Impact of cash transfers on violence against women – Oportunidades in Mexico

The evidence linking cash transfers to violence against women is mixed. Rivera et al (2005) find lower levels of domestic violence experienced by female beneficiaries of Oportunidades (the Mexican conditional cash transfer programme) than non-beneficiaries. However, Espinosa (2006) finds evidence that the opposite is true.

3.1.3 Making financial markets work for the poor (M4P)

One approach to financial market reform that could be used to boost women's financial inclusion is M4P. Box 11 describes the principal elements of M4P, while Figure 7 offers a stylised view of the structure of a market system and indicates the various components (and actors) required for a financial inclusion programme to potentially work.

Box 11 – M4P: a summary

M4P is an **approach** to developing market systems that function more effectively, sustainably and beneficially for poor people, offering them the capacities and opportunities to enhance their lives. Applicable to development agencies and governments working in both economic and social fields, it is an approach defined by a number of important characteristics.

M4P is an approach to development that provides guidance not only on understanding the poor in the context of market systems (analysis) but also on how to bring about **effective change** (action). Analysis should identify the underlying, systemic constraints that impinge upon market systems and concentrate on addressing these.

Its focus is on developing **market systems**, assessed with respect to different market functions and players: public and private, formal and informal. This systemic character of M4P defines many of its most important features.

By addressing underlying **causes** (rather than symptoms) of weak performance, M4P is concerned with unleashing **large-scale change**. Interventions, which may be small in themselves, should continually strive to leverage the actions of key market players to bring about extensive and deep-seated systemic change.

Sustainability is a prime concern of M4P. This means considering not just the existing alignment of key market functions and players, but also how they can work more effectively in the future, based on the incentives and capacities of players (government, private sector, associations, etc.) to play different roles.

M4P requires that agencies and governments play a **facilitating role**. As external players they seek to catalyse others in the market system (while not becoming part of it themselves). For governments (except where they are playing longer-term roles within the market system) and agencies, facilitation is inherently a temporary role.

Finally, as an **overarching framework** M4P does not necessarily replace other specific methodologies and tools, rather it provides a transparent and multi-disciplinary framework within which these can be utilised and adapted to address their limitations and so enhance their efficacy.
Source: The Springfield Centre for Business and Development, for DFID and the Swiss Agency for Cooperation and Development[17]

17 DFID/SDC (2008), *Perspectives on the Making Markets Work for the Poor Approach*, Swiss Agency for Development and Cooperation, Berne.

The actions recommended in this toolkit are substantially based on M4P principles, which focus on addressing the underlying constraints that inhibit the effective development of market systems around poor people.

In the financial sector, FinMark Trust[18] was one organisation that used M4P to inform its strategic direction and position itself as a market catalyst addressing the underlying causes of low access (namely: information, innovation, stakeholder relationships and regulatory processes) rather than setting up a microfinance institution or changing isolated regulations. Bank account use in South Africa grew from 11.8 millions (38% of the population) to 15.9 millions (51%) in a five-year period. FinMark was one influence among many but, by common consent, its contribution was critical[19].

In the case of a women's financial inclusion programme, the M4P approach would recommend starting with a thorough analysis of the market for financial services and how they affect (or exclude) women, as described in Section 2.

As discussed in 3.2.5, focusing exclusively on market development may not reach enough of the poorest in society fast enough, in which case a more interventionist approach may need to be considered.

Guidance and recommendations are being developed that better incorporate women's economic empowerment in M4P programmes. Further information is available at: *http://www.m4phub.org/news/default.aspx?t=M4P%20Resources*.

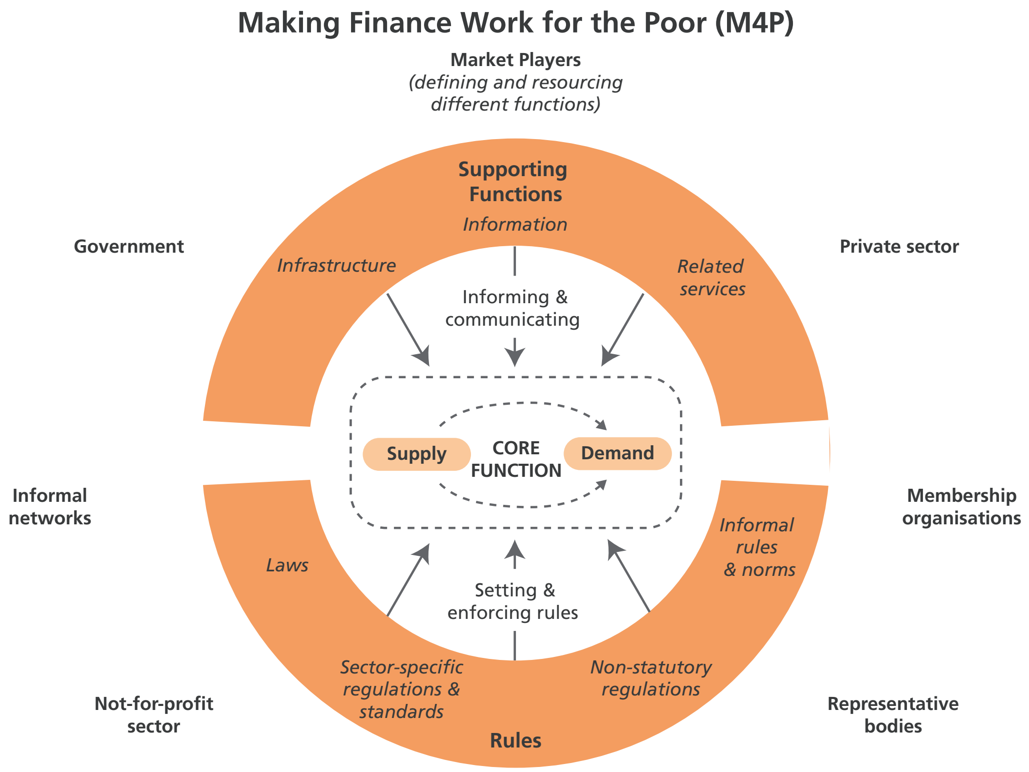


Figure 7: Stylised view of the market system

18 See Porteous (2004).
19 DFID/SDC (2008), ibid.

3.2 Knowing the financial system and how it might fail women

3.2.1 The characteristics of a well-functioning financial system

In thinking through how to intervene in support of greater financial inclusion, including for women, it is helpful to first consider what the characteristics of a well-functioning financial system are. These are, in a sense, outcomes – the successful result of efforts to modify a dysfunctional system that currently works against the interests of the poor. A well-functioning financial system[20] is one that has:

- a clear and appropriate policy and regulatory framework that is implemented effectively;
- adequate, credible information available to different market players (including providers, consumers and regulators);
- appropriate knowledge-based services to the same players;
- access to an effective payments infrastructure;
- effective competition between suppliers;
- a diversity of sustainable suppliers;
- innovation in products and processes.

Section 3.2.3 links a number of gender-based barriers to financial inclusion to these specific market characteristics and suggests remedies for how these barriers can be overcome.

Of course, a programme may not be aiming to have an impact across the entire financial system, but it is nevertheless useful for programme designers to understand how a more targeted programme might contribute to an enhanced financial system.

With these elements in place, a financial system might reasonably be expected to deliver a choice of products and services that, over time, become increasingly accessible to more people – including poorer people – and actually get used.

Financial products that do not meet the needs of customers may be physically accessible, but the quality of access may be poor – for example, the product may be expensive or the service delivery cumbersome. This has a big impact on people's willingness to stick with a product. As a result, it is possible to see high lapse rates on bank accounts or insurance policies because people cannot maintain a minimum balance or keep up with monthly premiums. For this reason, it is important that we look beyond mere access and focus on usage patterns as well.

20 Adapted from FinMark Trust.

Figure 8: Continuum of access

Figure 8 shows there is a continuum in which access alone (for example, physical access) is not enough to ensure that a product is used (and used repeatedly, if not permanently, over time). Effective access transforms mere access into actual usage. In other words, a financial product is likely to be used when it is physically accessible, when it has a clear value proposition for the user (i.e. its utility outweighs the cost) and when the user is eligible for it.

3.2.2 Three-tier market structure (macro, meso, micro) – plus a fourth tier

It has become commonplace to analyse markets by reference to a three-tier structure:

1. Macro: policies, regulations, macroeconomic factors – the rules and environmental factors that govern how markets operate.
2. Meso: market information, payments systems, services to market players (such as those provided by credit information bureaux, apex organisations, rating agencies, market research firms, etc.) – the information and services that lubricate market activity.
3. Micro: financial institutions – banks, insurance companies, parastatals, microfinance institutions, etc. – the organisations that actually deliver financial services.

Deficiencies in any or all of these three layers could cause markets to fail. For example, financial markets may have an appropriate regulatory framework and good market information but lack suppliers who compete and innovate.

Simply put, the three-tier structure of macro, meso and micro describes the supply side of financial markets. The seven characteristics of a well-functioning market system referred to in 3.2.1 above can be grouped into the macro, meso, micro structure (see 3.2.3 below).

However, effective supply must be met by effective demand. For this reason, it is important to add a fourth tier – that of the **individual consumer** – to ensure that the demand side of financial markets is properly taken into consideration.

3.2.3 Inclusive and well-functioning financial systems – the supply side

	Characteristic	Institutions involved	Possible gender barriers	Potential actions
Macro	Clear and appropriate policy and regulatory framework	▪ Financial market regulator and supervisor ▪ Central bank ▪ Government departments (e.g. Ministry of Finance)	▪ Rules relating to asset ownership and registration, and inheritance ▪ Recognition of collateral types ▪ Know Your Customer (KYC) regulations (e.g. if proof of identity not available)	▪ Legal and regulatory reform and implementation
Meso	Adequate credible information available to market actors	▪ Credit bureaux ▪ Rating agencies ▪ Asset registries ▪ ID systems	▪ Women not captured appropriately in the system (e.g. if credit records from MFIs are not captured) ▪ Lack of records (e.g. no ID, name not on collateral deeds) leading to poor credit rating	▪ Improve systems and processes to better assess women's credit history
	Appropriate knowledge-based services to same market actors	▪ Accountants ▪ Lawyers ▪ Consultants ▪ Financial advisors	▪ Availability of gender-specific expertise in the market	▪ Advocacy and awareness training ▪ Gender training for professionals
	Access to an effective payments infrastructure	▪ Payments service providers and other financial institutions (e.g. VISA, Moneygram) ▪ Mobile network providers and mobile cash ▪ Central bank	▪ Women remit more frequently (study in Vietnam) so would be hit by high costs ▪ Access to mobile phones (e.g. no ID) ▪ Distance from payment services	▪ Review adequacy of existing payments options, including interlinkage between traditional and mobile solutions, cost and accessibility
Micro	Effective competition between suppliers A diversity of sustainable suppliers	▪ Private sector institutions (e.g. banks, insurance companies, non-bank financial institutions, payments companies) ▪ Microfinance institutions (MFIs) and development finance institutions (DFIs) ▪ Other (e.g. SACCOs, ROSCAs)	▪ Uncompetitive provision of services more likely to be demanded by women ▪ Existing institutions unsuited to women's needs ▪ Few women in senior management positions and on boards, so less able and/or willing to focus on women's specific requirements	▪ Funding of DFIs to fill the gap where there is limited or no effective competition ▪ Interventions to enable competition between market players (e.g. credit guarantees) ▪ Industry advocacy and gender awareness training with linked change process. ▪ Transformative leadership capacity in institutions to pioneer gender equality
	Innovation in products and services		▪ Lack of gender awareness and perceived demand for tailored products ▪ Few women in senior management positions ▪ Risk averseness leading to products with reduced risk (e.g. lower maturity investment loans)	▪ Industry advocacy and gender awareness training ▪ Demonstration of successful innovations that can be replicated by the private sector (e.g. M-Pesa) ▪ Gender dimension in research

3.2.4 The demand side – constraints and actions

The wider constraints for women were examined in 2.1.1 and gender-related barriers to financial inclusion (supply and demand side) were introduced in 2.1.2. The supply-side barriers were addressed in 3.2.3 and we turn now to the demand-side barriers.
Demand-side barriers to women accessing financial services relate mostly to the community and individual level and are summarised in the table below.

