



Institute of Social Studies

Graduate School of Development Studies

**Re-Evaluating the Role of Micro-Credit in Women's
Empowerment and Poverty Alleviation: The Case of
Women Micro-Entrepreneurs in the Informal Sector in
Lusaka, Zambia**

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DEDICATIONS

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Finally but not the least, the views expressed in this paper are those of the author alone and do not necessarily reflect those of the ISS or any other agency, organization or individuals.

LIST OF ABBREVIATIONS

AIDS	Acquired Immunodeficiency Syndrome
BRAC	Bangladesh Rural Advancement Committee
CARE Pulse	CARE Per-Urban Lusaka Small Enterprise
CGAP	Consultative Group to Assist the Poor
CIDA	Canadian International Development Agency
CSO	Central Statistical Office
CSS	Central Statistical Service
ECLOF	Ecumenical Church Loan Fund
FHHs	Female-Headed Households
FINCA	Foundation for International Community Assistance
GDI	Gender-related Development Index
GEM	Gender Empowerment Measure
GIDD	Gender in Development Division
GRZ	Government of the Republic of Zambia
HDR	Human Development Report
HIV	Human Immunodeficiency Virus
IDRC	International Development Research Centre
IGVGD	Income Generation for the Vulnerable Group
ILO	International Labour Organization
INPET	Instituto de Promocio de Desarrollo Solidario
JCTR	Jesuit Centre for Theological Reflection
LCC	Lusaka City Council
MFI	Micro-Finance Institutions
MHHs	Male-Headed Households
NGOs	Non-Governmental Organizations
NGOCC	Non-Governmental Organizations Co-ordinating Committee
OEF	Organizacion Empressarial Femenia
PRSP	Poverty Reduction Strategy Paper
PUSH	Peri-Urban Self-Help
SAPs	Structural Adjustment Programmes
SEWA	Self Employed Women's Association
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNZA	University of Zambia
USAID	United States Agency for International Development
WB	World Bank
WFTZL	Women's Finance Trust of Zambia Limited
WIEGO	Women in Informal Employment: Globalizing and Organising
ZCEA	Zambia Civic Education Association

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EXECUTIVE SUMMARY

In Lusaka, as is the case elsewhere in the country, micro-credit has been seen as the 'ideal' tool for women's empowerment and poverty alleviation. It is believed that the availability of 'affordable' credit on 'fair' terms is central to the advancement of women's micro-enterprises – invariably leading to their empowerment and poverty alleviation. However, in spite of the increase in programmes providing credit for enterprise development, there has been little impact on the women involved in terms of empowerment and poverty alleviation.

This paper presents findings of an evaluation on the role of micro-credit in women's empowerment and poverty alleviation among poor women micro-entrepreneurs in the informal sector of Lusaka, Zambia. It presents information on such issues as whether greater access to micro-credit translates into reductions in the debilitating effects of poverty among women micro-entrepreneurs. To what extent have micro-credit programmes in Lusaka succeeded in achieving the objective of empowering women through credit for enterprise development?

The paper concludes that while micro-credit has had some positive impact on women's empowerment and poverty alleviation, especially with regard to the economic sphere, these achievements have been less than satisfactory. This is largely because most credit providers tend to exaggerate the power of credit for micro-enterprise development, ignoring other key structural and gender-specific issues that are far more pertinent to the long-term problems of women's disempowerment and poverty.

It recognises that beyond the common barriers that low-income people face, poor women face more inconveniences by virtue of their gender. They face constraints at many levels – household, community, markets and the wider economy, – and in all spheres of life – socio-cultural, economic, political! There are therefore limits as to how far micro-credit for enterprise development can go in facilitating women's empowerment and poverty alleviation. *Firstly*, not all poor women can be reached with micro-credit as not all of them have or are able to run micro-enterprises. Thus, no single intervention will answer to all women's problems. *Secondly*, even if all

women where reached with micro-credit, there is guarantee that putting some money in the hands of poor women would easily translate into empowerment and poverty alleviation. The causes of women's poverty and the sources of their lack of power are deeper and more complex than just lack of access to capital!

Thus, the problems of disempowerment and poverty cannot be resolved by providing micro-credit alone – *it is not a panacea to all women's problems*. The paper therefore recommends an integrated approach to micro-credit, women's empowerment and poverty alleviation. There is need for a holistic, coordinated attack on all or at least most of the socio-cultural factors that confront poor women. Interventions should take care of all layers and spheres of bottlenecks. This calls for a multi-faceted effort! Only then are we likely to experience a positive spiral of benefits for women, as each front acts as a lever for others to spring forth. In these efforts, the role of the state in policy formulating, coordinating and facilitating implementation of initiatives and project remains crucial. Social service provision and protection of poor women through social security programmes would be equally critical.

CHAPTER ONE

“If we are looking for one single action which will enable poor women to overcome their poverty, I would focus on credit” – Grameen Bank’s founder, Dr Muhammad Yunus (Micro-Credit Summit, 1997)

1.0. Introduction

With over 80 per cent of the women population presently living below the poverty line¹, micro-enterprise ownership has emerged as the major strategy for their economic survival and advancement in recent years (Almeyda, 1996: 1). As owners, or as workers, these enterprises are viewed as important vehicles for escaping poverty for poor women (Mukuka, 1999: 3).

Many Non-Governmental Organizations (NGOs) have sprung up to help alleviate poverty among poor women in Lusaka, the capital city of Zambia. Primarily, the provision of micro-credit to poor women has become a critical tool for women’s advancement (Ibid). However, in spite of the ‘increasing number of micro-credit programmes and NGOs focusing on women’s empowerment and poverty alleviation, there has been little impact on the lives of the women involved in these programmes in terms of overall empowerment and poverty reduction’ (Lungu, 2002). It has been argued that in spite of women’s increasing access to micro-credit they remain vulnerable to extreme poverty and disempowerment (Zambia PRSP, 2002).

1.1. Statement of the problem

In Zambia, micro-credit is perceived as the ‘ideal’ tool for women’s empowerment and poverty alleviation, both in government and NGOs working with poor women. This is consistent with a shift in thinking towards promotion of self-help initiatives through micro-enterprise development. The belief is that the availability of credit is central to the empowerment of poor women and alleviation of their poverty conditions (Harper, 1998: 10).

However, most credit providers in Lusaka tend to exaggerate the power of micro-enterprise credit, ignoring other key structural and gender-specific issues that are far more pertinent to the long-term problems of women’s disempowerment and poverty

(Mukuka, 1999). It has been reported (e.g., Bardouille, 1990), that this exclusive focus on credit provision for micro-enterprise development has in essence compromised the long-term effectiveness of credit in alleviating poverty and ensuring the overall empowerment of poor women in the urban informal sector in Lusaka. In most instances, more and more women have been left with heavier burdens as they take on the responsibility of financing social needs without a corresponding expansion of their means and /or capacities to care for themselves and/or their families.

The paper seeks to evaluate the role of micro-credit in poverty alleviation and women's empowerment among poor women micro-entrepreneurs in Lusaka. More specifically, the paper The second section tries to establish the empowerment impact of micro-credit on women micro-entrepreneurs, as well as to shade light on the factors that are likely to inhibit the effectiveness of micro-enterprise development for overall women's empowerment.

1.2. Research Objectives

General Objective

This paper seeks to evaluate the role of micro-credit in the empowerment of poor women and poverty alleviation in the urban informal sector of Lusaka, Zambia. It examines whether greater access to micro-credit for poor women micro-entrepreneurs necessarily translates into reduction in their poverty. Particularly, it examines how the focus of credit provision on enterprise development may have constrained the efforts of credit providers in achieving empowerment and poverty alleviation objectives among poor women micro-entrepreneurs in the urban informal sector in the city.

Specific Objectives

- To assess the impact of micro-credit on the poverty of women micro-entrepreneurs in the informal sector in Lusaka;

- To assess and analyse the extent to which micro-credit for enterprise development has and/or can lead to the empowerment of women micro-entrepreneurs in the urban informal sector in Lusaka; and

¹ See CSS (2002), *Living Conditions in Zambia*. Lusaka: Central Statistical Office: 5.

- To discuss and recommend an appropriate approach to micro-credit provision, poverty alleviation and women's empowerment best suited for the existing conditions and context of women in Zambia.

1.3. Empirical Justification and Significance of the Study

Government, NGOs and donor agencies have initiated hundreds of women's groups in Lusaka (Chigunta, 2001: 12). The underlying assumption behind the proliferation of these programmes is that micro-credit is the answer (panacea) for women's poverty, and that it also facilitates women's empowerment (Mukuka, 1999: 11).

However, little systematic research has been conducted to try and understand the other equally pertinent women-specific factors that may constrain the effectiveness of micro-credit among women. Many studies have focused on 'perfecting targeting and credit delivery methodologies' (Bardouille, 1990). As a result, in spite of the many micro-credit-based anti-poverty initiatives targeted at women, there is still the absence of an in-depth gender analysis in most of these programmes.

This study is particularly important as it looks beyond lack of access to capital (or credit) as the only constraining factor in the lives of women. It highlights the shortcomings of focusing poverty alleviation and empowerment activities on the economic aspects of women's disadvantaged situation rather than on (or including) other non-economic considerations like social and cultural factors that confront women, either individually or collectively. Since most poverty alleviation and women's empowerment programmes in Lusaka have a strong micro-credit component, the findings of this study will feed into their planning and implementation processes, leading to more effective poverty alleviation programmes among poor women in the future.

1.4. Guiding Propositions

- (i) The exclusive focus by micro-credit institutions on credit provision for micro-enterprise development has in essence compromised the long-term effectiveness of credit in overall women's empowerment and poverty alleviation among poor women in the urban informal sector of Lusaka, Zambia.

- (ii) An integrated approach (meaning, deliberately targeting women's empowerment and poverty alleviation efforts on all or most of the constraining elements facing poor women – economic, socio-political, cultural, gender, etc) results in far greater and sustainable results in anti-poverty and empowerment programmes in Lusaka, Zambia.

1.5. Research Questions

- (i) How does the narrow approach to micro-credit affect poor women micro-entrepreneurs' ability to overcome their poverty situation in Lusaka, Zambia?
- (ii) To what extent has micro-credit for enterprise development achieved the objective of empowering poor women micro-entrepreneurs in the urban informal sector in Lusaka, Zambia?
- (iii) How can a broad-based integrated approach affect the effectiveness of micro-credit in women's empowerment and poverty alleviation in the urban informal sector in Lusaka, Zambia?

1.6. Research Methodology

Approach: The research is basically qualitative and evaluative in nature. It is concerned, on the whole, with micro-credit, poverty alleviation and women's empowerment in the context of Urban Zambia, particularly Lusaka city. The study focuses on the experiences of women micro-entrepreneurs in the city. I focused on a relatively defined section of women (micro-entrepreneurs in the urban informal sector) as this offers me far greater opportunity to delve into issues of women's poverty and disempowerment in more detail than through more demanding generalized national experiences. The intention was to illuminate the general by looking at the particular, and going beyond just knowing what is happening to answering such questions as why.

The study largely depends on the analysis of secondary data collected from various studies in Lusaka. Experiences of women micro-entrepreneurs from different micro-

credit institutions and compounds in Lusaka were critically evaluated and compared as a form of triangulation. A number of sources of information were used to arrive at the conclusions in this paper. This is necessary to ensure that conclusions are not based on experiences that could be unique to specific institutions, compounds and/or individual women.

