

IV.

DEMAND FOR INSTITUTIONAL CREDIT AND SAVINGS

4.1 Rural Women's Demand for Institutional Credit

4.1.1 Assessment of Demand

The existence or creation of effective demand is a necessary condition for the success of any programme of financial services that targets women. However, the assessment of demand among women is complicated. In the first place, it is hard to separate women's demand for credit or deposit facilities from household or family requirements. There is also little data available on the extent to which the informal markets are able to supply existing demand. Therefore, both current and future demand are difficult to estimate, even when interest rates and economic conditions are known.

In practice, planning of such services by government and external financing agencies often focusses on latent demand for credit, on the basis of assumed high interest rates and restricted supply in the informal markets. Effective demand is therefore expected to occur when complementary investments are provided or credit services become available.

Formal demand assessment by donor agencies is sometimes based on an analysis of the socio-economic characteristics of the people in the area. In the case of rural women, demand for credit is usually supported by such data as: (i) the major work responsibility of women for agriculture or off-farm activities, often quantified in

terms of the percentage of labour inputs by women; (ii) specific involvement of women in certain crop or animal production activities with which the programme is concerned; (iii) the number of *de facto* or *de jure* women heads of households; and, (iv) where investment in off-farm activities is involved, the percentage of landless, including landless women, among the target population.

Commonly, NGOs adopt a different approach to demand assessment. Most argue, like the Self Employed Women's Association (SEWA) of India, (see Box 18) that a realistic assessment of women's financial needs and capacity is possible only on the basis of an intimate involvement and knowledge of the lives of these women and may take many months. This results in an understanding not only of women's various economic activities, but the problems they face in carrying them out, how decisions on financial matters are made at the household level, and how women combine their domestic and income generating roles.

These seemingly different approaches of large programmes with tight time constraints and the NGO grassroots approach to assessment of demand for credit can achieve a useful meeting point, which is increasingly recognized. Large programmes can support and expand NGO small scale experience and actively involve NGOs in their women-directed activities to ensure better matching of demand and supply.

4.1.2 *Women's Participation in Financial Decision-Making*

Direct surveys do not always provide accurate indicators of demand, where women are unused to assuming or admitting such financial responsibilities and decisions in their own right. This varies by country and region: where women have their own economic activities as with women's crops and polygamous farm households in some African countries, they are more likely to make the decisions; el-

sewhere, as in some Asian countries, decisions are jointly taken.

Studies of the involvement of rural women in decision-making show that rural women decide in general on basic household needs. There is also empirical evidence from many countries that indicates that rural women, either singly or jointly with their husbands, contribute substantially to decision-making affecting the operation of the farm. Women have been found to be involved in the adoption of new technologies, purchase of inputs and management of hired labour⁶.

In IFAD project planning activity in Tamil Nadu, India, it was found that women may perform almost all the work in small group or individual enterprises, but do not always manage the production sale or earnings. In other countries women can and do decide on the disposition of such income and are also responsible for financing inputs.

In almost every society financial management and decision-making among women is related to age and marital status. In Pakistan, women may earn income from selling dairy products, poultry or goats, or exchanging wheat for goods that are later sold and the remaining cash saved. But in most rural households where money earned from the sale of agricultural products is kept at home, wives may know where it is kept, but not have the authority to use it. However, in extended family households, the son will often turn over the money to his widowed mother, who will have authority over its allocation.

To summarize, the extent of women's decision-making on credit will be situation and activity specific. Ultimately effective demand may well be determined not only on the basis of whether wo-

⁶ Gelia Castillo, *The Changing Role of Women - Rural Societies: A Summary of Trends and Issues*, Seminar Report no. 12, Agricultural Development Council, New York: 1976.

men want loans, but whether men like husbands and village elders want women to have access to loans.

4.1.3 *Women's Demand for Individual Loans*

Field experience in providing poor rural women with access to institutional credit has, even at this early stage, provided a number of important lessons.

In the first place, cultural factors and the extent of women's integration into the cash economy will play a major role in determining women's initial interest in institutional credit. Where women are in desperate poverty they will be more willing to undertake the risk of institutional borrowing even if it means going against the social norms governing women's roles and male-female financial responsibilities. This is occurring among the landless women in Bangladesh.

Overall, women's demand for production credit will frequently require a longer time to develop than men's, and may need promotion, in addition to necessary changes in lending procedures. This is time and money well spent in terms of later programme effectiveness.

Group-based lending, with joint-and-several-liability appears to encourage undertaking of financial risk by women, which they might not be able to assume as soon on their own.

While more traditional women's initial response to institutional credit is often the *tengok dahulu* or "wait and see" attitude encountered by Project Ikhtiar in Malaysia, it can change later. Once women innovators have used such services successfully, interest can spread rapidly and ultimately women's demand outpaces that of men. The experience of the Grameen Bank is a case in point. Reportedly women were initially cautious and afraid of going against so-

cial norms; but over the years their membership has grown to 88%.

Programme experience also underlines certain other generalities about the nature of rural women's demand for institutional credit. Individual women's initial demands for credit are invariably for quite small loans, even smaller than those wanted by their male counterparts. Subsequent loans are often larger.

