

# Microfinance in the margins: Understanding women's financial capabilities in South Kivu, Democratic Republic of Congo

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# Financial inclusion



**1.7 Billion**

Unbanked adults worldwide (2017)

**Financial inclusion:** individuals and businesses have **access** to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a **responsible and sustainable way** (World Bank, 2017)

- Microfinance:** provision of financial services to low income people
- Targeting women and empowerment became a major focus of gender policy in many donor agencies in the 90s (Mayoux, 2002)
  - Debate and mixed evidence about outcomes (Kabeer 1998; Mayoux 1998; Nussbaum, 2010)

# Microfinance and capabilities

- Many microfinance organizations have failed to tackle the gender-related constraints that confine women entrepreneurs to narrower and less profitable forms of trade and business (UN Women, 2000)
- Development agencies need to question links between women's access to credit and the transformation in gender relations needed for empowerment and equality
- Capabilities approach considers the 'real opportunities that one faces' (Sen, 1987)
- Financial capabilities refer to the **ability** to act and the **opportunity** to act (Nussbaum 2010, Sherraden, 2010)
- *It is "the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one's life, within an enabling environment that includes, but is not limited to, access to appropriate financial services"* (Arnold & Rhyne, 2016)



# Aim and Research Questions

## Pilot project objective:

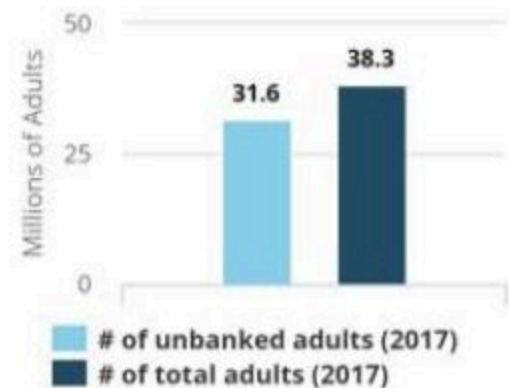
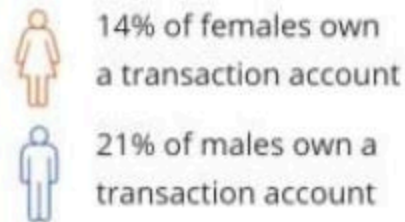
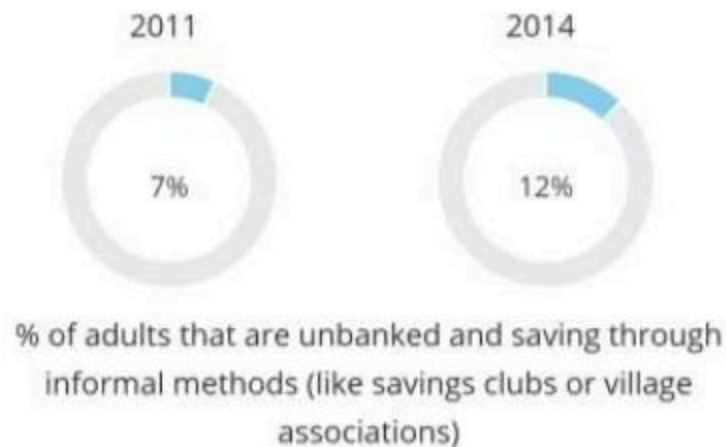
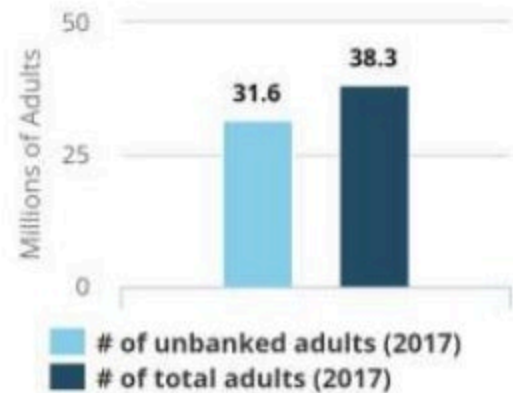
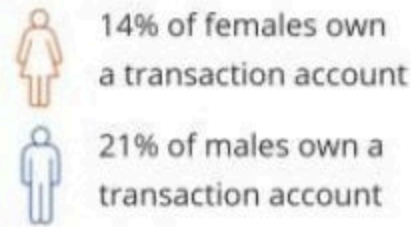
- Develop a capabilities-based project that will expand women's abilities and opportunities to manage income from business and personal savings in their households

## Research Objectives:

1. Contextualize gender dynamics and better understand norms, women and men's roles, responsibilities, beliefs, & practices, esp. financial management
2. Describe women and men's financial management in the household, e.g. expenditure, savings & business
3. Describe how the project influenced women and men's relations and financial management in the household