(1) *Secondary Sources*: These formed the main source of information and basically included literature collected from books, Journals, and other published articles. Most of the articles and books were obtained from Zambia, the University of Oxford (Development studies department) and the ISS library. Also, I extensively used the Internet to obtain relevant materials as was accessible.

(2) *Gray Materials*: These included unpublished documents and reports from different micro-credit programmes and research institutes in Lusaka, Zambia.

(3) *Primary Data*: The study also benefited from primary data collected in Lusaka, in 2001. The data included recorded interviews with clients and staff of different micro-credit institutions. Although the interviews were not specifically conducted for this study, they provide valuable information as they offer first hand experiences and perceptions from those who have been involved in micro-credit programmes, either as providers or as users.

I also conducted two one-to-one interviews between 28th October and 3rd November with my colleague in the ISS, Mrs Lungu Elizabeth, who works with women within CARE Pulse, a micro-credit institution in Lusaka. Further, my work experience with two micro-credit institutions based in Lusaka was also valuable in my understanding of the general environment and the challenges women micro-entrepreneurs are faced with in their day-to-day informal business activities.

1.7. Scope and Limitations of the study

The study covers three major arguments: (a) that exclusively focusing micro-credit on enterprise development (or economic aspects of the women's problem) has in practical terms compromised the effectiveness of credit in achieving women's empowerment and poverty alleviation among poor women in the informal sector in

Lusaka; (b) that poor women are confronted by constraints which are deeper and wider than just lack of access to capital. Among these, there are social, cultural, political and other gender issues specific to women in general, and those who are poor in particular; and (c) only a holistic, integrated and multi-faceted approach to women's problems (i.e., attacking all these facets of women's disempowerment) could resolve the dilemma of women vis-à-vis their disempowerment and poverty.

However, several factors limited the scope of this study in that; (1) there was an absolute timeframe to be adhered to; and (2) being a largely secondary data based study, and the fact that it was being conducted away from Lusaka I had difficulties finding some empirical data to effectively tackle the problem at hand. As a result, both the scope and focus were reviewed on many occasions to adapt to available information.

1.8. Lay out of the Paper

Having dealt with the methodological aspects of the research in this chapter, the rest of the paper is organized around four main chapters. Chapter 2 briefly defines the relevant concepts in the study and presents the theoretical perspectives, which help in developing an appropriate framework of analysis. Chapter 3 presents contextual background information on Urban Lusaka and women micro-entrepreneurs. It highlights the poverty situation in Lusaka and reviews the different actors working to resolve the women's dilemma. Chapter 4 presents the main findings and analyses. This is where I present a critical evaluation of the experiences and challenges that confront women micro-entrepreneurs vis-à-vis micro-credit provision and poverty alleviation and women's empowerment in Lusaka. Chapter 5 looks at the main conclusions and the way forward (recommendations).

CHAPTER TWO

As long as micro-enterprise development is offered as a substitute for meaningful social development ... it will only impede progress towards finding real answers to the very real problems of women in [Lusaka]'. – Nan Dawkins Scully, Head of the Women's Micro-credit Accountability NETWORK (WOMAN) – 2002.

2.0. Conceptual Definitions

This chapter discusses the key conceptual and theoretical issues relevant to the study. The first section provides the context within which the key concepts will be used. This is followed by detailed theoretical rationalities, providing a framework for understanding my analyses.

2.0.1 *Poverty and Gender: Absolute and Relative Vulnerability*

'Absolute poverty' has been defined as 'a condition of life so limited by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency' – (Robert McNamara, President of the World Bank in 1978, as quoted in Chigunta, 1998: 8). Material and physiological approaches view poverty as a lack of income, expenditure or consumption. By 2000, the World Bank defined poverty in terms of material deprivation, low levels of education and health, exposure to vulnerability and risk, and voicelessness and powerlessness (World Bank, 2000).

Most of these conceptualisations however fail to delineate poverty's gender dimensions, resulting in policies and programmes which fail to improve the lives of women (UNDP, 2002a²). The poverty and lack of power of poor women arises from a conjunction of two primary systems of stratification – class and gender – which interact with, and mutually reinforce each another (Carr et al., 1996: 191). Gendered dimensions of this kind of poverty are rooted in specific socio-economic, cultural, legal and political institutions. It has various manifestations, including the denial of land and other productive resources to women, hunger and malnutrition, ill health, and limited or no access to education, health care, and safe housing. It also includes experiences of economic, political and social discrimination.

² See <http://www.undp.org/gender/resources> - 2002

In the Zambian context, women's poverty is tied to a lack of access to productive resources, physical goods and income that results in individual and/or group deprivation, vulnerability and powerlessness. In this paper therefore, poverty is understood as a gendered concept, affecting women and girls disproportionately more adversely than men. Within this context, poverty must be viewed both in its *absolute* and *relative* dimensions.

Absolute poverty is perceived as subsistence below the minimum requirements for physical well-being, generally based on a quantitative proxy indicator such as income or calories (Seshamani, 2001³). Alternatively, the relatively poor are those who are able to meet the minimum subsistence requirements but whose income or consumption is a particular fraction below the national average (Ibid). Within these two contexts of poverty, women and girls often carry the heaviest burden because of their reproductive roles and/or household division of labour. In the context of women in Lusaka, my focus is mostly with absolute rather than relative poverty.

2.0.2 *Poverty alleviation versus poverty reduction*

A distinction is made between poverty reduction and poverty alleviation. When you lift people to bring them above the poverty line, it would be regarded as poverty reduction. When you lift people at the bottom some way up, it would be regarded as poverty alleviation since those people continue to remain poor (Seshamani: 2001).

However, another way to look at it is to think that in the former case, you will have reduced the *incidence* of poverty while in the latter case you will have reduced the *severity* of poverty. Thus, both instances are only different versions of poverty reduction, though the question still remains as to the version of poverty reduction adopted in a specific interpretation. In this instance, I believe that any effective poverty reduction programme must emphasize the situation of the weakest in society, those at the bottom. Thus, poverty alleviation simply means an attempt to improve the conditions of the poorest in society, though not necessarily making them 'non-poor' (Berner: 2002, Lecture notes). The Zambian government is taking advantage of the opportunities that have opened up in the urban informal sector to achieve this.

³ See <http://www.jctr.org.zm/cspr-aspects.html>

2.0.3 *The Urban Informal Sector and Micro-credit*

There are conceptual problems with regard to the definition of the urban informal sector. Most attempts to define the sector tend to be descriptive, providing characteristics rather than defining it (Mukuka: 1999: 6). This is largely because it covers a multiplicity of activities and different types of relationships to work and employment (Ibid).

The concept of the “informal sector” was first used and popularized by the ILO in a study on Ghana during the 1970s (Hart, 1973). It referred mainly to survival activities of those working in the marginal or peripheral segments of the economy. The 1991 Report of the Director-General to the International Labour Conference defined the urban informal sector as very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers in developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and highly unstable employment to those who work in it (ILO, 2002: 1).

It comprises of two basic components: self-employment in informal enterprises and paid employment in informal jobs. In this paper, I focus on women’s ‘self-employment in informal enterprises’. Thus, informal sector activities include ‘all such non-agricultural activities performed by poor women micro-entrepreneurs, such as petty trading, vending, petty manufacturing, repair services and other activities outside the modern wage sector (Mukuka, 1999: 8). These are women faced with a number of constraints, with lack of capital ranking high on the list (Chigunta, 2002)⁴. Providing micro-credit therefore comes in as one way of overcoming many of their constraints.

In conventional thinking, few ideas have generated as much hope for women’s empowerment and poverty alleviation in the informal sector as that of micro-credit

⁴ Interview: held in Oxford, England.

(Franco: 2002)⁵. Micro-finance, micro-enterprise finance, micro-loans, small loans, etc., are some of the terms that have been used, implicitly and in most cases wrongly, to refer to micro-credit. While the concept of micro-finance embodies a complexity of financial services, it is not necessarily synonymous to micro-credit.

Johnson and Rogaly (1997) define micro-finance as ‘the provision of small-scale financial services to low-income clients, including the self-employed’. Thus, very small deposits and loans are together referred to as micro-finance. The institutions providing these services are generally referred to as ‘micro-finance institutions (MFIs), referring to both formal and informal institutions providing small-scale finance services (Ibid). Liz Tichareva, on the other hand, defines micro-credit simply as ‘money lending – i.e., providing access to credit for groups or individuals that are not normally served by the conventional financial market. This includes access to other resources other than finance, including business and entrepreneurial development and business counseling (Tichareva, 2002: 4). These financial services usually include savings and credit as well as the provision of insurance, often linked to some programme of income generation.

In this paper, micro-credit is only that aspect of micro-finance dealing with the delivery of small loans or credit. Since it is almost impossible to separate credit from other financial services as they are generally bundled together, micro-credit herein refers to small-scale loans or credit, including all other supporting services, but only in as far as they are meant to augment credit delivery.

2.0.4 Women's empowerment

The many different definitions of women's empowerment in use show that it is an elusive concept. As Rappaport puts it: ‘Empowerment is like obscenity, you don't know how to define it but you know it when you see it’ (Commission on Status of Women, 2002:3).

The UNDP introduced the Gender-related Development Index, GDI, and the Gender Empowerment Measure, GEM, in the HDR of 1995. The GDI captures gender inequality in human capabilities, and GEM reflects inequalities in key areas of

⁵ See http://www.aidindia.org/aipn/health/micro-credit_enterprise

political and economic participation and decision-making. While providing very useful tools, these measures do not capture changes on community and individual level or changes that take more qualitative aspects into account (UNDP, 2002a).

Below are some attempts at defining women's empowerment:

- Empowerment is a process of awareness and capacity building leading to greater participation, to greater decision-making power and control, and to transformative action (Karl, 1995);
- Empowerment is 'the process of challenging existing power relations and of gaining greater control over the sources of power. The goals of empowerment are to challenge the patriarchal ideology ... to transform the structures and institutions that reinforce and perpetuate gender discrimination and social inequality ... and to enable poor women to gain access to, and control over, both material and informational resources' (Tichareva, 2002: 1);
- Empowerment has also been defined as 'broadly referring to the expansion of choice and action to shape one's life.... Empowerment is the expansion of assets and capabilities of poor women to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives' (World Bank, 2002a: 2).

Exploring the literature on women's empowerment, some common elements emerge: Empowerment is both a dynamic process and a goal; it is not something that can be 'done' or 'given' to women, rather women need to be the agents of their own empowerment; and that, there are many dimensions to women's empowerment, including personal, collective, national and global, as well as economic, political and socio-cultural.

Thus, women's empowerment begins when women start unpacking how socio-cultural and economic relations of gender, caste, class, culture and religion interlock in different institutions of society to keep them in subordinate positions. Like poverty, it can be experienced at various levels; (1) *personal*, developing a sense of self and

individual confidence and capacity, and undoing the effects of internalized oppression; (2) *relational*, developing the ability to negotiate and influence the nature of a relationship and decisions made within it; and (3) *collective*, where women work together to achieve a more extensive impact than each could have had alone (Rowlands, 1997). Overall, it entails tilting the power equations in social relations of gender, caste, class, etc., played out in different societal institutions so as to ensure and protect equality between women and men.