Some demand-side barriers can be addressed in the design of the financial services, e.g. by designing a specific product or service delivery system. Other demand-side barriers require parallel or linked support services, such as health, training, etc. These may be developed by the institution providing financial services[21] or through a linked organisation or contractor (we return to this in Section 3.3.6). Financial service providers often resist this development of linked services, preferring to stay focused on their core business and streamlining business processes in the interests of maximising efficiency. Such institutions would argue that their comparative advantage lies in financial services and not in social services.

A well-designed programme that aims to provide a range of services will need to take into account the expertise and specialism of different institutions, the cost of various delivery options and the availability of services in the market, and develop partnering strategies accordingly.

Barriers	Action
Social and cultural factors contributing to gender inequality and women's social, economic and, specifically, financial exclusion	Support civil society, women's groups and networks to: ▪ provide information; ▪ advocate at various levels; ▪ strengthen women's social support systems alongside financial services. Develop community-based gender training for men and women, boys and girls, and gatekeepers alongside and as part of financial services. Train community-based facilitators to become trainers, who are then able to mobilise and train women's groups, e.g. to encourage them to join SACCOs.
Women's lack of access to health, education and training services Lack of access to employment and assets Problems with mobility and ability to link with others Lack of self-esteem and decision-making power Care and household responsibilities Lack of ID Other factors of discrimination and exclusion such as race, religion, disability	**Specific products or service delivery methods and legal, policy and regulatory reform:** mobile banking, use of mobile phones and technology to reach remote geographical areas, products with no need for formal ID and collateral, group saving and lending, health insurance components of credit, mandatory savings and insurance. **Access to income** through social transfers, employment, micro-enterprise. **Linked services for women:** health, education, training and skills, business development services. **Personal development for women:** support groups and networks, self-esteem, leadership, assertiveness and gender training. **Support for care responsibilities:** cash transfers, crèche and child-minder clubs, an extended school day, care for the elderly and infirm. **Investment** in time and labour-saving infrastructure.

21 Operating across five countries in Latin America, Pro Mujer is a microfinance and women's development organisation that serves as a prominent exemplar of how finance can be bundled with other services.

3.2.5 Limitations of the market

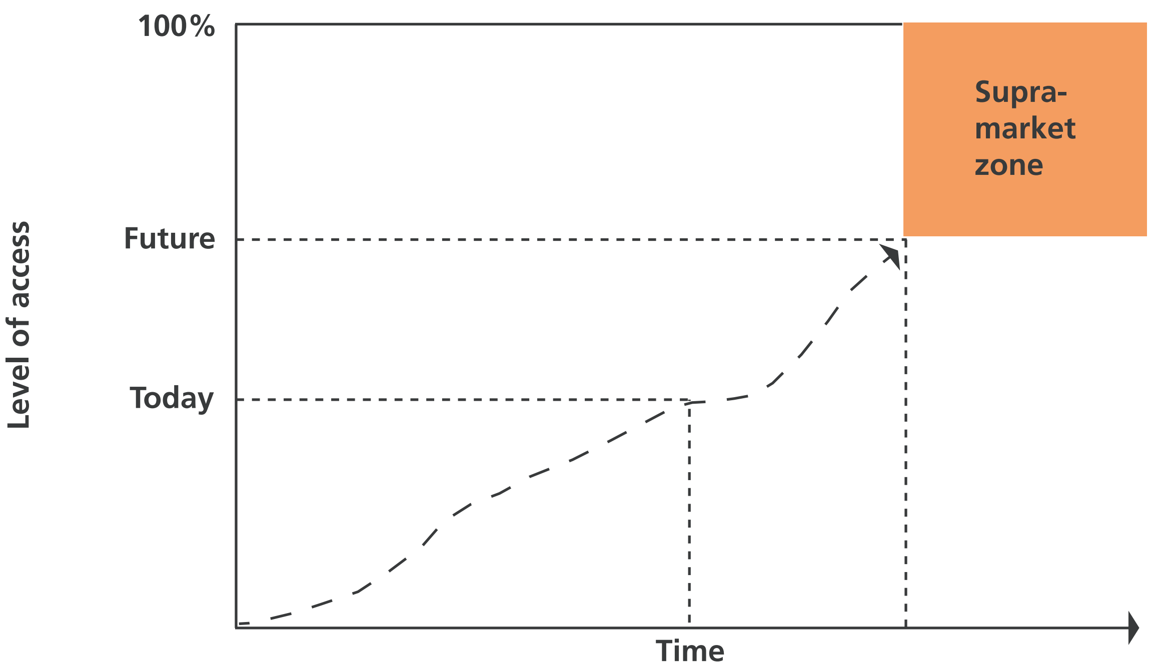
Given the right conditions, markets should grow as firms pursue profits. But they can also be expected to grow less quickly as the prospect of being able to make a profit diminishes. Eventually they will reach a natural limit, or frontier, beyond which consumers are too poor to be able to access the market. Porteous (2004) calls this the 'supra-market zone' (see Figure 9 below).

Here, it may be possible for governments to intervene to extend or 'push out' the access frontier – perhaps by providing a subsidy to providers or by providing the services itself.

In financial markets, government (or donor-funded) initiatives to push out the access frontier have included providing subsidised credit or credit guarantees. Government-owned financial institutions typically operate on the access frontier, channelling funding to underserved market groups – although not always successfully. Certain kinds of information may be provided to the market as a public good, for example to encourage innovation.

Cash transfers (e.g. government grants) are sometimes paid through bank accounts or, increasingly, mobile payments mechanisms. Here, market infrastructure is being used not just as an efficient conduit for making the payments but also to encourage financial inclusion on a lasting basis. This can be an effective way to target women who are the main recipients of government grants in many developing countries.

In South Africa, where some bank accounts were specially designed to receive grants, the percentage of grant recipients (almost all women) who had bank accounts rose sharply between 2004 and 2008 – from 22% to 56%.



Source: Porteous (2004)

Figure 9: Market development and the access frontier

3.3 Programming options

3.3.1 Programme-level impact

From the start, it will be important to decide on a conceptual framework for the programme. Three possible options are:

- the macro, meso, micro and individual level structure described in 3.2.2;
- organising activities by reference to the four functions of finance – credit, transactions, savings and insurance;
- grouping activities according to the type of intervention, which boil down to four different types – research, advocacy, direct funding, and learning and skills development.

All of these have their advantages and disadvantages.

- The macro/meso/micro/individual approach has a particularly market-oriented logic, and is well suited to programmes that aim for holistic, systemic reforms. It may be too complex, however, for a programme that is, say, a single intervention targeted at a particularly vulnerable population group living outside market provision (e.g. a cash transfer programme).
- Using the four functions as the organising principle has the advantage of being very focussed on the solution ('a credit programme for women entrepreneurs', 'savings accounts for women', etc.) but it is arguably illogical to split these four functions up when well-functioning financial systems depend on the coexistence of all four. Banks cannot lend unless savers save.
- Grouping activity by type of intervention is practical for programme design: for example, a donor organisation may only be allowed to fund research, in which case it will want to go quickly to a list of research options. However, this approach tends to emphasise the type of intervention at the expense of the objectives of the programme.

In this toolkit we have developed the first option (macro/meso/micro/individual) but below we also briefly discuss the four functions of finance. The third option is set out as an appendix for toolkit users who are attracted by the practicality of the 'type of intervention' approach.

3.3.2 The four functions of finance

The purpose of this section is to introduce some of the challenges and opportunities involved in promoting the use of credit, savings, insurance and transactions.

Credit is the most common and most researched of the financial services designed to reach poor people. Programmes range from informal community group-lending schemes to semi-formal and formal credit for businesses. In some cases, credit is linked to a range of other financial services and sometimes to non-financial services (Pro Mujer, BRAC).

While credit can be very empowering for women, there is plenty of evidence showing how credit can increase women's vulnerability; for example, because of the heavier workload they shoulder in discharging the loan, because it disrupts the domestic balance of power or because women sometimes have little or no control over the loans they borrow[22], in cases where their husbands make all the financial decisions.

Donor programmes have often focussed on credit enhancement – providing subsidies or guarantees – that make credit cheaper or the consequences of a default less onerous for the lender. In this regard, donors can be seen as playing a proxy role for state-owned banks, which have historically been the main vehicle through which governments have intervened to address market failure. State-owned banks have a poor record in developing countries[23], not just in terms of their financial sustainability but also for being market-distorting and for the way they undermine the efforts of existing financial institutions to lend sustainably. They can also be extremely inefficient. De la Torre et al. (2007)[24] observe that 'the general experience with credit guarantee systems, especially in developing countries, has been poor to mixed, at best: most systems have depleted their reserves due to high credit losses and bad investment decisions and in many cases they have been designed to channel funds to certain sectors without due regard to loss rates.' Many of the same risks apply to donor-financed interventions.

There is recognition, however, that in some circumstances subsidising interest rates or providing credit guarantees can help economic growth and push out the market frontier. Zagha (2004) cautiously argues that 'selective government interventions can contribute to growth when they address market failures, when and where they are carried out effectively, and are subject to institutional checks.'[25] In short, extreme care should be taken with the design of such programmes to ensure they 'crowd in' market activity, rather than crowd it out. Above all, they should be a 'solution for the short run'[26] with a clear exit strategy and not be designed to become a permanent part of the landscape.

22 Goetz et al. (1996).
23 Although their record in post-World War II Europe and Japan was better.
24 See de la Torre et al. (2007) for a discussion on market-led intervention.
25 Zagha, R. (2004), cited in de la Torre (ibid.)
26 See: de la Torre et al. (ibid.)

Box 12: Shaping the health of adolescents in Zimbabwe (SHAZ)

'The SHAZ programme targeted 16-19 year old out-of-school, orphaned and poor girls living in two slum areas outside Harare, and is one of a few microfinance interventions that have deliberately targeted poor adolescent girls with the goal of reducing transactional sex, particularly with older men. Started in 2001, the programme was set up to test whether linking microfinance with life skills and business training could result in improved knowledge, increased control over economic resources, and ultimately, reductions in HIV infection.

At six months, results indicated improvements in knowledge and relationship power. However, because of the difficult economic context and lack of adequate support, loan repayment and business success was poor. Only 20% of girls managed to repay their first instalment and only 5% repaid their loan in full. Based on these lessons, SHAZ has moved away from microcredit and business skills, and towards vocational training as the core livelihood component of the project.'
Source: Ford Foundation (2009), Global Review of Good Practices on the Intersections Between HIV/AIDS and Economic Empowerment

Savings vehicles are important for women to build security and decrease vulnerability to shocks. It also enables them to plan and to invest. Village-based savings groups have been used by women to put aside funds to cover unforeseen maternal health delivery costs or emergencies; or, in other cases, to invest in new business ventures. While there has been considerable effort to support the development of mechanisms to help very poor people save in small amounts, less attention has been paid by donors to the development of appropriate long-term savings products (e.g. for housing, education and pensions), which benefit the economy of a country (by creating a source of long-term funds that can support the development of capital markets) as well as the saver.