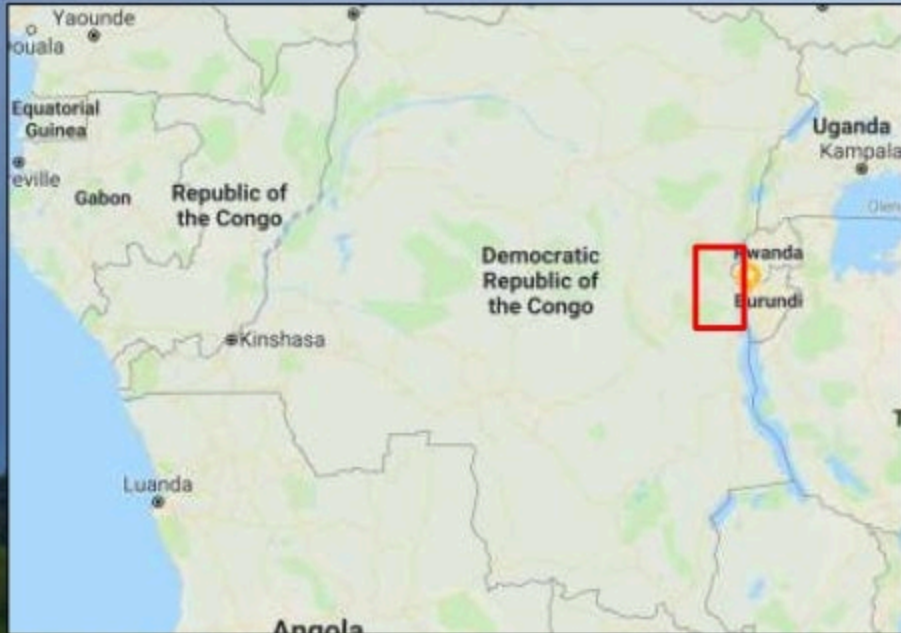


# Democratic Republic of Congo: who is banked?



Source: World Bank Group

# Study Site



**Field Site:** Mining road; poor soils and low fertility, high rates of male outmigration to work in mines

## **Villages:**

1. Mushinga: direct access to a feeder road, bi-weekly market
2. Irongo: ~1 hour from the feeder road, no market



# Research design and methods

## Design:

- Case study with repeat measures, longitudinal

## Participant Sampling:

- Purposive
- Sampling frame: women who sought medical treatment
- 30 women in 2 villages

**Data collection:** Mixed methods, topics included norms, behaviours, skills, & experience (GENNOVATE)

- Prior to start of activities: 8 focus group discussions, 20 personal interviews & baseline (N=60)
- 10 mos. assessment (N=36, 25 women, 11 men)
- Savings and business records of 26 women



No.	Name	Age	Sex	Group	Signature
1	Abraham - Nthunumbi	25	Male	12	
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# Results

## 1. Context (6 FGDs and 2 community interviews, May 2017)

### Household structures:

- Female headed households, >60%
- Polygyny is common

“A man may take a second wife when the first wife is not polite. When she does not cook on time (women are very busy, going to look for money, when she is late, she is beaten by husband”  
(*Woman in Mushinga*).

### Community institutions:

- Many NGOs, primarily with a health focus
- Village community saving groups exist & women participate in higher numbers than men





# Roles & decision-making

## Household spending & decision-making:

- Women purchase food items and pay school fees; men purchase non-food items
- “The wife must involve her husband in the decision making because here a woman is not yet in a position of decision making without involving a man” (*Man in Chirano*).
- “Sometimes they can quarrel but there is no resolution, he is the chief of the household” (*Woman in Chirano*).

## Repercussions:

- “If a woman takes her husband’s money without permission she may be beaten or expelled from the house” (*Woman in Chirano*).
- “A well brought up woman keeps is under the responsibility of her husband. She keeps quiet fearing to be expelled from the household” (*Man in Chirano*).

## Perspectives on sessions with spouses:

- “It is important to engage men since it can make a **positive change** in our community” (*Woman in Mushinga*).
- “There is discrimination that some NGOs have led to **misunderstandings** between men and women. Instead of targeting both men and women for the training, they just targeted only women” (*Man in Chirano*).

## Concerns:

- “Anything given to my wife is given to me” (*Man in Mushinga*).
- Reported intimate partner violence (IPV)

# Results

2. Baseline, N=60, 30 women & 30 men, June, 2017)

	Women (N=30)	Men (N=30)
Married	18	28
Age (avg.)	47	43
Education	■	■
None	60%	30%
Mobile Phone	33%	70%
Goat	23%	23%
Chicken	50%	53%
Rabbit	33%	23%
Cavies	90%	70%
Group Membership	63%	53%
Agricultural extension	46%	63%



*Cavy photos courtesy of S. Bacigale*



# Spending and saving behaviours

## Household spending

- Women pay mostly for food, men pay for non-food items
- Women and men in married households substantially contribute to household income: 55 % & 65%

## Savings: generally low, women are more active than men

- 50% of women and 56% of men save in a village saving group
- 23% of women and 20% of men received credit in the past 2 years
- 50% of women save and 20% of men save using basic methods, such as a box in the household
- 43% of women save for business, 13% of men save for business

# Norms and financial decision-making

Normative statements	Women (N=15)	Men (N=15)	P values
Men have a right to decide alone on how to use income	3.7 ± 1.44	2.4 ± 1.22	.002
Women who earn should make decisions with their husbands on how to spend the income	4.30 ± 1.10	1.55 ± .50	.570
When a man or woman earns income, both should decide in how to use the income	4.77 ± .774	4.59 ± .50	.016