2.1. Theoretical Frameworks

This section presents the main theoretical and analytical frameworks relevant to micro-credit provision, women's empowerment and poverty alleviation. It outlines and highlights the rationalities that form the basis of my arguments and analyses in the paper.

2.1.1. Context of the emergence of Micro-credit

For some time now, the potential of micro-credit as a poverty alleviation and empowerment strategy, especially as it relates to women, has been increasingly acknowledged in the development field (Scully, 2002)⁶. World Bank President, James Wolfenson once asserted that 'credit is a particularly effective way of empowering poor women' (World Bank, 2002a). This is echoed by the UN Secretary General Koffi Annan, who calls it 'a critical anti-poverty tool for the poorest, especially women' (UNDP, 2002b).

Poverty reduction through the provision of subsidized credit to the poor is an old idea in Zambia. This was a centerpiece of many development strategies from the 1960s through the 1970s. These programmes offered heavily subsidized credit on the premise that the poor, and women in particular, cannot afford to borrow at market interest rates. However, because of increasing loan arrears and defaults, costs mounted and these efforts were nearly all disasters, thereby provoking sharp criticisms leading to a backlash at any state intervention in financial markets (Kalpana, 2002).

⁶ See <http://www.developmentgap.org/micro.html>

The successes of the Grameen Bank of Bangladesh, and others like BancoSo of Bolivia, the Bank Rakyat and the Bank Kredit Deas of Indonesia, and the village banks under the Foundation for International Community Assistance (FINCA), have turned things around for micro-credit targeted at poor women (Morduch, 1999). These institutions have demonstrated the dramatic potential for loan recovery and established the credit worthiness of the poor, particularly women (Ibid). By doing so, they have captured the imagination of governments and donors, including both international and local women NGOs working with poor women. Today, a broad range of financial institutions offering alternative credit delivery methodologies to women have sprung up.

It is these experiences that have renewed the excitement and promise of micro-credit for women's empowerment and poverty alleviation such that in February 1997, a global campaign to ensure that 100 million of the world's poorest families receive credit for self-employment by the year 2005 was launched at a three-day Micro-Credit Summit in Washington, DC (Micro-Credit Summit Report, 1997). To achieve this, a high profile consortium of policy makers, charitable foundations, and practitioners started a drive to raise 'over US \$20 billion for micro-finance start-ups in the next ten years' (Ibid).

2.1.2. Why target micro-credit on women?

The micro-credit industry has made great strides towards identifying barriers to women's access to financial services and developing ways to overcome those barriers (Cheston and Kuhn, 2002: 5). Women account for nearly 74 per cent of the 19.3 million of the world's poorest people now being served by micro-finance institutions (Ibid). But what are the theories, assumptions and/or realities behind this desire to target micro-credit at women?

Women are the poorest of the poor: The argument for privileging women over men also reflects the view that women need economic and political empowerment to redress their disadvantaged position within the household and the community (Devereux, 1999: 62). It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 HDR, the UNDP reported

that 70 per cent of the 1.3 billion people living on less than \$1 per day are women (UNDP, 1995: 4).

Although women are not always poorer than men, because of the weaker basis of their entitlements, they are generally more vulnerable and, once poor, may have less options in terms of escape (Baden and Milward, 1995). By providing access to credit for income-generating activities, micro-credit institutions can significantly reduce women's vulnerability to poverty.

Women spend more on their families: Women have been shown to spend more of their income on their households. Therefore, by helping women increase their incomes, you are improving the welfare of the whole family. In a report on its findings, the Special Unit on Micro-finance of the UNCDF reveals, 'Women's success benefits more than one person'. Hence, through women, other categories, such as children, will be more effectively targeted than through men (Devereux, 1999: 62). Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions' activities (USAID, 2001).

Efficiency and Sustainability: Arguments have been made for targeting women on the grounds of efficiency and sustainability. A collective wisdom has emerged that women's repayment rates are typically far superior to those of men. Consonant with the concern for financial sustainability, this has led many programmes to target women. Lower arrears and loan loss rates have an important effect on the efficiency and sustainability of the institution. Many programmes have also found women to be cooperative and prefer to work with them for that reason. Moreover, since women in most societies are less mobile than men, 'they will not take the money and run' (Cheston and Kuhn, 2002: 8).

Gender and Development: Research done by the World Bank indicates that gender inequalities in developing societies inhibit economic growth and development. For example, a recent World Bank report suggests that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for their people (World Bank, 2002b⁷).

⁷ See <http://www.worldbank.org/afr/findings/english/find>

Overall, evidence is mounting that improved gender equity is one of the critical components of any development strategy (UNDP, 1995: 4).

Micro-credit has come to play a major role in many of these institutions' gender and development strategies. As CIDA recognises in its gender policy, 'Attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men (CIDA, 1999: 5). Thus, by giving women access to working capital and training, micro-credit helps to mobilize women's productive capacity and helps to alleviate poverty and maximize economic output (Ibid).

Empowering women: Significantly, one of the often-articulated rationales for supporting micro-credit and targeting of women is that micro-credit is an effective means for empowering women. By putting financial resources into the hands of women, micro-credit institutions help level the playing ground and promote gender equality (ibid). Increasing women's access to micro-credit is assumed to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment.

2.1.3. *Impacts of micro-credit on poverty and women's empowerment*

It is widely assumed that micro-credit will have a positive impact on women's livelihoods and enhance their self-confidence and status. The plausibility of these assumptions is largely borne out of empirical evidence. Impact assessments provide evidence of the positive effects of micro-credit on the livelihood of poor women, especially in Asia (Srivinas, 1998:2). These studies claim that micro-credit interventions have helped empower women and alleviate their poverty (Ibid). Reports of increased access of women to resources, decision-making, and control of their lives and other intangible resources abound (See Morduch, 1999).

Sisto (2002: 5) reports that in many situations, 'micro-credit programmes have helped to improve women's social position'. Through running their own business, women have become more mobile geographically. Also, because of the success of many female businesses, women are more respected in their communities, and their

opinions and power to influence decisions in the household and the community, now carry more weight (Lungu, 2002). Women have become more visible as successful micro-entrepreneurs and disciplined credit payers; investing the proceeds from their businesses to improve their households' nutrition, childcare, health, and education. Micro-credit has also provided the power 'platform' to create a favorable context to encourage women to gain political power and rights (Sisto, 2002: 5).

2.1.4. Limitations to existing approaches to micro-credit delivery

The major criticism of the current micro-credit approaches has been that 'they are premised on a perception of micro-credit as a panacea for all women's problems – the magic wand that can wish away poverty and women's disempowerment' (Kalpana, 2002). The underlying assumption, almost in all programmes, is that a mutually reinforcing spiral of empowerment can occur following women's access to micro-credit without explicit support for women, to defend their interests within the household or for wider social and political changes in gender or class relations (Mayoux, 2002)⁸.

Many credit providers believe that because most micro-credit programmes foster group formation and enable women to organize and generate income, they can lead to both economic and political empowerment. Many experts have argued that this potential is not always realized, as credit by itself does not overcome patriarchal and other systems of control and subordination both at household and community levels. In *Who Takes Credit: Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh*, Anne Marie Goetz found that the majority of women borrowers in the programmes studied did not control either the loans received or their micro-enterprises (Scully, 2002). These results are corroborated by the findings of earlier studies by Goetz and Sen Gupta (1996). They found that 'despite the fact that 95 per cent of Grameen Bank borrowers are female only in 37 per cent of cases did female borrowers return control over loan use'.

These findings suggest that addressing the problems of women's empowerment and poverty cannot be achieved through credit provision alone. It is therefore important that the focus on micro-credit does not sustain the present illusion that 'poor women

⁸ See <http://www.gdrc.org/icm/wind/Mayoux.html>

can pull themselves up by their own bootstrap and thus need less in the way of public services' (Mayoux, 1998). As Scully argues, 'in their desperate efforts to ensure financial sustainability, most lenders forego the costly but crucial services necessary to improving the productive capacity of women borrowers. As a result, in many cases, micro-credit programmes that target the poorest women have ended up exacerbating the very poverty conditions they are designed to address.

Above all, others are arguing that there is need to ensure that micro-credit interventions do not only shift responsibilities for service provision from the state to poor women (Ranadive, 2002: 3). In particular, it has been recognized that taking on loans introduces new risks into women's lives. In periods of national crises (as is the case in Lusaka), poor women are likely to be left with debt that can be impossible to repay. Thus, micro-credit for women implies more and not less attention to systems of social inclusion (social insurance, social security and protection, etc.). A key lesson is therefore the importance of combining income enhancement programmes with other strategies aimed at overcoming social, cultural, political, and other women-specific constraints.

2.1.5. The Role of the State

There is a line of thought that group-based micro-credit interventions are part of a larger privatisation agenda, in which the state is handing over provision of social services slowly to self-help groups (UNDP, 2002b). While self-help women's groups show a few replicable models for social service provision, they should not assume government's responsibility for the provision of all services. As a result, the government should ensure that the burden of social service provision is not shifted onto poor women (Ibid).

There is need to hold the state accountable, and efforts to develop bottom-up development should not imply the state abrogating on its responsibilities to provide for its citizens, especially poor women! State officials and politicians must be held to account, making them answerable for their policies and actions that affect the well-being of all citizens, and poor women in particular. It is with this background that many studies are pointing back to the centrality of the role of the state in social service provision. This is particularly important as not all sections of poor women can

be reached with micro-credit interventions. The elderly and disabled for example, fall outside the ambit of micro-credit as they have little ability to engage in productive activities or save. These need effective social security services and government protection (ILO, 2002, 74).

Of highest priority in this regard is the role of the state in formulating appropriate policies and legislation – key elements in determining the enabling or disabling environment for women's empowerment and poverty alleviation. Government policies and legislation can play a key role in supporting or eroding opportunities for women's empowerment and poverty alleviation (Ibid). Also important is the issue of providing social services and physical infrastructure. Only the state can provide the infrastructure and services as health care, education, and other social and economic services, which are crucial if micro-credit interventions are to lead to women's empowerment and poverty alleviation.

The Local government, City or Municipal council has a critical role to play too. This is crucial for a number of reasons, including the fact that there is increasing emphasis on administrative decentralization in Zambia. It is therefore access to local level infrastructure, services and regulations regarding the use of public and private space that directly affect most poor women in the informal sector. Also, it is often at local that the tendency is for power relationships and distributive practices to be very unbalanced (Ibid: 107).

In addition, social security and other forms of safety nets are very important for the well-being of all women, and very poor women in particular (Chigunta, 2001: 35). It is a basic human right and a fundamental means of creating social cohesion, thereby helping to ensure social inclusion. It is also important for political inclusion, human dignity, women's empowerment and the development of democracy (Ibid). If micro-enterprise development (and micro-credit in particular) is offered as a substitute for meaningful social development and for fundamental changes in the economic and political policies necessary to empower women, it will only impede progress toward finding achieving the objectives of poverty and women's disempowerment⁹.