Box 13: Peru – an example of a savings programme aimed at women

An evaluation of the Puno-Cusco Corridor Project in Peru, which aims to include rural women in the financial system through the use of savings accounts, concludes that accounts have become a positive asset for the women. The participants found that financial savings helped reduce their economic vulnerability and strengthened them psychologically.
Source: Trivelli (2009), Improving women's access to financial services through subsidized savings accounts, Proyecto Capital

Insurance. Poor women are especially vulnerable to risks related to health, income generation, old age, and death, e.g. the death of the main breadwinner in the household. This is enhanced in contexts of conflict or fragility. Women's World Banking has also found that women are typically the caregivers in their households and are generally responsible for managing the health risks of their family members. Coping with shocks can mean pulling children out of school or selling assets, which can perpetuate the cycle of poverty. In many developing country contexts men control family and community finance, so women need to have access to micro-insurance and its benefits directly, rather than through a husband or family member. While the benefits of insurance are self-evident, there are considerable challenges with the distribution of a product that is often poorly understood (despite the existence of analogous systems in the informal sector) and considered expensive. As a result micro-insurance (or insurance for the poor) is still in its infancy as an industry.
For mainstream insurance providers, the untapped market of poor women has enormous potential if these challenges can be overcome. The greatest opportunities would appear to be in health insurance, credit life (which pays off a loan in the event of the death of a borrower) and weather-related insurance which, if successfully scaled up, would benefit the many millions of women in agriculture.

Box 14: CARE International and global insurance company Allianz's community health insurance

The community-based health insurance scheme run by CARE International and Allianz offers coverage packages that protect people against natural catastrophes or accidents for well under eight pence (GBP) a month – an affordable rate even for those who earn less than £1.50 a day. Unlike other micro-insurance products sold to poor communities in India, and around the world, Allianz – together with its Indian joint-venture partner, Bajaj Allianz – and CARE are offering bespoke, rather than off-the-shelf products, to this vulnerable group of people.

The Indian micro-insurance market potential is estimated to comprise well over 250 million policy holders.
Source: CARE website

Transactions. The term 'transactions' covers bank accounts and money transfers, which, in turn, can be broken down into remittances, mobile money and cash transfers. For most programmes that aim to achieve systemic improvements in financial inclusion, bank account usage is probably the leading indicator. Promoting the use of mainstream bank accounts can improve women's financial inclusion and reduce vulnerability by making it easier and safer for them to manage their money, including building up savings. Donors are now strongly encouraging branchless banking, which uses correspondents or agents (such as post offices, small shops and petrol stations) as an alternative and much cheaper distribution channel to a full bank branch network. Since expensive branch infrastructure is not required, financial service institutions and mobile phone operators can deliver services at a lower cost, bringing formal financial services within reach of those previously excluded.

Mobile money, where money is sent using a mobile phone, is another form of branchless banking, although it is increasingly mobile phone companies (like M-Pesa in Kenya) and not banks that are promoting the service. Mobile money is hugely promising, however challenges remain, not least in how to appropriately regulate the industry and ensure compliance with Know Your Customer (KYC) requirements. This is especially pertinent for women, as women are less likely than men to be able to fulfil KYC requirements given they often lack formal documentation.

The case for making it easier for people to send money (internationally or domestically) has been extensively made in the literature. The cost of sending money is still surprisingly high, so stimulating greater competition in this area should benefit poor people, including women, directly. Cross-border remittances are still constrained by foreign exchange controls in many countries.

While many **cash transfers** to women are payments that are spent on food, health and education, they are an important part of women and girls' financial inclusion. They allow women and girls a small level of income stability, which can have a profound effect on their quality of life. For example, cash transfers in Malawi for adolescent girls to stay in school (payment of fees and cash transfer conditional on school attendance) have had a significant impact on their sexual behaviour and delayed early marriage and pregnancy[27].

Social transfers can also be an important stepping-stone to and vehicle for women's inclusion in financial services. This can be facilitated by providing the cash through bank accounts and encouraging women to save a small amount in a savings account.

Box 15: Developing financial inclusion through government transfers in Brazil and Peru

Bolsa Família is a conditional cash transfer programme in Brazil, serving over 12 million households in poverty and extreme poverty. The transfers target the 'head' woman in each family. An important benefit of the programme is to promote financial inclusion. Over two million recipients have an account today and the programme goal is some four million. Caixa, a government bank, is assisting with the production of IDs for those without one. A mass marketing campaign is planned to make people aware of the benefits of receiving transfers into a bank account, namely that they can save part of the transfer and they can use a bank card for retail purchases.
Source: Dias, D. (2009). Brazil banks on financial inclusion through government transfers, CGAP Technology blog, 5 November 2009.

27 *The Short-Term Impacts of a Schooling Conditional Cash Transfer Program on the Sexual Behavior of Young Women*, World Bank (October 2009).

3.3.3 The range of possible activities for a financial inclusion programme

(a) The macro layer

Activity	Illustrative components of activity
Policy dialogue	▪ Policy papers (including those highlighting the gender dimension in financial inclusion) ▪ Support to policy processes (e.g. strategic and technical advice)
Policy research	▪ Supply-side analysis (e.g. performing a stocktake of supply environment – products and institutions) ▪ Analysis of market constraints (e.g. regulation, product affordability and appropriateness, physical distance, financial capability, cultural constraints, infrastructure, skills gaps), highlighting where constraints affect women disproportionately ▪ Reviews of international best practice (e.g. policy, regulations, governance, skills upgrading, financial education) ▪ Scoping ('landscaping') studies (e.g. of the informal sector or particular sub-sectors such as insurance)
Networking and facilitation	▪ Conferences – especially to build international or regional consensus around the need to make financial markets work for women ▪ Seminars and forums
Training programmes	▪ High-level technical seminars for policymakers and regulators ▪ Facilitation of peer-to-peer learning (e.g. South/South policy dialogue)

Here, the focus of the programme should be on influencing policy leading to legislative change. Donor-funded programmes are valued by partner governments because of the access they provide to international expertise and their ability to point to solutions from other markets that might be relevant to them.

Legal reform may take a number of years – longer, in fact, than the life of a donor programme. In addition, the issue of attribution can be important to donors. Legal reform processes, which inevitably involve a range of actors, research and advocacy at all levels, are difficult to attribute to any one contribution. Programme impact goals should take these timing factors into consideration.

(b) The meso layer

Activity	Illustrative components of activity
Market research	▪ Demand-side analysis (e.g. FinScope, financial diaries, mystery shopping, focus groups), focusing particularly on women's demands for financial services ▪ Value chain analysis
Research dissemination	▪ Development and dissemination of information tools (e.g. targeting a female audience) ▪ Research-based competitions on selected topics (e.g. targeting female researchers, or topics related to women's financial inclusion) ▪ Newsletters
Media work	▪ Grant funding of material for broadcast by mass media (e.g. infomercials, soaps incorporating subject matter relating to gender and financial inclusion) ▪ TV/radio interviews ▪ Sponsorships
Innovation grants	▪ Grants to innovators in the payments systems arena
Technical support	▪ Funding and expertise to help establish a credit bureau
Technical training programmes	▪ Capacity building for industry associations
Networking and facilitation	▪ Conferences ▪ Seminars and forums

Because the meso layer is about how the market system functions, it is more difficult to package the activities here in a gender-specific way. Meso-layer activities might include building the information base that allows markets to operate more effectively and so there would be heavy emphasis in this part of the programme on research and dissemination. At the same time, there are types of organisations that feature in the meso layer – rating agencies, credit bureaux, payment services providers, etc. – that also facilitate effective markets. One should note, for example, that a credit bureau collecting positive data, such as on positive loan repayment, may disproportionately benefit women as they are more likely to benefit from reputational collateral than their male counterparts. These could be supported with innovation grants or technical assistance.

(c) The micro level

Activity	Illustrative components of activity
Guarantees and subsidies	▪ Guarantee schemes (e.g. 'first loss' guarantee) for certain kinds of lending (e.g. to sectors where women are important actors such as SMEs, agriculture and housing) ▪ Subsidised interest rates
Core funding	▪ Funding for cash transfer programmes ▪ Core capital for a microfinance institution ▪ Wholesale loan facility (e.g. to an MFI or to support a bank lending programme targeting women entrepreneurs)
Innovation grants	▪ Challenge funds (to encourage financial innovation that benefits women) ▪ Contributions towards business start-up costs
Investment funds	▪ Equity or quasi-equity finance ▪ Concessionary capital to 'crowd in' other funders
Networking and facilitation	▪ Conferences ▪ Seminars and forums
Technical support	▪ Grant funding for business plan development (e.g. for women-owned businesses) ▪ Business development services (e.g. for women-owned businesses) ▪ Grant funding for other forms of product-based technical support (e.g. data analysis to support the development of product strategies targeting women)

Micro-level funding would typically go towards actual financial institutions that deliver financial services. So, innovation grants or technical support would also feature here. Cash transfers would too, especially where the payments were routed through financial institutions.

(d) The level of individual women

Activity	Illustrative components of activity
Training programmes	▪ Financial capability training (which could incorporate broader subject matter around women's economic and other rights) ▪ Leadership development programmes for women (e.g. to support women entrepreneurs or women in senior roles within financial institutions)
Civil society support	▪ Grant funding to civil society organisations (e.g. to those focusing on women's land or other legal rights)
Skills exchange	▪ International secondments ▪ Facilitation of internships ▪ Study tours
Interim management	▪ Salary cover for specialist positions (e.g. in central banks or state-owned lenders where capacity is weak)
Professional development	▪ Development of academic course material relating to gender and financial inclusion for business schools/ universities (targeting, for example, government employees or bank middle management) ▪ Scholarships/grants for MBAs/Masters (benefitting women) ▪ Grants for academic papers (e.g. to explore women's engagement with the financial sector)
Networking and facilitation	▪ Conferences ▪ Seminars and forums

There should be a clear focus here on enhancing women's capacity to engage with financial services. So, this is where financial capability training for women would feature, together with support for civil society organisations that have helped give women a voice in matters related to financial access, land rights, and so on.

3.3.4 Reaching the target market – links between different types of service providers

Informal and semi-formal microfinance institutions often reach small targeted groups of people but tend not to provide the wide-scale reach required to ensure national impact. The formal financial sector is needed to promote financial inclusion at scale. However, lack of knowledge of particular groups or, sometimes, outright prejudice may prevent the formal financial system from engaging with underserved market segments – including poor women.

Mainstream financial service providers approach market opportunities using various segmentations based on market research, which they then use for their product development and marketing strategies. However, their market research is sometimes quite limited and so paid-for market research[28], made available to market operators generally, has proved to have a considerable impact where taken up by those service providers.

Links between different types of financial service providers can create good opportunities for mutual learning on targeting and marketing. There may also be good operational synergies – for example, where banks use MFIs or cooperatives as a distribution channel – because these institutions may have a better understanding of the particularities of the target market.

While banks and other formal institutions should be encouraged to engage directly with underserved market groups, donor-funded programmes focused on financial inclusion can play a useful role in brokering productive relationships between different types of service providers.

It is probably true to say that banks have tended to be slower to prioritise women as an important market segment than, say, mobile phone companies or other consumer products companies.

28 Such as FinScope.

Box 16: Women as a market segment – lessons from the mobile phone industry

Developing solutions that address the diversity of women's communications needs drives revenue and subscriber growth.

Mobile Telephone Networks (MTN Group) provides mobile phone services to more than 108 million subscribers in Africa and the Middle East through a network of subsidiaries in 21 countries. With such a varied marketplace, the company recognised the need for a global segmentation framework that would provide a better understanding of its customer base and could be applied across all the areas they serve. Through a mix of qualitative and quantitative research, the company developed a framework identifying six unique segments common across all of its markets. The research identified stay-at-home women as an underserved market and one with high potential for new subscriptions and increased usage.

The global segmentation model also included key value propositions and guidelines for each of the six segments as they relate to key business issues such as pricing, products, sales and distribution, communications and more. It is up to each of the regional subsidiaries to prioritise the segments and bring these value propositions to life.

For example, MTN Afghanistan has set up women-only retail stores, run by women for women. This female-only retail environment was key to achieving success in the female market segments in this country, where cultural norms strongly discourage contact between unrelated men and women. In Liberia, meanwhile, the MTN operator recognised that women in the 'Her and Home' segment need regular contact with a small circle of family and friends. Therefore, new tariff plans were developed specifically for this segment that would offer discounted calling during relevant times of the day and preferential rates for a select group of mobile numbers. The communications were also specifically designed to appeal to this segment need – a need to be 'closer'.