Response format:

1: Strongly disagree; 2: disagree; 3: Neutral; 4: Agree 5: Strongly agree

Analysis:

Reverse values where applicable, higher values associated with higher level of agency

# Activities (Sept., 2017)

- Women formed 2 groups
- Business plan development, 30 USD start-up capital
- Enrolled in a formal bank account (\*4 dropped)

## Sessions (10):

- Financial literacy, savings & enterprise management
- Gender sessions, household budget and negotiation; men's support of women, e.g. in business and in chores

## Local facilitator:

- Met with groups on a weekly basis & household mediation (upon request)





# Results

3. 10 mos. assessment, July, 2018

## Business performance:

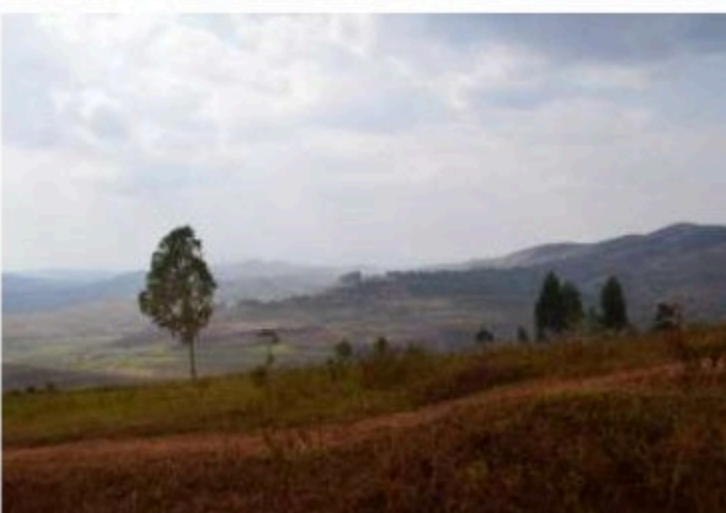
- Mean monthly income per individual USD 25
- Range: USD 12 -53/month
- ~ 30% of the profit is put into savings/ week

## Savings performance:

- Total groups' savings: USD 734
- Mean per individual: USD 28
- Range: USD 9-73 per individual

## Group differences:

- Mushinga: 491.66, Irongo 242.46
- Market access and local politics: a disabling environment



# Measuring change

Statements based on 1-5 point scale ( N=26)	Z score	Significance level 2 tailed
Change in proportion of household expenses	-.503	.615
Level of satisfaction with household management of expenses	-3.57	.000
Knowledge of spouses earnings and spending	-.108	.914
Skills to manage business	-2.12	.034
Men have a right to decide alone on how to use income	-2.54	.011
Women who earn should make decisions with their husbands on how to spend the income	-4.13	.000
When a man or woman earns income, both should decide in how to use the income	-2.14	.032

Wilcoxon Rank Sum Test: Non-parametric test to test sample difference in mean ranks

# Patterns in decision-making

## Financial Decision-making:

- Majority of women make decisions with husbands and other family members
- Earning is a pathway for women to participate in decision-making

## Savings:

- 53% of women reported the project as their only savings account
- Multiple accounts to meet different objectives
- Savings goals: house construction, livestock (50% small ruminants)
- 54% decide on how to save together
- 46% **always** tell spouse what they spend
- 33% of the women are the sole contributors to their savings accounts



# Men and change: She said, He said

When I left money before, I found he used it for drink, but today when I bring it we decide jointly

Since this project began, my opinion of women's ability to manage savings has changed because my spouse now has ideas on how savings are run and she is trying to save up

He never used to show me his money but since the intervention he now involves me

They meet each Tuesday, When she goes, I give her a contribution\*

He was happy and he sometimes helps me and adds money when I need it

Thanks to different trainings we are trying to understand each other better and how one should live with their spouse

\*8/10 men provide money, sometimes may carry out chores and go to the market

# Findings and lessons learned

## Findings:

1. Women's new roles often increase participation in financial decision-making
2. Norms *can* change and capabilities approach offers a holistic conceptualization of understanding individual circumstances
3. Formal banking might not be the most suitable fit

## Research approaches:

1. Relational approaches: HH members, savings is a family affair
2. Context, gender neutral programs and harmful outcomes
3. Voice and listening: creating safe spaces

## Engaging men in processes:

1. Women should be consulted prior about how and when to engage men
2. Peer to peer support, e.g. male champions
3. Local champion(s) is essential to projects that aim to change behaviours



# Conclusion

## Microfinance

- Role in agriculture
  - Areas where increasing productivity is challenging
  - Powerful domain for women's agency in decision-making
- Greater versatility and flexibility in providing services to better support financial inclusion



- Incorporate approaches to transform gender relations



“One’s life depends on how one lives with the family. It has so much influence on how a woman lives...it can be difficult to undertake anything without the support of the husband, or children if the former is absent.”  
(45 y.o. woman, whose son is head of HH)



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# Thanks for your attention