⁹ See <http://www.undp.org.in/report/wkspslmblizn/report.html>

CHAPTER THREE

*The experience of poverty is both shared and distributed within households and among individuals. All suffer but some suffer more than others –
Chambers, 1981.*

3.0. Background to the Problem: The Vulnerability Context in Urban Lusaka

A sprawling city located in a productive farm area, Lusaka is an administrative, financial and commercial centre with a lot of promise (Toloshi and Masiye, 1997: 13). The City is at the junction of the Great North Road (to Tanzania), the Great East Road (to Malawi) and the Great Livingstone Road (to Zimbabwe, Botswana, Namibia and South Africa). It was founded by Europeans in 1905 and was named after the headman of a nearby African village, *Lusaka*. Its main growth occurred after 1935, when it replaced Livingstone as the capital of the British colony of the then 'Northern Rhodesia'.

A recent survey by Lusaka City Council (LCC), the local planning authority responsible for service provision and management in the city, revealed that the city now has close to three million people, three quarters of them living in abject poverty (barely managing a meal per day) in unplanned settlements (CSS, 2002: 23). The report also reveals that while poverty (especially extreme poverty) fell slightly at national level between 1991 and 1996, the incidence of poverty in Lusaka increased. Figures indicate that poverty incidence increased from 65 per cent in 1991 to 76 per cent in 1996. Today, the poverty incidence is pegged at more than 80 per cent (Zambia PRSP, 2002: 34-35).

This deteriorating poverty situation in Lusaka has led to the increase in informal sector activities. According to the Zambia PRSP, the emergence and growth of the informal sector in Lusaka is a direct outcome of the inability of the formal sector to create sufficient jobs to absorb all those who want to work (Ibid: 35). Thus, as poverty levels increased, so did informal sector activities, mainly in small micro-enterprises. A casual walk along the streets of Lusaka, be it in the city center or in the outskirts of 'shanty' townships, one is flooded with a rare array of unprecedented micro-enterprise activities. Women can be seen selling a variety of items of all kinds.

3.1. Feminisation of poverty in Lusaka

Although poverty is pervasive in Lusaka, as is the case for the whole of Zambia, certain sections of the Zambian population in the city are visibly poorer than others (O'Reilly, 1996: 165-169). Particularly, statistics show that female-headed households (FHHs) are poorer than male-headed households (MHHs). Women and poverty – these two words almost seem synonymous in Lusaka! This can be seen in **table 1** below.

Table 1: Poverty incidence between male and female-headed households

Household	Non-Poor	Moderately Poor	Extremely Poor
Male-headed	31.80%	16.80%	51.40%
Female-headed	16.70%	12.90%	70.40%

Source: *Annotated Bibliography of Research on the informal sector in Zambia: 1991.*

Further, while males perceive such informal sector activities as a 'stop gap' measure and hope to move out, for most women, these petty trading activities are the only viable source of income they can hope to attain. Therefore, the latter's activities are no longer transient as had been observed some 10 years ago (Bardouille, 1982:8).

More recent statistics from the Zambia PRSP (2002:18) indicate that things have even worsened over the last decade. Quoting the CSO 1998 Living Conditions Survey, the PRSP reveals that persons in FHHs are more likely to be extremely poor than those in MHHs. Seventy-seven (77) per cent of all persons in FHHs are poor compared to 68 per cent for MHHs (Zambia PRSP, 2002: 116). This is a confirmation that poverty in Lusaka affects women more adversely than men, hence the common terminology, 'feminisation of poverty'.

In addition to poverty, women in Lusaka are also vulnerable in terms of other essential human capabilities. They have lower levels of education than men. For example, while 39 per cent of the female population had no education at all in 1998, the corresponding figure for males was 24 per cent. In addition, while 15.6 per cent of

the male population had completed grade 10 or higher, the corresponding percentage for females was only 8.5 per cent (ZAMSIF 2002)¹⁰. As a consequence, women form a very small proportion of those in formal employment. Only 12 per cent of the formal sector employment in 1998 accrued to females. The remaining 88 per cent accrued to males (Zambia HDR, 1999).

At the same time, while the negative growth of formal sector employment opportunities have had detrimental effects on men and women alike, women have usually been the first to be squeezed out of formal employment (Mukuka, 1999). Formal sector employment dropped from 17 per cent in 1991 to 12 per cent in 1998, while the number of job seekers rose from 476,000 to 1,200,000 in the same period (Zambia HDR, 1999). By 2000, formal employment was pegged at only 10 per cent. While this was happening, poverty was entrenching among women, who, because of their concentration in temporary and lower level jobs, formed 68.7 per cent of those retrenched from the government alone (ZAMSIF, 2002).

The result is that the majority of women find themselves in unsafe and deplorable environments. In shanty compounds of Lusaka for example, though poor men are also affected by these problems, poor women are especially affected by poor environmental services such as sub-standard housing, inadequate or polluted water, lack of sanitation and solid waste systems, outdoor air pollution and indoor air pollution from low-quality cooking fuels (Monitor Newspaper, 2002). Further, they lack designated trading spaces, leading to exploitation and sexual harassment both in the few market stalls available (by the dominant male) or on the 'illegal' street corners (by the police and council authorities).

The experiences of women have been made even more precarious by the HIV/AIDS epidemic. The inter-relationship between HIV/AIDS and women's poverty is complex. The manifestation of HIV/AIDS among women has led to increased poverty, while the state of poverty has also directly or indirectly created vulnerability to HIV/AIDS (Zambia PRSP, 2002: 110). Further, because of their biological make-up and socially constructed roles, women are more exposed to the risk of HIV/AIDS and other diseases of poverty than men (Ibid). As a result, beyond directly suffering

¹⁰ See <http://www.zamsif.org.zm/zamsif/others/zamsifAndPoverty.html>

illness and death, and the increase of the orphans-burden, there is no aspect of women's lives that has not directly or indirectly been negatively affected by the HIV/AIDS epidemic in Lusaka.

Thus, women are not only vulnerable economically; they are also vulnerable in terms of their health and mental well-being, as they are disproportionately more exposed to danger and other diseases of poverty by their gender determined roles than men.

3.2. Importance of Informal Enterprise activities for women in Lusaka

The growing informalisation of the economy in Zambia has caused a rise in the number of women who 'work' (Srivinas, 1998: 1). In situations of economic difficulties, these informal enterprise activities have played an important role as the main sources of family income for most women. This has been their only hope in adjusting to the situation of increasing poverty in the city. Thus, despite the low level of profits from such petty trading activities, for most poor women this low income is critical to the survival of their families (Mukuka, 1999: 9).

Trading, petty retailing or marketeering activities are the dominant activity of women in the urban informal sector in Lusaka. Women's participation in the relatively more lucrative small-scale manufacturing activities is low, and even in these few cases, they are concentrated in 'home-craft' activities akin to their domestic roles. These include activities such as processing of food and beverages, tailoring, knitting and crocheting (Ibid: 3). Thus, even in the informal sector, women are concentrated in low-income, highly competitive lines of activities (See **table 2** below).

Table 2: Share of women in informal sector employment in Lusaka

Economic activity	Percentage of total women
Petty trading	74
Manufacturing	14.5
Personal services	8.5
Others	3
Total	100

Source: *Annotated Bibliography of Research on the informal sector in Zambia*

3.3. The Role of the State

As part of its efforts to promote equality and create equal opportunities for women and men, in 1993 the government founded the Gender in Development Division (GIDD) at Cabinet Office and Gender Focal Points in all ministries, specialised agencies and provincial administration. These are the primary policy-making and coordinating bodies on all women development concerns under the Zambia Gender Policy Framework. This policy set down the priority sectoral gender and women concerns of the country that shall be addressed within the ten-year duration of the first phase (Ibid).

Over the years the Zambia gender Policy has been in place, the government has emphasized women's involvement in all programmes and projects, recognized legal impediments to their empowerment and enunciated special programmes for meeting their needs (Zambia Gender Policy, 1995, 123). Special policies for increasing women's appointments in government, semi-governmental and non-governmental levels, legal reforms and elimination of discrimination in work places, and appropriate institutional structures for coordination and monitoring of activities on women, have been put in place (Ibid).

In recent years, the government has recognized the importance of women's informal sector activities as an important avenue for women's empowerment and poverty alleviation (Zambia PRSP, 2002: 114). The government has therefore been encouraging NGOs and micro-credit institutions targeting poor women in the informal sector with credit. Nevertheless, there has been little serious attempt to come up with a coordinated working relationship with different programmes and initiatives working with women. The major pieces of legislation, programmes and projects that seem to be directed at women's empowerment and poverty alleviation are largely not harmonized (Chigunta, 2001: 23).

At the same time, in the name of giving power to the people (development from below), and most probably because of the privatisation strategies being implemented in Zambia, it is increasingly becoming evident that the government is slowly

transferring most of its responsibilities of social service provision and poverty eradication to NGOs and the poor women.

3.4. The Role of Micro-Credit Institutions

Many NGOs and private micro-finance institutions have sprung up to render support to the many of the urban poor women trying to survive by engaging in micro-enterprises. These institutions, and more so, those dealing with specialized women's credit, are still relatively young (PERSPECTIVE, 1996¹¹). Much activity in this field started around 1993 when the Zambian government began encouraging and promoting entrepreneurial activities in the urban informal sector as a way of creating alternative employment and other livelihood opportunities.

Prior to this period, most efforts at combating poverty were directed at agriculture in the rural areas. As a result, most micro-credit institutions then were principally rural- or more specifically, agricultural-based and were almost entirely run and funded by the government (Mukuka, 1999: 11). No micro-credit institution dealing specifically with urban informal sector enterprises (in the sense they are discussed in this paper) existed then.

In recent years however, micro-credit institutions dealing with women's credit have seen exponential growth both in terms of numbers and their size (Monitor Newspaper, 2002). This increase has largely been in response to the sheer escalation and severity of poverty in Lusaka, and the realisation that all things being equal, women have paid a higher than proportionate price than men (Hurber, 1997). Most notable among institutions providing targeted credit to women micro-entrepreneurs in the city are; CARE Pulse project, Women for Change, the Ecumenical Church Loan Fund (ECLOF), Self-Employed Women's Association (SEWA) and Women's Finance Trust of Zambia Limited (WFTZL).

Through these institutions, bilateral and multi-lateral donors and international NGOs have also found space to support initiatives aimed at poverty alleviation and women's empowerment (Mukuka, 1999). Various kinds of micro-credit institutions provide credit and savings to the economically active poor women who cannot access these

¹¹ See <http://www.ifpri.cgiar.org/themes/mp17/gender/news1-3a>

services from conventional banks. Overall, women constitute 80 per cent or more of those targeted with micro-credit in Lusaka (Bardouille, 1990).

CHAPTER FOUR

The Assumption that access to credit automatically leads to empowerment does not hold true, as women face wider disadvantages and inequalities, e.g., in accessing information, social networks and other resources necessary to be successful in business life – Dubel, Ireen; 13th April 2002.

4.0. Introduction

This chapter presents the main findings of the study. It examines the impacts of micro-credit on women micro-entrepreneurs in Lusaka's informal sector. The first section of the chapter examines the extent to which micro-credit has helped women alleviate their poverty situation through micro-enterprise development. Thereafter, I discuss the impacts micro-credit has had on women's overall empowerment. Finally, I attempt to identify and analyse the factors that may have constrained women's advancement even with increased access to credit.