Through its research and market segmentation strategies, MTN is reaching stay-at-home women in unique ways in each market it serves. In addition to driving revenue opportunities and subscriber growth, the company believes its focus on the women's market is a crucial element in building its brand as a socially progressive company.
Source: GSMA (2010), Women & Mobile: A Global Opportunity

Providing financial services through formal or semi-formal financial institutions can also support women's inclusion in the formal financial sector over time, as with SEWA members (see below), although linking with wider empowerment activities has been an important factor in the SEWA model.

Box 17: Linking to the mainstream

SEWA members tend to be from the working class, disadvantaged castes and minorities, and make their living from their own work rather than from owning assets. Despite being more disadvantaged than the general population, SEWA members are more financially adept. Joining SEWA has led to inclusion in formal financial systems. Whereas only 25% of non-SEWA families put some savings in financial institutions, more than 60% of SEWA members did so, even among the poorest families. The survey found that, due to their wider networks, the SEWA members have more access to credit and are more likely to borrow from a variety of sources, while non-SEWA members tend to be more confined to their family circles and to moneylenders. Furthermore, the interest rates paid by SEWA members are also lower than those paid by non-SEWA members.
Source: SEWA (2009). Empowering Women in an Insecure World: Joining SEWA makes a difference.

The experience of linking cash transfers to formal financial sector services, and the power of organisations like SEWA to enable more participation in the formal financial sector, can be captured in a potential model for the financial inclusion of the poorest women, as described in Figure 10.

1. Social transfer payments enable savings and the opening of a bank account, which sows the seed for financial inclusion. Potential for linked services that empower women.
2. With an increasing amount of regular savings, women can start to pay for micro-insurance and obtain credit.
3. Increasing income from employment and microenterprise will enable women to use mainstream banking services that offer appropriately designed products and services.

Figure 10: Stepped approach to financial inclusion for the poorest women

Interesting experiments are being carried out, which aim to show how the poorest beneficiaries of social protection can graduate out of extreme poverty, and away from an exclusive reliance on social protection. Through interventions, like training and the transfer of assets (e.g. livestock), they can move towards financial self-reliance and begin to access formal financial services. See, for example, Hashemi and de Montesquiou (2011).

3.3.5 Linked services

In nearly all cases of women's financial inclusion programmes, a linked service (or services) will be required. This is because of the lower status and the limited opportunities women have in relation to men. There are four types of linked services:

- **Economically-driven services** – i.e. those directly related to the financial services and particularly relevant to the success of credit products. These include services like business development services, financial literacy and vocational skills development.
- **Social services** – services that are bundled with financial services, but are not financial per se. Women might be required to take one of these services in order to access the financial service. These services may include health, gender training, and crèche and child care services.
- **Networking or social support groups** that are either directly part of the financial service provision or part of wider women and girl's empowerment. This would include savings and loan groups, issue focused groups (such as sexual and reproductive health rights or HIV/AIDS), safe spaces for adolescent girls (e.g. BRAC's Employment and Livelihoods for Adolescents [ELA] programme and Adolescent Development Programme [ADP]) and mentoring programmes.
- **Knowledge services and advocacy** specifically directed at women and girls. These services are essential for women to become informed of their legal rights in relation to, for example, inheritance laws, and to improve access to markets and other information.

Clearly the linked services will be identified as a result of the scoping analysis. In many contexts, there may be a need for a wide range of services where there is no provision by the state or private sector. Or it might be that the target group cannot afford or is excluded from services nearby. Priority should be given to those services that will provide the most support to women's financial inclusion as part of overall women's empowerment.

Box 18: Business development services

Using a randomised control trial, a study measured the marginal impact of adding business training to a Peruvian group-lending programme for female microentrepreneurs. Treatment groups received 30- to 60-minute entrepreneurship training sessions during their normal weekly or monthly banking meeting over a period of one to two years. Control groups remained as they were before, meeting at the same frequency but solely for making loan and savings payments. The study found that the treatment led to improved business knowledge, practices and revenues. The programme also improved repayment and client retention rates for the microfinance institution. Larger effects were noted in those who had expressed less interest in training in a baseline survey.
Source: Karlan, Valdivia. 'Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions'. Review of Economics and Statistics (2010).

3.3.6 How to manage linked services

The big decision is whether to provide linked services in the same institution as the financial services or to sub-contract to or develop partnerships with other organisations. The main considerations to take into account are:

- What do the options cost?
- How can the costs of delivering these services be shared?
- Is the quality and delivery of the service adequate for the target group's needs?
- Are there any such services nearby – or does the programme need to start them?
- How can the programme maximise the comparative advantage of all the organisations involved and ensure they do not dilute their core business?

Pro Mujer found that in-house health services tended to cost more than sub-contracted services[29] when they compared the various models of delivery. However, there was not always an option to access sub-contracted services. When sub-contracting health services, for example, the project may find that public health services discriminate against the poor and excluded, so projects need to build in time to work on relationships between health workers and financial services customers.

29 ProMujer evaluation.

Box 19: Healthy women, healthy business – Pro Mujer

Pro Mujer is an international microfinance and women's development organisation with microfinance institutions (MFIs) in Bolivia, Nicaragua, Peru, Mexico and Argentina. Three Pro Mujer MFIs currently offer a full range of microfinance and health services, as well as other human development services.

A study, supported by USAID and the Small Enterprise Education and Promotion (SEEP) Network, found that Pro Mujer clients improved their health knowledge and practices, and that they have better access to health services. Offering multiple services leverages Pro Mujer's existing infrastructure, improves client loyalty and strengthens its competitive position in financial service markets. However, offering both financial and health services requires significant institutional capacity because the two programmes have different management requirements.
Source: Pro Mujer (2006)

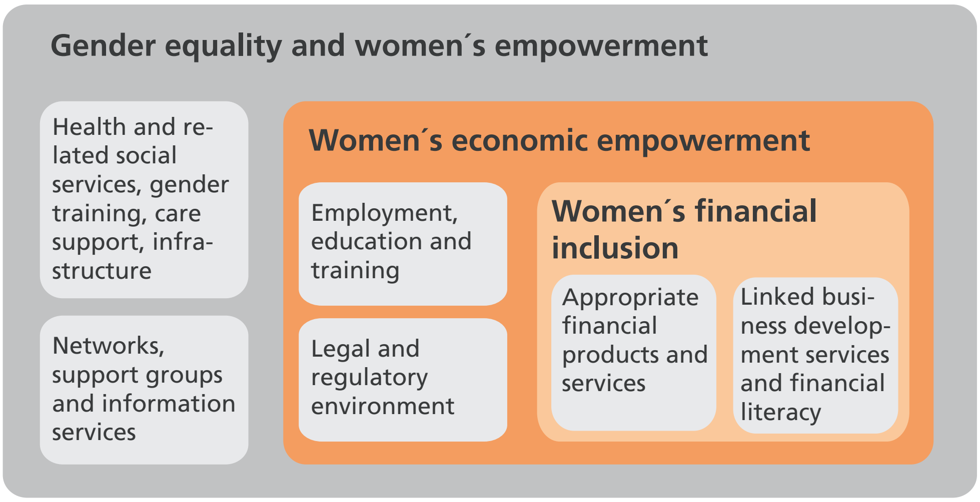


Figure 11: Financial services and linked services and how they interrelate

3.3.7 The power of innovation and demonstration

What is the justification for the use of public funds to support private sector innovation in financial markets through grant giving[30]? The two primary reasons are that:

- financial markets can be highly anti-competitive, and therefore hostile to newcomers, because they tend to be dominated by a small number of very powerful incumbents;
- the demonstration of successful innovation can be transformative.

New market entrants into financial markets face daunting challenges, even after obtaining the necessary regulatory approvals. These include the costs and complexity involved in accessing the payments system, the high capital expenditure needed to establish a physical presence and a high marketing spend needed to compete effectively against dominant incumbent brands. Lack of transparent pricing can make it less attractive or more difficult for consumers to switch from one provider to another. Consumers are also notoriously inert, reluctant to change even when they are dissatisfied with the service they receive.

Further, stimulating competition by helping new suppliers to enter the market can be a powerful way of encouraging incumbents to take a fresh look at the market, and possibly to expand coverage of their services. Successful models of innovation may succeed in their own right but they can also be copied or acquired by incumbent providers. Backing new entrants with grant funding is not justifiable on the grounds of picking winners but because 'disruptive innovation' can change the way the market works.

30 DFID's *Financial Deepening Challenge Fund Strategic Project Review* (December 2005) explores this is some detail.

Sometimes there will be an ethical dimension to the mission of these new entrants (for example, they may be backed by philanthropic capital or use a particular social objective as a differentiator[31]) but most will be profit-seeking companies simply motivated by a market opportunity.

Box 20: M-PESA – an exemplar that has successfully scaled up

Following its launch in 2007, M-PESA, the mobile phone based money transfer service, has grown at astonishing rates. By July 2012, it had gained 12 million registered users in Kenya alone, corresponding to well over half the country's adult population and three times the number of people with a bank account. Mobile banking is widely seen as having the potential to revolutionise the delivery of banking services to the poor, by offering a low-cost and secure platform that is out-of-reach or inaccessibly priced by the traditional banks. Nevertheless, a grant from DFID's Financial Deepening Challenge Fund (FDCF) in 2003 to Vodafone (through its subsidiary Safaricom) to pilot and launch a mobile banking solution in Kenya was critically important in starting this initiative. DFID remained active in the early stages of development and worked with regulators and mobile banking providers to set out an enabling environment for mobile banking in Africa.

M-PESA is not just about person-to-person payments. By September 2010, almost 350 businesses had signed up to M-PESA, allowing business-to-person payments (such as salary payments) and person-to-business payments (such as bill payments) on a substantial scale. Recently Safaricom announced agreements with two supermarket chains whereby M-PESA can be used to pay for supermarket purchases.
Source: Adapted from DFID News, 8 May 2007; Financial Sector Deepening Kenya; Safaricom website

31 For example, a number of banks for women have recently been established by women (e.g. in Pakistan, Ethiopia).

Box 21 : Capitec Bank, South Africa – serving underbanked segments makes commercial sense

The experience of Capitec Bank in South Africa provides a good example of how a new entrant can challenge existing institutions by serving non-traditional segments through an innovative low-cost business model. Formed in 2001, Capitec started retail banking in 2004. By 2010, the bank had a market share of 4% or 2.5 million customers. This impressive growth was achieved by providing simple and affordable products, and by using a community-based banking model, which has made it more accessible than the big four South African banks (Absa, FNB, Nedbank and Standard Bank).

3.4 Value for money

All programmes should ensure that there is a robust economic case for the approach and suggested delivery. This will entail:

1. the collection and presentation of evidence for economic impact;
2. a value for money calculation.

3.4.1 Data needed for making the economic case

Once the economic justification for intervention has been set out, building the economic case for a women's financial inclusion project will entail collecting the following information:

- Evidence and data on how women's financial inclusion and empowerment impact on economic growth (see Chatham House [2010]).
- Evidence of the impact of women's financial inclusion on any of the Millennium Development Goals (see Institute of Development Studies [2010]).
- Evidence of the economic and social impact of various components of the programme, including: improvements in the legal and regulatory environment (macro); working with the legal profession, credit agencies and payment services (meso); and providing financial and linked services (micro). This will include examples of projects and programmes in other settings. The usual caveats about the quality and applicability of the evidence should be applied.
- Measures for cost-benefit analysis (using the costs set out in the value for money analysis above and the benefit in terms of impact), as well as cost-per-impact examples from other projects.
- Links to useful international or regional research on the cost and benefits of financial services.
- Research showing impacts in the same setting if possible, but in other settings too. Research quantifying the economic benefit of the goal and purpose.
- Evidence related to the wider/indirect impacts, such as spillover effects and environmental and climatic impacts.