4.1. Impact of micro-credit on women's Poverty situation in Lusaka

A number of studies conducted to review the impact of micro-credit on women in Lusaka's burgeoning informal sector reveal that micro-enterprise development has, in some circumstances, helped many poor women survive economic crises and contributed positively to women's economic empowerment. Existing literature suggests that micro-credit programmes in Lusaka have led to significant positive changes in the lives of poor women, especially in the economic sphere. The observations largely pertained to the fact that 'immense potential for economic empowerment has been generated by the fact that thousands of women who were previously economically inactive, are now economically productive' (Bardouille, 1990).

In a study of CARE Pulse clients (65 per cent of them women), Copestake et al. (2001) reveal that micro-credit has had significant impacts on the performance of women's micro-enterprises. Comparing the profits from borrowers and what they call 'pipeline participants' (those who have not yet received their first loans), they found that there was a progressively stronger relationship between profitability and receipt of credit, especially with regard to the second and third loans. It was estimated that

monthly profits were raised by 4.7 per cent for every Kwacha 100, 000 received as a second loan. In addition, the difference in the growth rates of profits for the two groups was found to be statistically significant. For the average loan recipient in the sample, it was estimated that profits were 19.7 per cent higher for borrowers than for pipeline clients (Ibid).

Another study by Musokotwane and Mwape also shows that through micro-credit, women's businesses became more successful in the following ways: they experienced increased working capital, improved relationships with suppliers and customers, more strategic planning and pricing, and diversification and expansion into more profitable lines (Musokotwane and Mwape, 1990: 33). Almost in all cases, poverty reduction or increased well-being, was generally perceived in the form of improvements in business profitability, and hence, their income.

However, other studies reveal that this potential for poverty alleviation, and especially for women's empowerment, is yet to be fully realized, particularly as it relates to the general position of women vis-à-vis men (Saasa et al, 1990). In spite of the perceived improvements in women's incomes, generally men still reap greater benefits than women do. In fact, for the majority of women, credit has only complicated their already desperate lives. For instance, Copestake et al report that more women than men (67 per cent and 33 per cent respectively) expressed the view that their welfare had gone down. This is 'probably because of the re-allocation of resources from other essential needs into loan repayment'.

Regression analyses further suggest that ownership of consumer durables by women also fell as a result of receiving the loan, particularly among those who moved onto the second loans (Copestake et al., 1998: 12). The excerpt below is illustrative of the experience of many women borrowers in Lusaka:

These people [credit officers] are just interested in making profits out of the poor. They came here telling us nice stories but when they see that you are struggling, instead of helping you, they rush to grabbing your property. There was this friend of mine who had borrowed money to buy a sewing machine. She was supposed to pay back in six months. But when the time came, she did not have the money. To pay back the loan, she had to sell her sewing machine and a bed. Now, what benefit

did she get from the loan? You find that all the profits are taken away and by the end of the day, you have nothing left for your business and your family! It's like we are just working for them! (CARE Pulse member, 2001).

It was further revealed that the sex of the client indicated a significantly positive correlation with loan profitability independently of the amount of credit received. In almost all cases, the positive impacts of credit on women clients were comparatively lower than on men. This corroborates the conclusions of other studies, that the sex of the client has an important independent impact on income (Musona et al., 1997; and Milimo, 1998). Milimo also writes that another related but equally significant variable affecting the impact of credit in Lusaka was 'marry, which was a dummy for whether the loan recipient was married, rather than single, divorced or widowed'. He observes that 'those without a partner (particularly women) were severely disadvantaged in many ways, including accessing loans, business operations and ability to meet their household needs' (Milimo, 1998).

This is corroborated by the findings from the study by Musokotwane and Musonda (1990), which reports that even when provided with micro-credit, women remain vulnerable to poverty, including food poverty. The report reveals that in terms of food poverty, 61 per cent more households headed by women micro-credit clients face food shortages compared to 52 per cent of MHHs. Moreover, the report reveals that FHHs more often have longer spells of food shortage. This, it was reported, was even reflected in differential impacts on child malnutrition in FHHs than in MHHs. The proportion of stunting and underweight children is higher in FHHs (54 per cent and 29 per cent) than in MHHs (49 per cent and 29 per cent).

They argue that the gains accompanying the growth of women-specific micro-credit have been concentrated in the hands of a few better-off women with higher levels of education and/or with greater ownership of other resources other than credit. Therefore, while women's participation rates are generally good – over 50 per cent in Lusaka – there has been little improvements in the poverty situation of the majority of these women (Ibid).

Drawing conclusions from the above examples, micro-credit alone is not the answer to the poverty situation of poor women in Lusaka. This is because even in the face of

increased access to credit, women remain constrained by the gender-related cultural, social and political factors that usually trap them in the least lucrative activities (Bardouille, 1982). Thus, while the progressive increase in access to credit enable men to diversify their businesses – move into new and more profitable lines of activities, such as trading in *kapenta* (small dried fish) and *salaula* (second hand clothes), many women continue in low-profit fresh vegetable and fruit markets (Ibid). The implications are that their earnings continue to be lower than those of men, thereby (in most cases) maintaining the status quo of women as lesser actors both in the household and in society at large.

4.2. Impacts of micro-credit on women's empowerment

This section examines the impact of micro-credit programmes on women's empowerment. It is important to state on the outset that existing evidence of the impact of micro-credit on gender relations is limited, and conclusions differ even for the same programmes. However, in spite of this, there are some highly visible exceptions detailing potential causal mechanisms through which women's participation in micro-credit programmes do affect their status in the household and society at large. Below are some of the findings from a number of studies conducted in Lusaka.

4.2.1. Impact on decision-making

Women's ability to influence or make decisions that affect their lives and their future is considered to be one of the principle components of empowerment (Cheston and Kuhn, 2002: 12). This is because lack of power to decide, even over their own lives, is a critical aspect of women's disempowerment. Thus, any action that increases their decision-making power is said to be empowering.

According to a study by Musokotwane and Mwape, micro-credit for enterprise development is one such factors affecting women's decision-making in a positive manner. In Lusaka, it has improved perceptions of women's contribution to household income and family well-being, resulting in overall improvements in attitudes towards women in the household and communities. This has created new spaces for women, leading to increased women's participation in decision-making in the household (Musokotwane and Mwape, 1990).

Another study conducted by the Women's Finance Trust of Zambia Limited (WFTZL) in 2000, reveals that an average of 68 per cent of women in its programme experienced an increase in decision-making roles in the areas of family planning, children's affairs (including marriage and education) – all areas of decision-making traditionally dominated by men. The study further reveals that most of the women in Lusaka were making decisions about their business investments jointly with their husbands, which represent a step forward since previously husbands would have made such decisions alone (WFTZL, 2001:10).

The study goes further to state that, even when a loan is invested in a joint enterprise with the husband or other household members, women still become more involved in household decision-making because they become channels through which new resources can flow into the household. Such changes have been particularly empowering in settings such as the low-income shanty compounds, where women rarely engaged in activities that generate income directly for themselves (Ibid: 11).

However, others cite the inability of most programmes to ensure that women retain control over the money they borrow as a major weakness. This has reduced the empowerment impact of micro-credit on women. According to the Non-Governmental Organizations Coordinating Committee (NGOCC) outgoing Chairperson, Petronella Chisanga:

It is important to ensure that women use and have control over the money if credit is to be empowering. Skills training and giving women marketing facilities are necessary components of these types of projects. However, above all, these projects need to incorporate a detailed gender analysis and sensitivity, as a woman's involvement with productive activities not only causes her extra burden in her existent reproductive activities, but also magnifies the hidden women-specific challenges that confront her. Thus, her constraints go beyond start-up capital deficiency, the sole focus of most micro-credit schemes in Lusaka – Post News Paper, 2002.

It was discovered further that married women retained the least degree of individual control over loans. 'Women who are household heads retain much more control over

the loan and derive more benefits from doing so' (Schuster, 1993: 13). This does not imply that all married women hand over control of their loans to their husbands. Some experiences of women in Chawama compound reveal that some women have come up with their own ways of hiding the money from their husbands, the most popular being investing it all in the *Chilimba* (traditional women's savings group) among peers (Chigunta, 2001: 23).

4.2.2. Impact on Self-Confidence

Self-confidence is another crucial aspect necessary for women's empowerment. It is related to Kabeer's concept of *agency* that allows women to independently define and achieve goals (Kabeer, 2000: 21). Tranberg Hansen writes that social interaction, the diffusion of solidarity, new knowledge and other innovative behaviour among women is evident in many micro-credit programmes in Lusaka. Thus, membership in a credit programme has promoted women's self-esteem and greater participation in the outside world (Tranberg Hansen, 1990).

Women for Change also found that as a result of the discussions of social and legal issues held in lending centres, women have greater knowledge of their civil and legal rights and are more aware of their position and the choices they can make. They have increased knowledge on how relevant institutions can help them when they need legal assistance, and this knowledge and awareness have allowed more women to resist domestic violence and male alcoholism in the household, hence their common slogan '*Knowledge is Power*' (Women for Change, 2001). The report concludes that because of the increased knowledge, women know who they are and what they are doing. As a result, they are more confident in what they are doing than they were before joining women's credit groups.

4.2.3. Impact on Women's Status and Gender Relations in the Home

Access to credit and participation in income generating activities is assumed to strengthen the woman's bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions. As one micro-credit practitioner put it, poverty, scarcity, and feelings of helplessness take an undeniable toll on personal relationships in the home, especially the well-being of the women.

Therefore, when each member of the family feels secure in his or her ability to contribute productively to the family, when the home becomes a more comfortable place to be, family relationships have usually been strengthened (Cheston and Kuhn, 2002: 14).

However, although most of the women interviewed in Lusaka for the various studies reported improved relationships with their husbands and families, evidence of changes in gender roles within the family is limited. It was reported that although husbands, in-laws and children do help out at home while women attended to the micro-enterprise activities, women's workload increased with the growth of the business (Women for Change, 2001). Also, it was found that the economic role of women remained restricted to managing the loans and 'supplementing' family income to meet household expenses but did not lead to a substantial change in gender relations in the home in the majority of cases (Ibid).

In fact, where women experienced more control of the household, they ended up taking over responsibilities that were previously handled by their husbands. There are many examples of men who stopped providing for their family and concentrated on beer drinking while the women struggled to feed the family. In many cases, instead of empowering women, many have been reduced to the position of slavery in their own homes (The Post News Paper, 2002).

A study by Musokotwane and Malkamaki (1990) reveals that responses from the husbands of micro-credit clients they interviewed in Lusaka 'reflected a deep ambivalence and struggle with their wives' new economic independence. One husband was reported as having said that *'I appreciate my wife's ability to earn her own income so that she can buy whatever she wants without asking me for money. I consider the growth of her business to be generally positive, but then, it has not been easy for me to become accustomed to it. ... because of my culture, I see it as negative, but deep down, I know that they are positive for her'* (Ibid: 14). Thus, changing women's status and gender relations in the home is a complicated and sometimes dangerous issue in Lusaka.

There are other studies that have reported even worse consequences for women in the home. In Lusaka's M'tendere compound, it was found that a majority of female borrowers reported an increase in verbal and physical aggression and/or abuse from spouses or male relatives upon taking out loans. A number of women incurred the wrath of angry husbands or male relatives who felt 'their authority and sometimes, their reputations were being threatened' (Ibid).

This is particularly common in that although poor men are as powerless as poor women in accessing material resources in the public domain, they remain privileged within the patriarchal structure of the family. Thus, in such situations where men may be able to boast of few other status symbols, being seen by neighbours and friends as being in control of the family, and especially the wife, is a key element of men's social prestige (Kabeer, 1999: 20). It is for this reason that for most women and their families, micro-credit programmes have left negative impacts that have proved to be disempowering.

4.2.4. Impact on Political Empowerment and Women's Rights

Widespread political empowerment is a fairly rare outcome of micro-credit programmes in the city (JCTR, 2002)¹². Although micro-credit programmes offer services and products that can enhance individual women's abilities to participate effectively in politics, few micro-credit institutions explicitly seek political mobilization or structure their programmes in such a way as to deliberately nurture collective action.

Nevertheless, there are many examples of women's participation in micro-credit institutions increasing knowledge of political processes and channels of influence. Women clients of Africare in Matero compound, for example, have gained leadership experience and confidence as market leaders, and some have gone to be elected as leaders in their communities (e.g., neighbourhood watch representatives) (Africare, 2002).

Some programmes, such as the NGOCC, offer training programmes with the specific aim of creating political and social awareness in addition to credit. In a study

¹² See <http://www.jctr.org.zm/social-targets.html>

comparing the empowerment effects of participation in different micro-credit institutions, it was discovered that participation in their credit component had a stronger effect on participation in politics and public affairs than did participation in purely financially focused institutions (NGOCC, 2002). The Zambia Civic Education Association (ZCEA), which emphasises literacy, also found that women who have been through their literacy programme are more likely to stand for such elected positions as ward chairperson or other community representation.

To symbolize the progress the women's movement has made in Lusaka, on the 15th of November 2002, the NGOCC launched what they are calling the 'Lucy Sichone Trophy of courage and service', in honour of outspoken civil activist and founder of the ZCEA. This trophy will be celebrated every year and is meant to honour 'a woman who contributes significantly to our values and an organization that reaches and serves women in a particular year," NGOCC announced (Post Newspaper, 2002).

Even micro-credit programmes that are not explicitly addressing women's rights and political participation have had some impact on political and legal empowerment. By contributing to women's knowledge and self-confidence and by widening their social networks, many micro-credit programmes in Lusaka have provided women with tools and skills they need to more effectively and successfully participate in formal politics and to informally influence decisions and policies that affect their lives. As the Coordinator for the Social and Economic Rights Action Centre, Lusaka revealed:

These loans, small as they may be, have changed not only the economic capacity of the women who were forcibly evicted from their homes in Mississi compound, but have also made them more active in the struggle for a just compensation for their demolished houses. With education and enlightenment campaigns introduced through some micro-credit programmes, women will become more involved in advancing their own rights – Social and Economic Rights Action Centre, Lusaka (UNECA, 1990).

The preceding section shows that there is great potential for poverty alleviation and women's empowerment through micro-credit programmes. From the above examples, it is clear that the wider the spectrum of women's issues a credit institution includes in its focus, the more impact it is likely to have on women's poverty and empowerment.

At the same time, it can be seen that even with credit available, it is not automatic that women would necessarily increase incomes under their control, let alone their welfare and status, or negotiate changes in gender inequalities within the household and community.

Thus, what is critical at this stage is to identify the factors that have been left out of most programmes hitherto, understand how they constrain women's empowerment initiatives and then act to redress their negative effects on credit for women. It is not necessarily the responsibility of micro-credit institutions to provide these complementary products or strategies. Perhaps, policy makers now need to consider the option of designing separate complementary programmes to meet these separate objectives.

4.3. Gender-specific Constraints

In principle, income-generating activities started with micro-credit can affect women in many positive ways (if, indeed, that is what women actually do with the loans). However, some studies in Lusaka have raised some legitimate concerns about the lack of positive impact on poor women. This is because apart from the standard barriers that lower income people face, poorer women (as a group and as individuals) face more inconveniences and difficulties both in gaining access to financial services and in utilizing them beyond those targeted in micro-credit programmes (Sisto, 2002: 5). This section analyses the constraints that impinge upon women's capacities even with the availability of credit. It is not my intention to examine these in any detail but only to offer clues as to how they structure women's lives, and hence their ability to utilize micro-credit productively.

4.3.1. Culture

Culture also militates against women's effectiveness and involvement in a broad range of economic activities. For example, it is not conceivable to both men and women in Lusaka to have a woman commercial driver, mechanic or fisherwoman (Chivumbo and Maipose, 1988). Thus the sexual division of labour puts women at a disadvantage as it 'prohibits' them from engaging in the so-called 'men's' activities. Thus, even with access to credit, women find themselves in socially defined activities.

Thus, culture is a critical variable in determining the differential impact of credit and the opportunities it opens up for both men and women (Ibid).

These findings corroborate with the experiences shared by CARE Civic Education Programme Officer in her work with women micro-entrepreneurs in Lusaka urban:

You know, because of our culture, women believe that they should not be richer than men. Men are the providers and women should receive from them. The other way round is perceived as being very improper. This is very entrenched, even in women themselves. There was this group of women, they were doing very well in the micro-credit component of the programme and we felt they should be graduated to bigger loans and more profitable activities. They all just laughed and said that was not possible! Asked why, they said it would not be proper for them to handle so much money when their husbands were not. For them, this could have even endangered their marriages. So, they refused to graduate to higher loans because they felt it was culturally improper for a woman to be richer than her husband.

Cheston and Kuhn have also argued that there are weaknesses in the way the majority of micro-credit programmes in Lusaka are structured. Many are designed in such a way as to have their greatest impact in helping women perform their traditional roles better. It is argued that by trying to help women earn income in such a way that it does not interfere significantly with their traditional duties, micro-credit institutions are just reinforcing traditional gender roles and relations rather than alter them (Cheston and Kuhn, 2002: 19).

4.3.2. Multiple Roles

Women combine household chores and childcare together with petty trading activities. Statistics in Lusaka show that the majority of women in the informal sector (69 per cent) are in the age group between 20 and 44 years, the child bearing and rearing age (Zambia PRSP, 2002). Because they have to manage the home while doing their businesses, many women revealed that they are constrained as their husbands only allow them to engage in those activities which will not involve their absence from home or the residential vicinity (Mukuka, 1999: 19).

Cheston and Kuhn have reported that involvement with micro-credit institutions is affecting women's time and workload, mainly through meeting time and expanded enterprise activities that have to go on hand-in-hand with traditional roles of managing society. For instance, most methodologies adopted in Lusaka rely on women being able to meet regularly to learn about effective financial management and to repay and disburse loans. There are concerns that this has increased women's work burden by involving them in time-consuming meetings and income-generating activities without taking any action to reduce their traditional responsibilities (Cheston and Kuhn, 2002: 18).

There have been well-documented cases of women suffering ill health and exhaustion as a result of overwork¹³. There are also reports of men who stop bringing money home for household upkeep because they know their wives will take care of everything. This has increased not only the work burden of women but also their overall responsibilities as they take over those previously held by men (Maimbo, 2000: 14). Thus, for the majority of poor women, micro-credit has had very limited impacts on their poverty situation largely because of the practical constraints they face as women. For many, even the little they earn goes straight in the 'pot' to attend to the immediate needs of their families, leaving nothing for their own improvement (Ibid).

It is interesting to note, however, that in spite of these realities, generally, most women are yet to complain about them. Despite the extra workload and responsibilities, most women were 'happy' and felt that the benefits outweighed the cost of extra work. Several women interviewed in Chawama compound of Lusaka affirm that in spite of their increased workload and responsibilities, they felt a great deal of pride and personal satisfaction in being able to make a substantial economic contribution to their households (Chigunta, 2000:16).

4.3.3. Marriage and Kinship systems

Most communities in Lusaka, as is the case for the whole country, are patrilineal. The key elements in the patrilineal system, which affects virtually every woman in Lusaka, though to varying degrees, are patrilineal residence, patrilineal inheritance, a gender division of labour, and norms of female seclusion.

¹³ See 'Negotiating sex and gender in urban Zambia,' in *Journal of Southern African Studies* 1994: 200.

For example, Maipose states that ‘in all patrilineal communities in Zambia, women face restrictions on where they can live and whether they can inherit property’ (Maipose, 1990: 8). Typically, women leave their parental home at the time of marriage to join their husband in his home. They do this virtually with nothing! This already creates a position of dependency for the woman. He adds that few women inherit property from their husbands, and when they do, they are only seen to have use-rights, not full ownership-rights.

Moreover, many women are even prohibited from seeking gainful employment by some husbands, included the educated with prospects of getting very good jobs. The net result of this patrilineal system is a structured dependence of women on men; that is, women are conditioned to be economically and socially dependent on male kin and have limited direct independent access to resources and markets (Ibid). Thus, even when they are provided with credit, many women cannot venture out into more profitable businesses such as cross-border trading, or even move about doing business outside Lusaka (Ibid). Maipose states that even attending women’s credit meetings, women often have to seek the permission of their husbands.

4.3.4. Household and Extended Family

Within their own marriages and their immediate families, many women have limited power to bargain, even for their rightful share of property, maintenance, healthcare, or even food. Within their husbands’ extended family, women have even less bargaining power. Yet, under the rules of patrilocal residence, women have few options other than to continue to live with, or near, their husband’s family even when their husband deserts them or dies.

Copestake et al. reveal that few women can bargain effectively with their in-laws for maintenance or for a share of their husband’s property. The predicament of women in M’tendere compound is indicative of the challenges the extended family poses to women micro-entrepreneurs when they are divorced, widowed, or even deserted! Copestake et al. report that 50 per cent of all women leaving the CARE Pulse micro-credit programme in M’tendere are due to business collapse as a result of ‘property grabbing’ by husband’s relatives (Copestake et al., 2001: 19).

Quoting from *'Negotiating Sex and Gender in urban Zambia'*, Maipose also writes about one woman who 'attempted to defy local norms and customs by refusing to live with her in-laws. After the death of her husband, one Chawama marketer secretly joined CARE Pulse. After a few months, she got a loan and bought an electric sewing machine. Being a talented woman, within a short time, her sewing business was doing very well. When the late husband's relatives found out, they accused her of flirting with a CARE Pulse credit officer. A group of her late husband's relatives visited her home, beat her up, and confiscated the machine. That was the end of the business! (Maipose, 1990: 7).

4.3.5. *Lack of Skills and/or Education*

Historically, the education of women has not been encouraged. Similar arguments hold for skills training of girls and women even in post independence Zambia (Mwansa, 1995: 23). Firms in the formal sector discriminate against women in the provision of apprenticeship or training. Whether women have the same access to education and skills training, as do men, is a key issue in determining the nature of their economic activities. For example, apprenticeship is an important factor in determining entrepreneurial capability, and without such training, the chances of becoming an entrepreneur for women are diminished (Ibid). However, Chigunta, 2001 and 2002; and Mulenga, 1987; argue that historically, the apprenticeship system is very weak in Zambia. Even men (both old and young) do not benefit! Thus, this argument about equal opportunities in apprenticeship is rather Spurious.