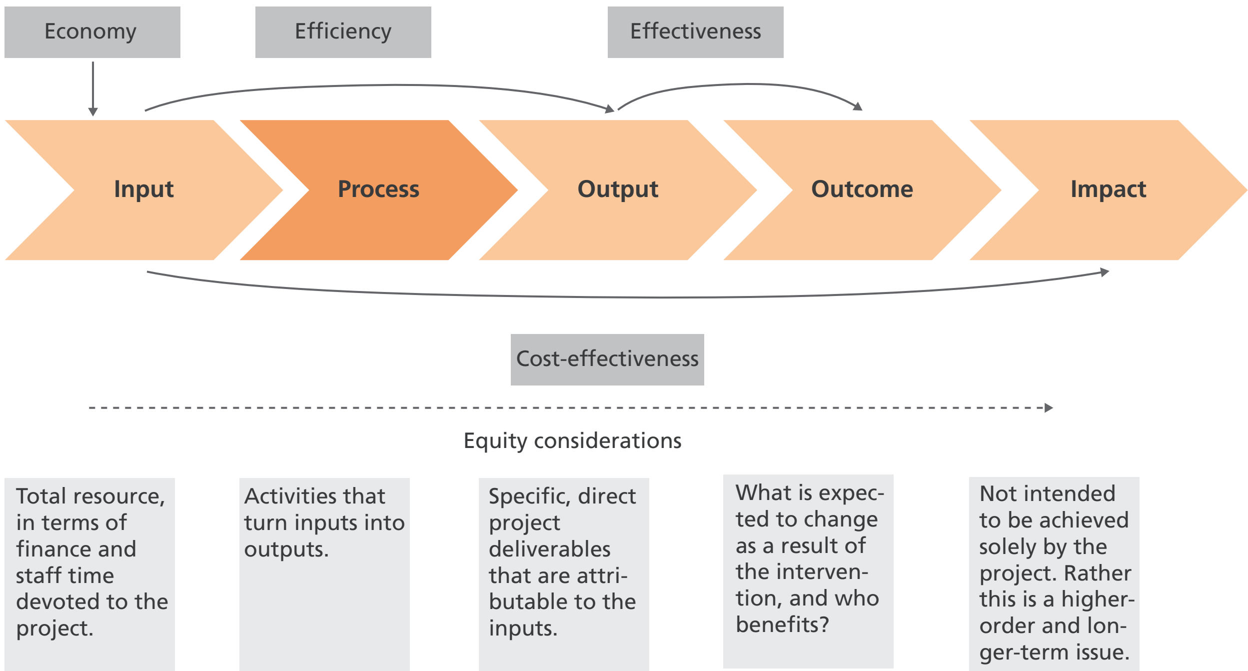
3.4.2 Value for money

A commonly used definition of value for money in public policy terms is: 'the optimum combination of whole-life costs and benefits to meet the recipients' requirements'[32].

Value for money can be further explained by the three E's:

- **Economy** (getting the right price for inputs);
- **Efficiency** (the cost of turning inputs into outputs); and,
- **Effectiveness** (the overall cost of delivering the impact).

The concept takes into account the quality of delivery and the quantity of cost (minimised) and impact (maximised).



To measure the effectiveness of impact, the project needs to clearly define a set of indicators that, when measured, will demonstrate the impact. Because women's financial inclusion projects are likely to be implemented across two or more organisations with different strategic objectives, it may be useful to provide value for money calculations by output and for the whole project. Conservative estimates of impact and realistic cost projections are essential in order to avoid over optimistic calculations. The results can be tested against benchmarks.

32 UK National Audit Office: *www.nao.org.uk*.

- ***Cost*** of the programme:
    - ***Total cost of the programme***, including financial and linked services and action at the macro and/or meso level.
    - ***Cost broken down by functional area*** (by micro, meso and macro – or by output area, if using a logical framework approach).
    - ***Unit costs*** where appropriate (e.g. cost per woman served, cost per woman empowered, cost per financial service transaction – which can also include the interest rate as an indication of the cost of delivery).
- ***Efficiency*** of implementation:
    - Micro-level optimal financial and operational balance between financial and linked services.
    - Meso- and macro-level evidence of efficiency (management and delivery efficiency)
- ***Effectiveness*** – the mixed financial and social impact sought by a women's financial inclusion programme will mean that effectiveness measures are both quantitative and qualitative (see Section 5 for more on monitoring and evaluation):
    - Benefit: quantifiable programme impact by functional area or by output (expressed as money).
    - Benefit: qualitative impact for relevant indicators. These can also sometimes be expressed as money and be included in the cost-benefit calculations.

Where appropriate, value for money analysis should also take into account any scope for donor funds to leverage private funds.

The cost-benefit analysis will usually use:

- Net present value (NPV) and internal rate of return (IRR) of the benefit minus cost for the full programme period. If the investment is likely to yield benefits for a longer period, calculations can be presented for this longer timeframe.
- Unit costs that can be compared with other similar programmes or international benchmarks, if they exist.

Linked programmes may have other ways of measuring value for money. Health programmes will use cost per disability adjusted life year (DALY) saved. An example of the cost per DALY for various health initiatives can be seen on page 65.

Intervention	Cost per DALY saved, US$
Insecticide-treated bed nets	13 to 20
Malaria prevention for pregnant women	29
TB treatment (epidemic context)	6 to 60
Modern contraceptive methods	62
Antiretroviral therapy (Africa)	252 to 547
BCG vaccination of children	48 to 203
Oral rehydration therapy	1,268
Cholera immunisation	3,516

Source: Singh et al. (2009), *Adding It Up*

Value for money has to be judged within the context of the initiative. For example, the cost of reaching a particularly hard to reach group of women, say in rural northwest Pakistan, may be higher than the cost of reaching an urban population. Cost should be compared with comparable initiatives, and impact on the population is measured within that context. Small innovative initiatives may also show high cost per impact over a short timeframe but, if they successfully influence a widespread scale up, they will show a higher impact over the medium to long term. This potential needs to be built into the value for money calculation and judgement.

Indirect impacts, such as spillover and demonstration effects, will not be captured in a cost-benefit analysis, but should also be considered in an accompanying narrative.

4 Implementation

4.1 Governance issues

Experience from a number of DFID-funded programmes has demonstrated the critical importance of getting the governance arrangements for a financial sector programme right from the start. The activities of a financial sector programme can be highly sensitive[33], especially where it has the capacity to make grant funding available to recipients.

In practice, donor organisations may be constrained by their own funding rules to route funding in a certain way (e.g. via government), in which case it may not be possible for them to contemplate establishing separate legal entities like trusts or companies limited by guarantee, which have certain advantages and disadvantages.

Regardless of the legal form, there ought to be a division of responsibilities between the people who oversee the strategic direction of the programme and those who are responsible for allocating funding to beneficiaries. The context will shape the composition of the various committees but there might, for example, be:

- A board or steering committee with responsibility for strategic direction that would have an appropriate balance of representation of the stakeholders who are intended to benefit from the programme – for example, government, the financial industry and, ideally, civil society groups that represent women.
- A project investment committee with responsibility for actually selecting and disbursing/making grants or investments. The selection committee should be formed of technical, industry experts and those with expertise relating to the project goals, and should draw on pre-defined selection criteria.
- A monitoring and evaluation committee to provide some independent perspectives on whether the programme was on target to deliver its intended impact.

It is essential for the composition of these various structures to demonstrate that the programme is independent, credible and locally-driven.

33 In many developing countries, the financial industry is very profitable and wields considerable economic power. This makes it vulnerable to criticism for not being responsive to the needs of the poor. It is easy to see why pro poor activists who do not buy into a market-based view of financial market reform (preferring, say, government intervention or subsidised microfinance) would be highly critical of a financial sector programme that gave grants or guarantees to banks.

4.2 Choosing the right partners

4.2.1 National partners

One early decision that needs to be taken is whether the programme should be set up as an entirely new institution (e.g. a trust) or housed in an existing institution. There are advantages and disadvantages to each but, ultimately, the context will determine the choice. Partnering with a local institution might ensure the programme has access to local networks, contacts, knowledge and experience but it might make it harder for the programme to develop a genuinely independent voice, which it may need if it is to win the trust of local stakeholders.

Once the programme has been set up, it needs to identify partners with whom it can work on programme activities. Utmost care should be taken to ensure that the programme does not alienate important local stakeholders who may be sceptical about the programme's gender focus, indifferent towards it, or in some cultural contexts, openly hostile. Getting off to a good start requires humility, tact, genuine attentiveness to cultural differences, and strong arguments as to why the programme will benefit the local market.

For example, even the term 'gender' may be off-putting to local stakeholders because of its association with foreign donors' agendas. It may be more acceptable to introduce the programme as one that aims to build 'the participation of men and women in financial markets'. Rather than stressing the importance of gender equity from a moral standpoint, the programme should highlight why it makes business sense for a financial institution to develop marketing strategies aimed at women.

The programme should actively include men in its activities where possible, not least because men will have an important role to play in ensuring the sustainability of women's financial inclusion. Ideally, the programme will be able to identify men who can champion women's financial inclusion from the senior positions they occupy in government and in financial institutions. The existence of these champions may determine which partners the programme should choose.

Formal financial institutions – banks, insurance companies, etc. Partnering with formal financial institutions usually brings the advantage of national reach and institutional stability. However, poor women may be completely excluded from formal institutions' services. Partnerships will require a good commitment from these sorts of companies to ensure that they are not just including services to women as a corporate social responsibility bolt-on, but rather because they consider women (including poor women) as key potential customers and see serving women as part of their core business. Corporate capacity building may be necessary, including gender training at staff, management and board level.

Semi-formal institutions – microfinance institutions and credit unions. Semi-formal institutions are the natural financial service partners for a women's financial inclusion programme and many will have a high level of commitment to women's economic empowerment. However, this cannot be taken for granted. You may also find that, depending on the country, their reach is not very extensive.

Civil society organisations – including women's groups, community associations, church and religious groups, and service delivery organisations (e.g. health). Many of the linked services required for a women's financial inclusion programme will be available through civil society organisations. Careful management of the different cultures between financial institutions and civil society organisations needs to be considered. The lead partner in any programme will inevitably set the tone and culture of the programme, so this needs to be chosen with care and in relation to the overall goal and purpose of your programme. Civil society organisations can also be the main partner in a programme that focuses on informal financial services at the community or village level.

Capacity building organisations – schools and colleges, business development services, and skills and training institutions. It is particularly important to link in with organisations that have training and teaching infrastructure and capacity.

Cooperatives, unions and industry groups often have financial services developed alongside other services (e.g. SEWA and Kuapa Kokoo). In the main, this sort of organisation will have social objectives as well as financial objectives and may be a very effective partner in targeting a particular group of women. However, unions and cooperatives are not always champions of gender equality and women's empowerment and they will be working within the social and cultural norms of their country context.

Local, regional or national governments are not always necessary as formal partners in a financial inclusion programme, but in many contexts are advisable in order to facilitate scaling up and local mobilisation and commitment. With the provision of linked services, it is advisable to partner up with government in areas such as health, skills development, education and other social services and to ensure that the project is working within the government sector strategy and not setting up parallel systems.

4.2.2 International partners

It is essential to link up with other donors to strengthen the project's potential impact. This is particularly important when working on the area of gender, which is so open to cultural interpretation. All donors and national governments will have signed up to the 'Convention on the Elimination of All Forms of Discrimination against Women' (CEDAW, 1976) and the wider Beijing Declaration (1995), which lay out a human rights framework for gender equality and women's empowerment[34]. Referral to these conventions and agreements is advisable if there is any misunderstanding about gender concepts and commitment. They can also be useful when intending to influence national or international policy on financial inclusion.

Any programme working with microfinance institutions should consider linking with CGAP in order to build on the learning and coordination of donor policy on microfinance.