Despite this however, other scholars have argued that access to both financial services and apprenticeship training can enable women to leverage their skills and ultimately to develop their business. By upgrading their skills (through gaining access to technology, raw materials, market information and business linkages) women can expand their economic role. Improving the economic position of women contributes to building their confidence and ultimately their social and political roles.

4.3.6. *Gender Discrimination in the Wider Market/Economy*

In the wider economy or markets, women face other forms of unequal power relations: some generic to all poor people, some specific to women!¹⁴ To compound these forces, women often have limited direct access to economic opportunities outside the home due to the norms of female seclusion and dependency already mentioned earlier. They face lower wages, more exploitation, threats of evictions from their business premises, etc., more than men (Chigunta, 1998: 14).

As a result, providing credit without corresponding redress in the wider economy will continue to constrain women's efforts to move out of their disadvantaged position. Thus, membership with a micro-credit institution in itself is not a guarantee that the disproportionate struggles confronting women vis-à-vis access to and utilization of resources do disappear (Musokotwane and Musonda, 1990: 6).

4.3.7. *Constitutional and Administrative Provisions and Practices*

The basic provisions for ensuring human rights and fundamental freedoms, for realising these rights, and for protecting women's personal freedoms, human integrity, dignity and other rights are all included in the *Zambian Constitution*; they are based on the principle of equality irrespective of gender (*Zambia Gender Policy*, 1995, 2).

However, these same provisions and practices that are meant to protect have also been used as objects of discrimination and subordination against women. For example, for a long time in Zambia (though things are slowly changing), there has been 'overt discrimination in state legislation whereby women have been treated as *jural minors* under the authority of 'fathers', 'husbands', 'brothers' and/or even 'sons'. Women's ability to develop into formidable entrepreneurs is therefore often limited by their lack of property rights.

Moreover, in spite of the increased rhetoric in support of affirmative action, especially in political appointments, little has been done for women, especially the poor. As Petronella Chisenga lamented in an interview with the *Post Newspaper*, 'though there was a commitment by all political players to have 30 per cent of women representation in Parliament during the 2001 Presidential and General elections,

¹⁴ See 'Negotiating sex and gender in urban Zambia', in *Journal of Southern African Studies* 1994: 219.

President Mwanawasa only picked men for the nominated positions in the House' (Post Newspaper, 2002). Thus, mere acknowledgment on paper, even in the constitution, will not help poor women without corresponding will power and commitment during actual implementation of government policies.

At the same time, poor women micro-entrepreneurs often have to incur unnecessary costs in the form of fines or bribes to local officials. Harassment, endemic bribery and extortion practiced by public officials are often cited as major problems faced by poor women micro-entrepreneurs working in the informal sector in Lusaka (Mukuka, 1999: 14). Moreover, registration procedures for businesses are cumbersome, time consuming and expensive. For example, the well-intentioned attempt by government to encourage formalization of women's market activities in Lusaka failed because registration procedures were too complicated and expensive, and the mechanisms for consultation were imposed rather than reflecting the existing structures among women's market associations (Chigunta, 2001: 37). All these inhibit the development and growth of women's micro-enterprise activities relative to those of men who are generally privileged in all spheres of life.

4.4. Implications for Women's Empowerment and Poverty Alleviation

In spite of the increased access to micro-credit, most women micro-entrepreneurs still find themselves trapped in the low-profit petty trading activities. The implications for women's empowerment and poverty alleviation may be seen in relation to their low earnings and profit levels, which, invariably translate into their general position in the home and/or society.

Although reporting on earnings and profit data is not always correct, they are quite instructive. A survey conducted by the CSO in 1991 revealed that the monthly average profit of a female entrepreneur was estimated at K350.6 compared with K1,130.0 for a male entrepreneur (Bardouille, 1992). Even in the same activity, women on average earn less than their male counterparts. For example, the average monthly profit of a woman in trading was K358 compared to K776 for her male counterpart (Ibid). This suggests that there are inherent structural mechanisms that usually work against women. Thus, in spite of increased access to credit, women as a group continue to be constrained by gender-specific factors that men do not face. Thus, sex,

politics, culture and patriarchy, all become critical variables in the effectiveness of credit among men and women in the informal sector (Tranberg, 1989: 75).

Thus, this study acknowledges that while women's access to credit is central to the process of their empowerment, there are limits to how far such interventions by themselves can empower women or alleviate their poverty. Therefore, the current enthusiasm on micro-credit for enterprise development needs to be cautiously examined. Today's primary focus on micro-credit for enterprise development has blurred the 'knowledge' that women in informal micro-enterprises need to be assisted by more holistic strategies and comprehensive programmes that address not only their lack of access to resources, but also their difficulties in accessing labour opportunities, their low skill levels and their strategic traditional and cultural gender constraints.

The paper therefore upholds the two guiding propositions that: (1) the exclusive focus by micro-credit institutions on credit for enterprise development, while ignoring other equally pertinent socio-cultural gender-specific issues confronting poor women, has in essence compromised the long-term effectiveness of credit in overall empowerment and poverty alleviation for poor women in the urban informal sector of Lusaka, Zambia. Income-generating initiatives need to be supplemented with activities that arrest other socio-cultural barriers to women's economic and socio-political empowerment. Thus, (2) only an integrated strategy¹⁵ can result in effective and sustainable results in women's empowerment and poverty alleviation programmes.

¹⁵ As defined earlier in the paper.

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CHAPTER FIVE

Micro-credit per se is not a panacea! Other strategies for empowerment and poverty alleviation are also needed – Linda Mayoux (1998)

5.0. Conclusions and the Way Forward

This chapter attempts to chart the way forward for micro-credit as a tool for women's empowerment and poverty alleviation. The first section presents the main conclusions in the paper. Thereafter, I present the way forward (Recommendations). I look at how a broader, multi-layered and holistic strategy could be implemented in the context of Lusaka. The recommendations are largely practical rather than policy oriented. This is a deliberate stance, emanating from the realisation that Zambia already has the basic gender policies, which if implemented, could improve the situation of poor women significantly. I therefore believe there is need to focus efforts on implementation rather than continuing to formulate policies which are never implemented.

5.1. Conclusions

The study has shown that generally, micro-credit has enhanced women's well-being, especially with respect to their access to (though not necessarily control over) resources, mobility, returns to their productive activities, self-confidence and esteem. Consequently, many women now have greater fall-back positioning in the event of marital conflicts (Maimbo, 2000: 33). Interestingly, most of the changes that have taken place have been attributed to the strategy of combining social mobilization with access to micro-credit, rather than the latter *per se*. Further, the focus of the organization (especially the aspects of women-specific constraints included) and the nature of social mobilization seem to have a bearing on the kind and level of empowerment and poverty alleviation that takes place.

From the foregoing discussions, it can be seen that empowerment means different things to different stakeholders. From this study, I see empowerment as a process of transformation. This process normally must begin with poor women themselves understanding the nature of their oppression in different institutions and social

relations. Women's empowerment begins when women start understanding how social relations of gender; caste, culture, religion, etc., interlock in different institutions of society, leaving them in subordinate positions (UNDP, 2002).

While micro-credit institutions in Lusaka have triggered off a process of economic empowerment among women micro-entrepreneurs, they have not had an impact on the social and political variables in a significant way. This is largely because most of them mainly focus on credit delivery alone. It is therefore important to combine micro-credit interventions with social mobilization activities, to ensure that women's capacities are improved and space provided in all areas of their subordination. The provision of micro-credit for enterprise development is therefore just one instrument among others that will help women micro-entrepreneurs to grow and develop. Hence, one should not make the mistake of thinking providing credit for micro-enterprise development is the panacea for all women's problems.

What is needed is a holistic, broad-based and integrated approach to women's poverty and disempowerment. This calls for multi-thronged strategies and programmes, simultaneously attacking the various sources of women's disempowerment and poverty. While there is scope for new forms of actions by existing actors, there is also a need for new actors and new institutions. We need new ways not only to increase women's economic capability, but also to strengthen their voice (both in the household and outside), to defend their rights, to generate and transfer economic resources to them and to change incentives in favour of this genuine cause. In addition, these initiatives and actors must be coordinated so as to operate as a one strong thrust against women's poverty and disempowerment.

As a result, the role of government cannot be over emphasized. The government has already passed most of the legislation and formulated the necessary policies and programmes within which the different actors are to operate. Ultimately, lasting impact of credit in reducing the worst manifestations of poverty and women's disempowerment can be enhanced only when it is combined with effective implementation of these legislations and programmes. This implies that, it is not enough just to enact legislations and policies. What is needed in Zambia is enforcement of all legislations in support of women's empowerment and

implementation of all programmes and initiatives in as effective a manner as possible. Of particular interest is the fact that socio-cultural/political barriers will inevitably continue to be encountered on the path to genuine women's empowerment. It is for this reason that women's empowerment and the alleviation of their poverty should not be seen as static goals that can be achieved once and for all.

5.2. The Way Forward: An Integrated Approach to Poverty and Empowerment

A key to women's empowerment and poverty alleviation is an understanding of the sources of women's poverty and lack of power (Ibid). The experiences cited in the previous chapter vividly point out the complexities of women's lives and, thus, the complexity of the strategies needed for their empowerment. Thus, putting some money in a poor woman's hands is not a guarantee that it would automatically and quickly translate into empowerment and reduction in poverty. This chapter presents suggestions on how micro-credit institutions, NGOs, the Zambian government, and poor women themselves can work together to ensure the desired impacts on women vis-à-vis empowerment and poverty alleviation.

The first section looks at possibilities for women's empowerment and poverty alleviation for those women who are too poor or disadvantaged to benefit from micro-credit. It reveals empirical examples of how strategies of capacity building have transformed unbankable poor women into successful micro-entrepreneurs. In the second section, I discuss the possible improvements in micro-credit delivery to enhance its impact on women's empowerment and poverty for the so-called 'economically active poor women'. The final section looks at the role of the state in facilitating, organizing, implementing and evaluating empowerment and poverty alleviation programmes and projects.

5.3. Women without Micro-enterprises: If micro-credit does not work for them, what would?

It has been recognized in this paper that micro-credit cannot benefit all poor women in Lusaka! There are many reasons why this is so. Many have nothing to do with flaws in the programmes, but rather, the inappropriateness of credit as a product for 'the poorest of the poor' women (Eversole, 2000: 51). For instance, a very poor woman in Lusaka cannot benefit from credit because: the loans are for 'micro-enterprises' and

the majority of poor women in Lusaka (70 per cent) have no micro-enterprises; even where they do, they usually do not qualify for the loans. Most micro-credit institutions in Lusaka require six months or a year of business experience, including physical assets or guarantors for collateral, which most poor women do not have; no one wants them in their solidarity group, as the very poor women are risky partners; their income is irregular, while most loans must be paid back in regular weekly installments; and/or she does not want to risk a loan – very poor women are usually risk averse.

However, while many of such very poor women may fall outside micro-credit's target market, they are a group that can benefit from other more 'humanitarian-based' products. As a starting point, guidelines need to be developed on how specialist credit and relief or aid agencies might work together. For instance, CARE Zambia, the mother organization operating CARE Pulse micro-credit scheme, also has other projects (e.g., CARE Prospects and the Peri-Urban Self-Help [PUSH] projects) working in relief food distribution. Could closer cooperation between these sister programmes help enhance the effectiveness of the micro-credit component? What role can relief play in sharing the responsibility of systematically lifting poor women from their desperate poverty situation to levels where they become credit worthy? In what ways can relief and aid be used to improve the impact of micro-credit programmes?

5.3.1. The case for grants/relief

Understandably, many development practitioners are wary of grants – 'a grant of money risks fostering dependency and undermining people's dignity and capacity for independent action' (Eversole, 2000: 50). Nonetheless, while such reservations are genuine, grants should not be completely out of favour. It should be recognized that well-placed grants – to facilitate capacity building – are worthwhile if they result in long-term sustainable benefits for poor women (Ibid).

Micro-credit institutions, for instance, nearly always require grants at the start-up stage, followed by subsidized loans and other support from donors for several years before they can hope to reach full financial self-sufficiency, if at all they do! If it is worthwhile to provide grants to institutions, as a kind of seed capital to get good ideas off the ground, then could it also be acceptable to provide seed capital to the poor

women – not as ‘paternalistic’ charity, but as a way of building their capacity for future independent action? (Cohen, 2002: 337).

Following are two examples of grant-based projects that could help the poorest women in the Zambian context:

5.3.2. The Trickle-Up and BRAC’s IGVDG Programmes

While unquestionably important, financial services may not be the highest priority for the truly poorest women in Lusaka. What they need is relief, and it may well be more appropriate to deliver than to try and provide micro-credit to a wrong target group – very poor women! In this context, ‘The Trickle-Up and BRAC’s Income Generation for the Vulnerable Group Development (IGVDG) Programmes are particularly enlightening and effective (Dunn, 2002: 325-34).

Eversole discusses the case of ‘The Trickle-Up’ programmes based in Bolivia. Through their unique financial product, ‘conditional seed-capital grants’, the Trickle-Up programmes offer an unorthodox form of micro-enterprise finance. They utilize grants for start-up capital, income generation and business training and social mobilization to facilitate capacity building among very poor women. They show how a grant programme may function alongside micro-credit and other empowerment based programmes as a different, yet equally valid form of micro-enterprise development geared toward women’s empowerment and poverty alleviation (Eversole, 2000: 52).

On the other hand, BRACs IGVDG programme combines public works, relief and income-generation. It provides truly poor women with wheat as payment for working on the roads, drainage systems and other infrastructure in Bangladesh. At the same time, BRAC helps the women save some of the funds generated when they sell the wheat and also provides training in income generating schemes. After two or three years, the women have developed the resources and skills to graduate into the mainstream rural credit programme activities (Ibid). The equivalent of this programme in Lusaka is the PUSH project mentioned earlier. However, the PUSH programme is specifically relief and lacks the innovative characteristics of BRAC’s IGVDG programme that facilitate capacity building and social mobilisation.

The IGVDG programme combines the essential aspects of women's lives, including childcare, health care, education, housing and social mobilization for political and household effective participation (Littlefield, 2002). These methodologies seem less than efficient, the results less than sustainable. Yet, empirical evidence suggests that these approaches may be succeeding in effectively investing development funds to achieve results over the long term (Eversole, 2000: 45). Even the CGAP acknowledges the viability of such programmes as a means for graduating very poor women from safety net programmes while addressing their everyday vulnerability (Littlefield, 2002).

5.4. Women with Micro-enterprises: Improving the impact of micro-credit

One of the contradictions of micro-credit programmes in Lusaka is the tension between policies designed to increase their financial sustainability and strategies for women's empowerment and poverty alleviation. Financial sustainability requirements lead to pressure to cut costs to the minimum and have obliged many programmes to significantly reduce complementary services.

As it has been shown, a major set of constraints to poor women's empowerment lies in well-entrenched customs, including traditional and cultural attitudes towards women, all of which conspire to maintain the subordinate position of women. We saw also that poor women face constraints at many levels – household, community, markets, government, – and in all spheres of life – socio-cultural, economic, and political. Interventions should therefore take care of all layers of bottlenecks. When this is done, it is likely to lead to a positive spiral of benefits for the poor women. Ensuring complementarity between the different programmes that enhance women's empowerment and poverty alleviation, and efforts that diminish hindrances is therefore critical, and must be strategically addressed (Mayoux, 1999).

Further, there is a need to mainstream gender and empowerment concerns throughout all the activities of micro-credit programmes. The Council of Europe defines gender mainstreaming as '(re)organizing, improvement, development and evaluation of policy processes, so that a gender perspective is incorporated in all policies at all

levels and at all stages'¹⁶. Thus, gender equality, by being taken into consideration in the planning and adoption of political directions, client and staff training, becomes a daily constituent of policy and practice.

5.4.1. The role of intermediary Institutions

Intermediary organisations, including micro-credit and women's NGOs, have an important role to play in ensuring that conditions for the process of women's empowerment and poverty alleviation unfold (ILO, 2002: 114). Their role however, should change with time. They should work towards making women at different levels function independently of them through building their capacity and independence. They should strive towards establishing structures that ensure that the women themselves, rather than intermediary organizations, can represent their interests. Whether this implies withdrawal of the intermediary organization over time is a context-specific question, but gradual weaning away of dependence of women on such organizations is a must.

To be able to play such a facilitating role, it is important that such organizations are 'non-profit making' and autonomous in nature and their activities must be wider than just micro-credit interventions. They should include, among others, the provision of health care and family planning services, life and health insurance schemes, literacy skills, scholarships for children's education, housing loans, environmental education programmes, human rights education and legal aid services (Carr et al., 1996: 203). The staff and sponsors of these institutions also have to be sensitive to gender and social relations, and they should be process rather than target driven.

5.4.2. Nature of social mobilization

An essential ingredient for women's empowerment and poverty alleviation is basic literacy (ILO, 2002: 74). Especially in today's knowledge-based economy, the illiterate have little choice but to remain backward. Thus, in addition to economic empowerment, the process of social mobilization is central to women's overall empowerment and poverty alleviation (Ibid). Therefore, basic literacy and education are important as means of ensuring mobility and higher incomes even within the informal sector.

¹⁶ See <http://www.uen.rs.si/eng/cedaw2/11.html#4>

However, not all kinds of social mobilization, education and/or literacy can foster women's effective empowerment and poverty alleviation. If social mobilization, education and/or literacy are to empower women and overcome their poverty, they must begin by dealing with the deeper gender-specific issues common to all poor women (Dunn, 2002: 44). The approach must be transformative – changing not only women's perceptions of themselves and what they can do, but also those of the whole of society. Raising awareness with regard to all aspects of inequality between men and women, and especially with regard to violations of these rights, is one of the basic activities that will help transform perceptions about women (Ibid).

Further, while it is important to organize a number of critical focal points for women in their compounds, it is important that they are federated at different levels; township to district; and province to national, etc. Isolated small groups of women dispersed in different townships cannot make claims on government or influence policies and planning processes. Neither can they intervene effectively in market places, or challenge social norms that disadvantage women (ILO, 2002: 74). This refers to the ability of women to work together, organize themselves, and mobilize resources to solve problems of common interest. Organized groups and communities are more likely to have their voices heard and their demands met. When such membership-based groups federate at higher levels, they can gain voice and representation in policy dialogues and decisions that affect their well-being (Ibid).

NGOs, Women's groups and the government must also devote time to specific women's problems and draw attention to individual rights through campaigns. Most campaigns can be carried out in conjunction with NGOs and other social movements. Such campaigns should be targeted at such critical concerns as women's inheritance rights, violence against women, differential impacts of poverty and the need for social security for poor women (Mayoux, 2002). These campaigns also need to be extended to unfamiliar territories of family life, power relations between sexes in the home, etc! It is necessary to strengthen the public promotion of the more equal distribution of work between family partners and between parents and children, including the concept of this kind of distribution of work in education programmes. In all these, the role of the media, including advertising agencies would be crucial (Ibid).

Finally, for such crucial processes to be unleashed, a minimum of 10 years or so of sustained effort is required before these programmes can make a dent on women's poverty and disempowerment. It is hence necessary for micro-credit institutions, their donors and the government to move away from the short-term project syndrome (Carr et al., 1996: 208).

5.4.3. The role of national and local governments

No single micro-credit institution or women's organization can effectively and sustainably address the dilemma of poor women in the absence of a supportive legal framework and governance (Dunford, 2002, 40). The experiences of women micro-entrepreneurs in Lusaka give ample evidence of material gain and of increased profitability of women's micro-enterprises. However, by far the most important component of overall empowerment is that of structural change, without which strategies and interventions – however successful in the short term – may fail to lead to long-term and sustained benefits for poor women.

In Zambia, we already have a comprehensive gender policy, with the GIDD as the primary policy-making and coordinating body. However, this body lacks capacity for monitoring the integration of the Zambian gender policy into the various plans, programmes and projects of government as well as coordinating and monitoring the implementation of the overall women's empowerment drive by different actors (JCTR, 2002b).

For example, there are so many different departments, agencies and NGOs, each, dealing with different aspects of the women's dilemma: reproductive health, infrastructure development and planning, small business support, human rights education, legal aid, micro-credit, etc. None have much contact with the others, often resulting in duplication of efforts, and even the implementation of contradictory regulations and initiatives (Ibid). The first step is therefore to bring these agencies and NGOs together, to involve researchers and other committed agents of change in the advisory role, and to consult women, both in the informal sector and at home, on their needs and their own vision. In other words, government policies and initiatives, including efforts of independent NGOs and private agencies, should be taken within

the context of an integrated national social security system rather than scattered ad hoc efforts.

This implies that the state must recognize its role as interlocutor and/or partner in programme implementation at both national and local levels (and at the same time withhold recognition or support from non-accountable, non-membership organizations claiming to represent poor women) (ILO, 2002: 105). The experience gained in Zambia to date has shown that, indispensable as it is, a specific gender equality policy administered through national mechanisms can only deal with part of the complex issue of gender inequality and not with the broader processes leading to *de facto* equality between sexes (JCTR, 2002b). This can only be achieved by grassroots organizations working on the ground – where the poor women are. Thus, the government must co-operate and coordinate with all the various actors if the integrated approach prescribed in this paper is to be realized (Ibid).

Local government policies and legislation are also critical to achieving a conducive environment for women's empowerment and poverty alleviation. Central government agencies or the legislative authorities may be supportive of women's empowerment and poverty alleviation, but unless there is consistency of policies and effective implementation at local level, all efforts at empowering women will end up ineffective and unsustainable.

In 1999, favourable government credit policies for informal micro-entrepreneurs almost caused a political upheaval in Lusaka as they came up against the problem of city planning, which did not provide for any market or worksite for informal operators (Chigunta, 2001: 65). Thus, in acknowledging the significance of the informal economy in empowering poor women and alleviating their poverty, the local government in Lusaka must also create an enabling environment in terms of both physical infrastructure and services and providing local women's groups, micro-credit institutions and individuals with avenues for voicing their concerns and priorities and taking part in policy debates (JCTR, 2002b).

It is also important to improve the transparency and consistent application of rules and regulations, making sure that practices such as bribery and extortion are curbed. This

means that good governance is a part of a conducive environment. Such steps can also improve municipal revenue, thus enhancing their ability to provide the infrastructure and services needed by poor women in the informal sector and those at home. Mere legislation will not guarantee the elimination of all of the women's problems referred to in this paper.

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