Contact should be made with donors and international organisations who are either working in the financial services sector or in the area of women's empowerment. You may find that these groups of people are completely separate and that private sector and financial services donor coordination

34 For updates, see: *http://www.un.org/womenwatch/daw/beijing15/index.html*. Also see: *www.unwomen.org.*

meetings do not coincide at all with the gender donor coordination meetings. Linking in with the activities of other donors gives the opportunity to:

- identify and build on synergies with other donor programmes;
- ensure no duplication or contradiction to other donor programmes;
- build common advocacy and influencing messages;
- share research and lesson learning;
- build joint programmes that may have a wider and deeper impact.

Development partners active in financial inclusion[35]

The World Bank and the International Finance Corporation (IFC) have both mainstreamed gender policies into their development programmes (World Bank Gender Mainstreaming Strategy Paper) and as part of their private sector activities. The IFC runs a 'Women in Business (WIN) Programme'. Other prominent actors in the area of women's financial inclusion are the UK's Department for International Development (DFID), the Australian Agency for International Development (AusAID),

35 Links to all main donors' gender policy documents are available on the IFC website: *http://www.ifc.org/ifcext/sustainability.nsf/Content/WomeninBusiness_DonorPolicies*

the World Bank, the Canadian International Development Agency (CIDA), the Swedish International Development Agency (SIDA), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the United States Agency for International Development (USAID) and a number of international NGOs.

4.3 Management issues

4.3.1 Financial and organisational sustainability

A financial inclusion programme may involve setting up an actual financial institution (such as a microfinance institution), which over time could become financially sustainable. CGAP and other microfinance support groups can provide ample guidance on what constitutes financial sustainability for MFIs.

Financial sustainability for the provider of a concessional loan or a guarantee would be defined in terms of the repayment of a loan by the borrower or a guarantee no longer being required. A funding programme may invest equity in a financial institution, and when financial sustainability is achieved – i.e. when the investee has enough liquidity for its foreseeable requirements – the investor can sell their stake. Financial sustainability, in its purest sense, means being able to operate without recourse to external funding – for on-lending or investment activities, or for core operational expenditure.

However, most donor-funded programmes involve activities that are not intended to be sustainable in any strictly financial sense[36] and so we need to define sustainability more in terms of:

- robust governance, management, financial and organisational systems during the life of the programme – i.e. organisational sustainability;.
- the ability of the programme to continue having an impact after its funding comes to an end.

Organisational sustainability means that the overall organisation, including partnerships and subcontractors, is sound enough to ensure it functions effectively and delivers on its objectives.

Sustainability, in the sense of the programme having enduring impact, implies that the programme needs to be designed and managed so as to achieve lasting change in the area of women's financial inclusion and women's economic empowerment. We discuss what sustainable change might look like in 4.3.2 below.

Achieving lasting change requires that the programme make conscious use of dissemination, employment and partnering strategies and that lessons learned from the programme are taken up by a much wider audience. Precisely what these strategies should be will differ from context to context, but here are some ideas that you might be able to use in your programme:

36 The costs of donor-funded research could, for example, be recovered from private sector organisations through syndication or licensing arrangements but it would be unusual for this to generate enough of a surplus to cover overheads. Selling research commercially also increases the risk of an organisation not being seen to be independent, thus damaging its credibility.

- Identify up-and-coming **champions** in government or the private sector (financial institutions but also consultants) who are able to influence or make decisions about policy or product strategy that will benefit women's financial inclusion; provide them with relevant information or training to encourage them to promote your mission.
- Secure **co-funding** from partners – including the private sector – for research or other programme activities. Financial commitment encourages active cooperation. These partners and their commitment may outlive your programme.
- Ensure the **accessibility** of your research and other ideas – do not restrict its use.
- Work actively with the **academic community** – academics can influence policy processes long after your programme closes; providing research grants might help here.
- Consider the use of **secondments** or provide **salary cover** for a key position in government or the private sector – this can help cement relationships and ensure that appropriate messages are carried into the organisations you would like to influence.
- Provide material to business schools for **professional development** courses so that middle management in financial institutions becomes well versed in women's financial inclusion.
- Provide **seed funding** to other NGOs that could take on your agenda after your funding finishes.
- Work with **international partners** (multilaterals, international standard setting bodies, etc.) to ensure lessons learned locally are communicated internationally.

4.3.2 Sustainable change

Working on women's financial inclusion will, in most cases, require a change to take place in attitudes and cultural practice to do with gender. The change will need to take place at many levels within the financial system, in communities and in government for a wide impact to be achieved. This will depend on the key leaders and people within organisations and communities changing. The change will be sustainable when the following conditions apply:

- There is a critical mass of key people who are supportive of gender equality in access to financial services (this should include the attitudes of those in service provider organisations and within the relevant communities).
- There are sufficient numbers of leaders who support transformational change in relation to women's financial inclusion (and women's empowerment more generally).
- Rules, policy and systems support women's financial inclusion.
- Communications consistently support the main purpose of the programme.

Awareness and management of this change process to ensure that it is sustainable will be needed throughout the programme timeframe. As people are mobile and move on to other positions, it will be important to ensure that systems (like induction training for new posts) are supportive of gender equality in relation to financial services.

What are the ingredients to change attitudes and cultural practices? How do banks and financial service providers change their attitude to the very poor and see them as clients rather than risks? Research and examples of successful innovation can help change mindsets but a political push and hard cash are also important.

Box 22: The Income Generation for Vulnerable Group Development scheme (operated by BRAC)

The main beneficiaries of this scheme are destitute rural women to whom the government provides free grain (not cash) for 18 months. During this period, BRAC collects micro-savings from the women and provides training in how to start income-generation projects. Thereafter, they can access a microloan, much smaller than the usual BRAC loan, with which they can purchase stock or equipment to start income-generating projects. The full cost of these loans is subsidised with grants. Reviews to date show a great impact: nearly two-thirds of the 1.6 million participants in the programme have graduated to become normal microfinance clients of BRAC. In this case, no bank account is involved, but the scheme does demonstrate the possibility of offering wider financial services even to very poor beneficiaries of transfer schemes.

4.3.3 Flexibility

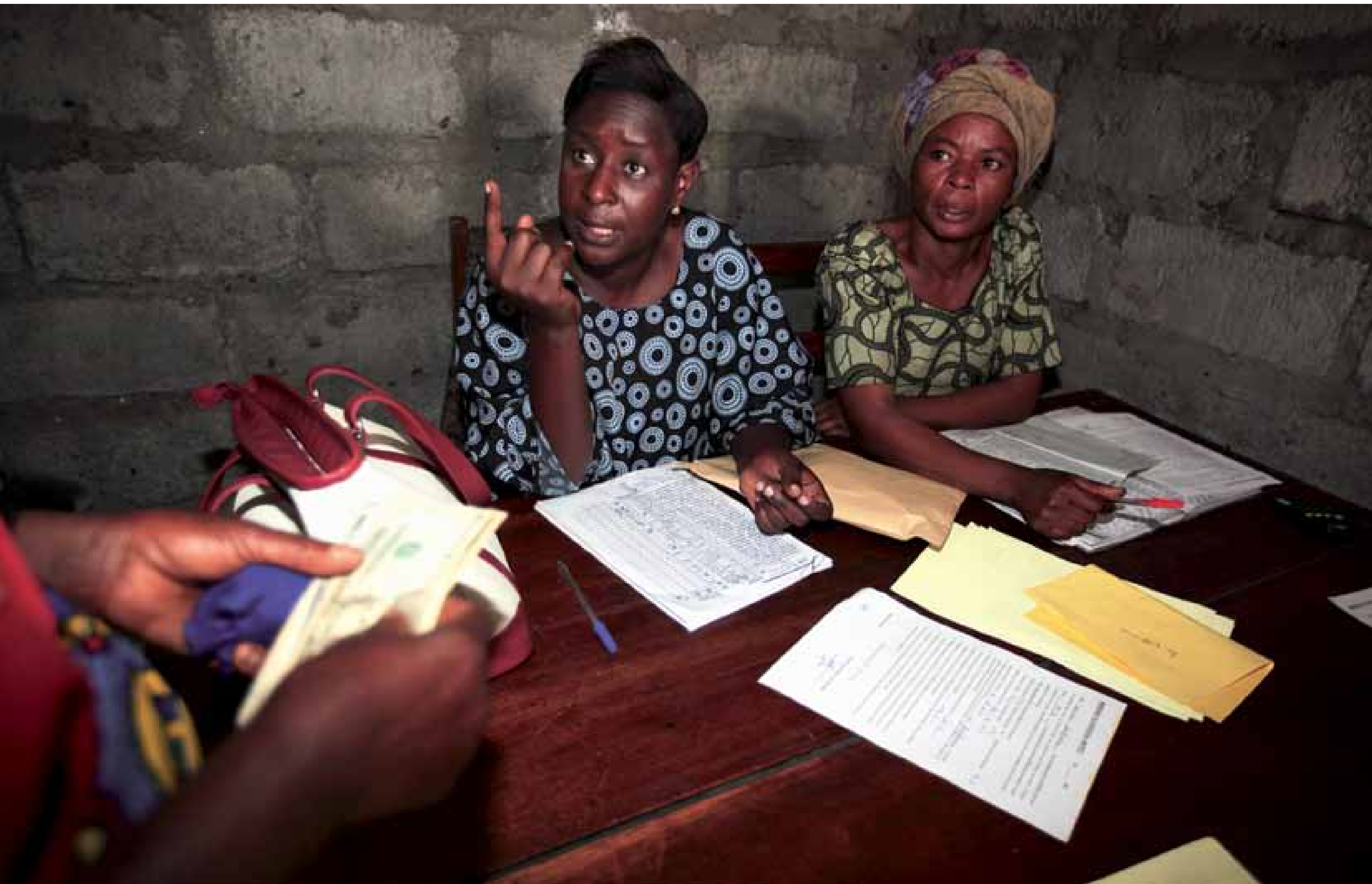
As markets are dynamic, a programme should ideally retain the flexibility to be able to modify its direction to take advantage of opportunities that arise as markets evolve and respond to ongoing/operational research and monitoring. Equally, it may be necessary to retire certain activities if market developments mean that the original programme objectives become obsolete. The monitoring and evaluation framework should avoid being set too rigidly.

For example, during its lifetime, the programme could be affected by legislation affecting women's rights or by the emergence of financial products and institutions appropriate to women's financial inclusion that might not have been foreseen at the inception of the programme.
Porteous (2004) refers to the need to be able to focus resources where it is possible to achieve traction and suggests that 'principled opportunism' is necessary to be able to respond flexibly to opportunities.

5 Monitoring and evaluation

In most programmes, wider measures of impacts on women's empowerment and resilience will be measured (e.g. confidence, control over use of assets and income), alongside women's actual financial inclusion (e.g. the number of bank accounts opened and used by women). This section suggests some of the indicators that might be used, sources of data and methods for collecting data, and possible frameworks for monitoring and evaluation.

Evaluation will need to find a way of measuring progress against the carefully constructed monitoring and evaluation framework that will include indicators on financial inclusion and women's empowerment. It should also make provision for capturing any unintended consequences of interventions.



Box 23: Example of how wide-reaching impacts can be – the extent of impacts arising from working with girls

economic empowerment – some of them involving financial inclusion and others involving skills development, social networking and self-esteem building. Research has found that entrenched negative attitudes about girls' potential can be changed if their economic status changes. **Adolescents and their parents respond to economic trade-offs and incentives**. While this is obvious at one level, much of the conventional wisdom about adolescent girls focuses more on cultural barriers. While these are clearly important in some contexts, large changes in outcomes can be achieved by changing economic trade-offs – for example by reducing costs (e.g. for accessing education or health services) or improving benefits (e.g. by improving work options for girls). **Seemingly entrenched social attitudes can be changed and there are a number of powerful cases where exposing communities to a new paradigm has changed attitudes towards women and girls**[37]. Seeing others take positions of leadership or take on new careers has changed the attitudes of adolescents. It has also changed the way society treats girls and women. While this is very encouraging, not all programmes designed to change attitudes have worked, so there is a need for more understanding of what works to promote attitudinal change and what does not. Evaluations of financial inclusion programmes that aim to change these entrenched attitudes are important for further learning. In evaluations, it is best to posit questions like: 'Under what conditions does girls' or women's financial inclusion result in empowerment?" rather than questions like 'Does financial inclusion result in empowerment?'

37 For example, a recent study of Indian village councils found that mandating women's participation in local politics changed the decisions that were made and led to more women being elected in the future when the mandates were removed. Villages with women leaders (randomly assigned in many states) invested more in the goods women cared about (like water) and more women attended village meetings. Furthermore, villages that were mandated to have a woman in two consecutive elections were more likely to elect a woman after the mandate was removed (Beaman, L., Chattopadhyay, R., Duflo. E., Pande, R., and Topalova, P. 'Powerful women: Does Exposure Reduce Bias?' QJE (2009) 124 (4): 1497-1540). Another randomised evaluation found that access to recruitment and job-placement services for young women led to increased employment and had an impact on gender related norms and practices in terms of attitudes to work before and after marriage, living alone and financial support from daughters (Jensen, R., 2010, R*eturn to Human Capital and Gender Bias: An Experiment Test for India*, Unpublished manuscript, UCLA). These and further examples are reviewed in Nike Foundation (2010).

A focus on donor-delivered monitoring and evaluation can overlook the importance of ensuring that there are adequate **internal institutional monitoring systems** tracking performance indicators related to partner organisation objectives. In addition, it is advisable to ensure that potential women participants in the project are aware of their own aims and objectives in relation to financial inclusion and that these are taken into account when developing a monitoring framework for them and for the project. In the example below, Amenkach needs working capital to enable her to maximise the profit from selling her goats at the right time. She and other Al Amana customers will need to monitor (and provide feedback on) whether the financial services provided are addressing their particular needs. Mechanisms for receiving and using participant feedback are essential. Regular internal institutional monitoring should pick up changes needed resulting from:

- changes in external circumstances;
- feedback and input from project participants (women and men);
- organisational challenges.

Box 24: The importance of finance for women entrepreneurs – an MFI (Al Amana) customer in Morocco

Amenkach L'Akbier is a 60-year-old dairy farmer in Ain Aouda, a village 28 kilometres south of Rabat. She is the main breadwinner in her household, supporting six adult children and their families. Amenkach is lucky to own her own farm, a modest, single-storey building with a stable for her cows and a small field. Despite having property to offer as collateral, she could not borrow from a bank because her earnings were slight and she only wanted to borrow a small amount. Her first loan with Al Amana was for MAD 4,000 and she is now in her third loan cycle. Before Amenkach used Al Amana financing, she was sometimes forced to sell her calves too young and could not afford to wait a few weeks to command a higher price.
Source: Real Money, New Frontiers (2010)

One potentially useful framework for measuring financial inclusion has been proposed by the Alliance for Financial Inclusion. The four-part lens set out below is helpful in the way it forces us to explore the quality and effectiveness of access, as well as whether or not access exists. Note, however, that the gender dimension will also need to be overlaid across the four parts of the lens. We suggest how this might be done in 5.2 below.

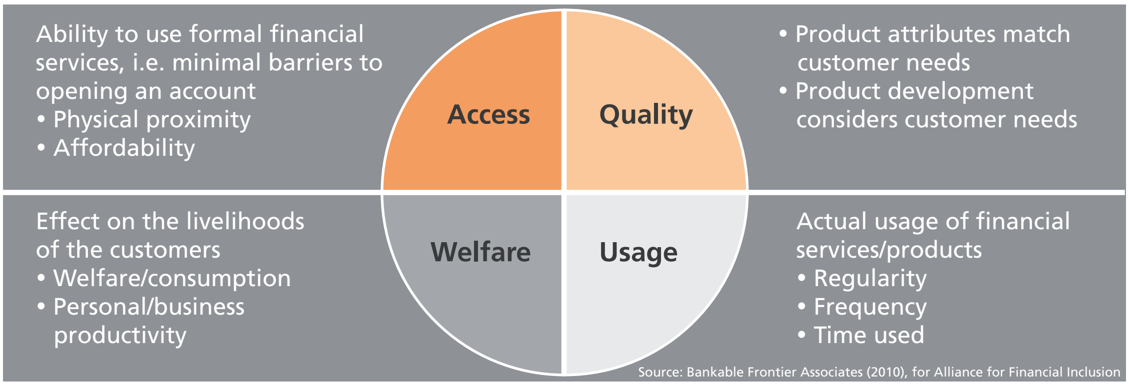


Figure 12: AFI's framework for measuring financial inclusion

5.1 Monitoring

5.1.1 Institutionalising good internal monitoring systems and capacity for effectiveness and efficiency

The key to a well-managed project is to ensure that all participating organisations are using good quality internal monitoring systems and have the capacity to check their organisational efficiency and effectiveness in relation to the project.

In the case of a women's financial inclusion project, gender equality and women's empowerment concepts will have to be well understood and monitored within the institutional monitoring.

- Oversight and governance:
  - Ensure female participation on the board and that all board members have a clear vision of the project and are behind the mission. The project lead should check the other organisations for board gender compliance on a regular basis. The board should provide strategic leadership for monitoring within the organisation.
  - Involve the intended beneficiaries of the programme in the monitoring process. These could be customers of a financial institution receiving support from the programme, a civil society organisation that speaks for women's consumer rights, or government stakeholders.
- Management systems and staff appraisal should be aligned to the project and should include incentives to ensure women's empowerment and gender equality are central to the mission and purpose of staff and management. Management systems and staff appraisal should be checked for quality and results to ensure they are working as an internal monitoring tool.
- Monitor financial institutions' commitment to gender equality and women's empowerment. Ensure that products and services are adequate for the target group by checking through client data and participant monitoring (as above).
- Develop at least one indicator to monitor partnership functioning in the project.
- Align with government monitoring systems wherever possible, especially for linked services that might be provided through the public sector.
- Accountability to stakeholders – civil society monitoring.

Monitoring is helped by involving stakeholders in the process who are familiar with the markets being monitored. However, working with private sector institutions can present challenges in terms of:

- being able to access data that is needed for monitoring purposes but that could be commercially sensitive meaning it may be necessary to agree appropriate confidentiality arrangements upfront;
- having different views about what it is important to monitor – for example, banks will be interested in capturing information about the take-up of financial services, loan volumes and client satisfaction, whereas a donor-funded programme may be more interested in capturing data on the development impact of an intervention.

5.2 The development of indicators

Programme monitoring will be based on a number of pre-agreed key indicators related to inputs, outputs and outcomes. Output and outcome indicators should be chosen for their relevance to women's financial inclusion. Outcome indicators, in particular, will feed into evaluation on whether the programme has had an impact or not. One-time or repeated cross-sectional surveys (such as FinScope or the World Bank's Living Standards Measurement Surveys) or panel surveys could be useful ways of tracking indicators.

Below we provide a number of examples of indicators that might be relevant in monitoring a financial inclusion programme, linked to the specific goals and purposes for such a programme:

Goals	Possible indicators
Ultimate goals	
To increase women's and girls' opportunities to participate in and stimulate economic growth	▪ Percentage of businesses owned by women (formal and informal) ▪ Women businesses growth indicators ▪ Women and girls employed in the formal and informal sectors ▪ Women and girls' access to markets
To empower women and girls and enhance gender equality[38]	▪ Men and women have equal opportunities (sector relevant) ▪ Women's decision-making power in the household and community is increased ▪ Women have increased economic independence ▪ Female community and political leaders and women with improved leadership skills
To increase women's and girls' resilience to sustain a livelihood	▪ Women and girls' income levels and poverty measures ▪ Women and girls have a stable and secure financial status ▪ Women and girls report an increase in self-esteem and capability ▪ Women and girls have improved education and skills ▪ Women and girls are able to manage health shocks without depleting assets ▪ Women and girls' sexual and reproductive health and rights indicators ▪ Women and girls' social linkages, networks and support structures

38 Typically, these would be tested by means of a demand-side questionnaire containing carefully considered questions designed to elicit both qualitative and quantitative information. Such questions might include: 'How many women are there in [defined] leadership positions in your bank/cooperative/community?' 'Since joining this cash transfer programme, do you feel you have more control over the way money is spent in your household?' 'Do you spend money on yourself: more frequently than you used to; less frequently than you used to; ever? '

Goals	Possible indicators
Goals relating to financial inclusion	
To increase women's access to financial institutions	▪ Percentage of women living within 20 kilometres of a bank point of service/MFI/SACCO ▪ Percentage of women who could afford to open a bank account/take out a microloan (i.e. comparing income to the cost of the product or service) ▪ Percentage of women enrolled in a cash transfer programme using bank accounts to receive their transfer as opposed to cash
To increase the quality of financial services that serve women	▪ Percentage of women who state that banks 'treat me with respect'
To increase women's use of financial services	▪ Percentage of women with a bank account/formally included/insured ▪ Percentage of women previously banked/previously formally included ▪ Loans to women as a percentage of the loan book ▪ Percentage of banked women who pay their bills electronically ▪ Number/variety of financial services used by women, relative to income
To increase women's welfare as a consequence of greater access, quality and use of financial services	▪ Percentage of women who say they feel optimistic, more connected, etc. ▪ Indicators related to reasons for borrowing (e.g. 'I borrow mainly for food/education/housing') ▪ Percentage of women who say they have a more secure financial situation ▪ Percentage of households where women have more decision-making power
To increase women's use of linked services	▪ Numbers of women using business development services, health services and training ▪ Number of women in women's groups, networking and using communications services
To improve attitudes and culture around women's financial inclusion	▪ Attitudes of men, family and the community towards women and girls' financial inclusion ▪ Men and family supportive of women accessing financial services
Goals relating to financial system	
Macro level: clear and appropriate policy and regulatory framework that works for women	▪ Improved rules for women relating to asset ownership and registration, and inheritance ▪ Recognition of collateral types appropriate for women
Meso level: adequate credible information available to market actors that facilitates women's access to services	▪ Appropriate Know Your Customer (KYC) regulations (e.g. for cases where proof of identity is not available) ▪ Women have credit records ▪ Women have appropriate records and ID
Meso level: appropriate gender-aware knowledge-based services to same market actors	▪ Availability of gender-specific expertise in the market
Meso level: access to an effective payments infrastructure that does not discriminate against women	▪ Payment infrastructure improved for providing services to women ▪ Access to mobile phones (e.g. in cases where no ID is available) ▪ Distance from payment services

Goals	Possible indicators
Goals relating to financial system	
Micro level: effective competition between suppliers to promote more inclusive services	▪ Services targeted at women ▪ Financial services suppliers with policies and capacity on gender equality and women's financial inclusion ▪ Women working in financial services in management and board-level positions
Micro level: a diversity of sustainable suppliers that serve a range of custo-mers, including women	▪ Measures of financial sector market concentration (potenti-ally weighted for sustainable suppliers serving women)
Micro level: innovation in products and services to ensure women's financial inclusion	▪ Market research and product development that includes women ▪ Financial service providers have a better awareness of the female market ▪ Better understanding of the risks of serving women and innovative risk management by financial service providers

Box 25: A note on gender indicators

1. A 'gender-responsive', 'gender-sensitive', or just 'gender' indicator measures gender-related changes over time. Gender indicators can refer to quantitative indicators based on sex-disaggregated statistical data, which provides separate measures for men and women on literacy, for example. Gender indicators can also capture qualitative changes – for example, increases in women's levels of empowerment or in attitude changes about gender equality. Measurements of gender equality might address changes in the relations between men and women; the outcomes of a particular policy, programme or activity for women and men; or changes in the status or situation of men and women, for example levels of poverty or participation.[39] It might also be valuable to explore how the programme has contributed to behaviour change in the women who may be the direct beneficiaries of the programme, and also their male partners.

2. Definitions of women's empowerment can be problematic and, therefore, it is difficult to measure. There have been many approaches to measuring women's empowerment. Kabeer's approach involves three interrelated dimensions: access to resources (the preconditions for empowerment); agency (the ability to use these resources to bring about new opportunities); and achievements (outcomes) (Kabeer 1999: 436). Her analysis suggests that all three dimensions are indivisible, pointing to the need to use multiple sources and methodologies to crosscheck data. For example, it is difficult to judge the validity of an 'achievement' measure without evidence of whose agency is involved and the extent to which the achievement has transformed prevailing inequalities in resources and agency, rather than sustaining or reinforcing them (ibid: 452).

3. A multidimensional and multi-level approach to empowerment is required. A study reviewing international approaches to measuring women's empowerment suggests measuring along six dimensions: economic, socio-cultural, familial-interpersonal, legal, political and psychological. Each of these, in turn, is measured at different social levels: the household, the community and 'broader arenas'. This is designed to accommodate contextual differences between countries. For example, in the economic dimension, indicators of empowerment include: women's and men's control over household income; their access to employment, credit and markets; and representation of women's and men's interests in macro-economic policies. In the psychological dimension, indicators include self-esteem and psychological wellbeing, collective awareness of injustice, and a systemic acceptance of women's entitlement and inclusion.[40]

39 *Gender Indicators, what, why and how?* Prepared by Justina Demetriades and based on BRIDGE's *Gender and Indicators Cutting Edge Pack*, 2007. See: h*ttp://www.bridge.ids.ac.uk/reports_gend_CEP.html#Indicators*.
40 Malhotra et al (2003), cited in *Gender and Indicators. Overview report*. Annalise Moser, 2007. BRIDGE Development-Gender and UNDP.

5.3 Evaluation of programme impact

Impact will be evaluated by reference to the programme goals and indicators as discussed in 3.1.2 and 5.2 above. Rigorous evaluation is needed to determine whether women's financial inclusion has improved because of the programme or whether it would have happened anyway. This is a notoriously difficult area, not least because financial markets are developing rapidly in many countries and so attributing positive outcomes to a particular donor intervention can be problematic. Therefore there is a need, where possible, for control or comparison groups. As mentioned at the beginning of the toolkit, a good baseline is essential for monitoring and evaluation. The evaluation should be planned and designed at the beginning of the project or programme. It should then be actioned with end-of-programme data – and, ideally, followed up by a further evaluation some time after the programme has ended to determine whether impact has endured.

Appendix: Potential activities of a financial inclusion programme

Category	Sub-category	Illustrative project activities	Possible partners/users
Research	Market research	▪ Demand-side analysis (e.g. FinScope, financial diaries, mystery shopping, focus groups) ▪ Value chain analysis	▪ Private-sector or publicly-funded research companies ▪ Consultants, data analysts ▪ Financial service providers and telcos ▪ Government, including statistics offices
	Policy research	▪ Supply-side analysis (e.g. stocktaking of supply environment – products and institutions) ▪ Analysis of market constraints (e.g. regulation, product affordability and appropriateness, physical distance, financial capability, cultural constraints, infrastructure, skills gaps), highlighting where constraints affect women disproportionately Reviews of international best practice (e.g. policy, regulations, governance, skills upgrading) ▪ Scoping ('landscaping') studies (e.g. into the informal sector or particular sub-sectors such as insurance)	▪ Government, including the central bank ▪ Consultants/think tanks ▪ Financial industry associations ▪ Financial service providers and telcos ▪ NGOs, consumer groups ▪ Training establishments, business schools ▪ Multilaterals (World Bank, CGAP, International Finance Corporation, International Labour Organisation, United Nations Development Programme) ▪ International standard setting bodies (Bank for International Settlements)
	Academic research	▪ Research papers (e.g. impact assessments, data analysis) ▪ Economic analysis	▪ Academics/academic institutions ▪ Economic and social research organisations
Advocacy	Policy dialogue	▪ Policy papers (e.g. highlighting the gender dimension in financial inclusion) ▪ Support to policy processes (e.g. strategic and technical advice)	▪ The finance ministry and other relevant government ministries (trade and industry, agriculture, presidency)

Category	Sub-category	Illustrative project activities	Possible partners/users
Advocacy	Networking and facilitation	▪ Conferences (e.g. to build international or regional consensus around the need to make financial markets work for women) ▪ Seminars ▪ Forums	▪ Academics and consultants ▪ Policymakers and regulators ▪ Financial service providers and telcos ▪ NGOs, consumer groups, media
	Research dissemination	▪ Development and dissemination of information tools ▪ Research-based competitions on selected topics ▪ Newsletters	▪ Consultants, data analysts, statisticians ▪ Media
	Media work	▪ Grant funding of material for broadcast by mass media (e.g. infomercials, soaps incorporating subject matter relating to gender and financial inclusion) ▪ TV/radio interviews, sponsorships	▪ Private sector content developers ▪ Media
	Civil society	▪ Grant funding to civil society organisations to advocate	▪ NGOs
Direct funding	Guarantees and subsidies	▪ Guarantee schemes (e.g. 'first loss' guarantee) for certain kinds of lending (e.g. to sectors where women are important actors – SME, agriculture, housing) ▪ Subsidised interest rates	▪ Financial service providers ▪ Development finance institutions (domestic and international) ▪ Government
	Core funding	▪ Core capital for a microfinance institution ▪ Funding for cash transfer programmes ▪ Wholesale loan facility (e.g. to an MFI or to support a bank lending programme targeting women entrepreneurs)	▪ Donor agencies ▪ Providers of long-term capital (banks, pension funds, insurance companies – domestic and international) ▪ Government
	Innovation grants	▪ Challenge funds (e.g. to encourage financial innovation that benefits women) ▪ Contribution towards business start-up costs	▪ Donors, foundations ▪ Private sector companies (e.g. SMEs), consultancies
	Investment funds	▪ Equity or quasi-equity finance ▪ Concessionary capital to 'crowd in' other funders	▪ Development finance institutions, donor foundations ▪ Private investment funds

Category	Sub-category	Illustrative project activities	Possible partners/users
Direct funding	Technical support	▪ Support for business development services (BDS) ▪ Grant funding to cover start-up costs (e.g. for women-owned businesses) ▪ Grant funding for business plan development (e.g. for women-owned businesses) ▪ Grant funding for other forms of technical support (e.g. research, data analysis to support the development of product strategies targeting women)	▪ Government BDS providers, financial services providers ▪ Industry bodies ▪ SMEs ▪ Training companies, data analysts ▪ Other donors (co-funders)
Learning and skills development	Financial capability and consumer protection programmes	▪ Support the development of national financial capability programmes ▪ Financial capability training programmes (which could incorporate broader subject matter around women's economic and other rights)	▪ Regulators and relevant government ministries (e.g. finance, education) ▪ Consultants and research companies ▪ Media, content providers ▪ Financial service providers, training companies
	Technical training programmes	▪ High-level technical seminars for policymakers and regulators, including gender issues ▪ Training programmes for specialist banking skills (e.g. risk management) and leadership (e.g. to encourage women in senior roles within financial institutions) ▪ Training courses for microfinance practitioners or industry associations, including gender ▪ Facilitation of peer-to-peer learning (e.g. South/South policy dialogue, SME lending practitioners, etc.)	▪ Policymakers and regulators ▪ Financial service providers, financial industry associations ▪ Consultants, training companies and academics ▪ International networks (World Bank, Alliance for Financial Inclusion, IMF Institute) ▪ Research companies (for evaluation), media
	Skills exchange	▪ International secondments ▪ Facilitation of internships ▪ Study tours	▪ Finance ministries, central banks (and their international counterparts) ▪ Financial service providers ▪ Government, including statistics offices

Category	Sub-category	Illustrative project activities	Possible partners/users
Learning and skills development	Interim management	▪ Salary cover for specialist positions (e.g. in central banks where capacity is weak)	▪ Central banks, development finance institutions, government ministries
	Professional development	▪ Development of course material relating to gender and financial inclusion for business schools/ universities (targeting, for example, government personnel or bank middle management) ▪ Scholarships/grants for women towards MBAs/ Masters ▪ Grants for academic papers (e.g. to explore women's engagement with the financial sector)	▪ Government and financial service providers ▪ Universities, business schools ▪ Academics ▪ Training companies
	Non-financial skills development	▪ Training on health-related matters ▪ Training on gender equality and women's empowerment ▪ Leadership development programmes for women (e.g. to support women's social entrepreneurship) ▪ Training related to income-generating activities (e.g. farming, manufacture, crafts)	▪ Training companies, professionals and the health service (e.g. doctors, lawyers) ▪ NGOs and community groups, religious groups ▪ Women and girls

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Glossary

Access
The availability of financial services. Financial services are accessible if they are physically accessible (i.e. nearby), affordable and appropriate to users' needs. Given the difficulty of measuring access per se, usage is often used as a proxy, but it is not the same.

Access frontier
The current level of access to financial services.

Business development services (BDS)
A wide array of services, both strategic and operational, aimed at improving the performance of an enterprise and its access to markets.

Cash transfers
Cash transfers are welfare payments to individuals by governments or NGOs. These are often conditional on the individual meeting certain criteria (conditional cash transfers).

Central bank
A public institution that issues the currency, acts as the lender of last resort in the financial system and controls the interest rate. The central bank is also the regulator and supervisor of banks and other financial institutions and may play a role in the formulation of financial policy.

Demand side
Individuals, companies and other organisations that use financial services.

Financial inclusion
Access at a reasonable cost for all individuals to the range of financial services for which they are bankable, including: savings, credit, leasing and factoring, mortgages, insurance, pensions, payments, and local and international transfers.

Financial system
The complete set of institutions – including banks, insurance companies, payments networks, asset managers and exchanges – that, amongst other things, allows individuals to make payments and links savers to borrowers.

KYC
Know Your Customer. A set of rules or procedures, often set by financial regulators, that requires financial institutions to identify their customers and verify key information. This means transaction patterns can be monitored and criminal activity, such as money laundering, can be detected.

Linked services
Non-financial services that may be provided alongside financial services. Examples include business training, healthcare or childcare services.

Macro/micro/meso
A three-tier conceptual framework for analysing financial markets. The macro level refers to policy, regulation and the macroeconomy. The micro level refers to financial institutions. The meso level links the micro to the macro and enables a financial system to work. Examples of meso-level institutions are payments systems and market information providers.

Microcredit
Microcredit means very small loans, typically to people who are excluded from the formal financial system.

Microfinance
Microfinance includes microcredit but also includes all other forms of financial service, including savings, payments (including remittances) and insurance. Microfinance is characterised by very small transaction sizes.

Mobile (or m-) banking
The use of financial services over the mobile phone, including payments and account management.

Outreach
Describes the numbers and types of customer a service provider reaches. It can also describe the service provider's infrastructure (i.e. branch and ATM network).

Payments
The transfer of money (or monetary value) between individuals and other institutions.

ROSCA
A rotating savings and credit association is a group of individuals who agree to meet for a defined period of time in order to save and borrow together. It is a form of informal financial service.

SACCO
Savings and credit cooperative. A cooperative financial institution that is owned and controlled by its members who can save with it and borrow from it.

Supply side
Financial and other institutions that provide financial services.

VSLA
A form of community-based financial cooperative, village savings and loan associations (VSLAs) are a vehicle through which members can save very small amounts regularly and from which they can borrow.

Abbreviations

BDS	Business development services
CGAP	Consultative Group to Assist the Poor
DFI	Development finance institution
DHS	Demographic and health surveys
FDCF	Financial Deepening Challenge Fund
FI	Financial Inclusion
KYC	Know Your Customer (regulations)
LSMS	Living Standards Measurement Survey
MDG	Millennium Development Goal
MFI	Microfinance institution
ROSCA	Rotating savings and credit association
SACCO	Savings and credit cooperative
SME	Small and medium-sized enterprise
VFM	Value for money
VSLA	Village savings and loans association


ROMA