Demand appears to increase when women are provided with financial assistance and simple education at village-level on the use of credit, banking procedures, basic book-keeping and on other related aspects, which gives them confidence in dealing with formal credit institutions and in their own ability to use and pay back loans.

Finally, women seem to feel more inclined to take productive loans for traditional activities where they already possess local technology and know-how, than for new activities where perceived risks are multiplied. As women's experience increases, this attitude can change.

4.1.4 *Women's Demand for Group Loans*

Most women's enterprises tend to remain very small and based on traditional technologies, which often do not provide women with very good rates of return. Group loans could potentially provide economies of scale in rural enterprises and access to improved technology, such as grain mills for grain processing, animal traction units where there are many women-headed farm households and a scarcity of male labour, for storage and market facilities and vehicles for women milk producers or others needing transport.

Several credit schemes have experienced a lack of demand among women for group loans for collective enterprises. Such borrowing clearly requires a very high level of cohesiveness and trust among group members, which may take years to develop. While a

lack of sufficient trust may be one reason for the weak demand for such loans and failure of group investment, it is not the only one.

In the early years about one-fifth of the collective enterprises undertaken under the Grameen Bank in Bangladesh failed. In addition to distrust, there were problems with keeping accounts, difficulties with the technology and mistakes in the projection of recurrent costs. The mismatch of the cash flow from the investment with the one year loan repayment requirements of the Grameen Bank may also have created difficulties, since acquisition of machinery and fixed assets is a relatively longer term investment.

In Kenya, which traditionally has strong women's groups, group loans appear to work much better. Women's groups have erected and leased markets, built wells and water tanks, purchased and run grain mills, grown vegetables, made shawls, carpets and tablecloths, and kept bees, with considerable success.

4.1.5 *Production Credit for Women Farmers*

Demand for direct access to either short or medium term agricultural credit is likely to exist among farm women when:

- women have the decision-making and financial responsibility over certain crops or livestock, for which useful external inputs or services are or will become available;
- women independently manage certain types of agricultural activities for which inputs, machinery or tools are becoming available;
- male migration is high and women *de facto* heads of households are managing farms; or

- there are a considerable proportion of permanently female-headed farm households.

Demand for seasonal or medium-term agricultural credit by women has been found to exist for the following types of productive investments, for instance:

- purchase of normal agricultural inputs such as seed, fertilizer and pesticides;
- rental of animal traction units or tractors for ploughing or land-clearing, or hiring of male labour, especially by women heads of farm households;
- payment for use of mills or similar processing facilities;
- payment for packaging and transportation to distant markets, where better prices could be obtained than through middlemen or traders;
- purchase of simple processing equipment such as a *dheki* for paddy-husking, maize shellers, nut crackers, oilseed crushers and others;
- purchase of storage facilities so that women can sell produce at more favourable prices;
- purchase of larger agricultural equipment, such as grain mills (usually group credit);
- purchase of donkey-carts or similar vehicles for transportation of produce to market; and
- purchase of livestock, especially small livestock or poultry, and fencing or housing materials for livestock.

Several projects in different regions have found that institutional borrowing for livestock is one of the most popular among women, since small animals in particular are often under their management, and possession has status as well as income-earning potential.

Poor rural women are likely to be interested or eligible only infrequently in long-term credit for land reclamation or orchard development. Almost always women want a fairly quick return on their investment. The market women in Kenya and parts of Uganda are exceptions: land is the preferred form of investment through land companies.

4.1.6 *Credit for Food Production for Family Food-sufficiency*

Rural women's major interest and involvement in food production for family food sufficiency is commonly recognized (see Chapter 1), but bankers are hesitant to lend for subsistence agriculture because of the likely difficulties in loans repayment.

There has been little evaluation of subsistence lending from the banking perspective. The experience in Malawi in lending to women for family food production is relevant (see Box 9).

BOX 9

MALAWI: Lending to Women for Family Food Production

Under an experimental programme devised by a British researcher, male village leaders were asked to designate women farmers for leadership training. The programme participants were encouraged to express their problems in farming. They noted that the extension system tended to bypass them in providing credit and training.

As a result, the male extension staff were told to target women, although women did not belong to farmers' clubs. Creditworthiness of women interested in obtaining credit was vouched for by the village headman. These women obtained the credit for production of food crops for family consumption.

Surprisingly, women borrowers began paying back the loan even before the harvest on the crop financed. It was found that repayments were made from cash obtained from the sale of home-brewed beer and crafts⁷. The explanation probably lies in the substitution of the home grown food crops for the previously purchased food.

In other cases, women also produce a surplus which they can sometimes sell for cash at local markets, thereby generating a small income. One of the guiding principles, the so called "Sixteen Deci-

⁷ The reference to this experimental programme is from Anita Spring, "Using Male Research and Extension Personnel to Target Women Farmers," in *Gender Issues in Farming Systems Research and Extension*, eds. Susan V. Poats, Marianne Schmink and Anita Spring, Boulder and London: Westview Press, 1988.

sions" by which participants in the Grameen Bank agree to abide, actually states: "We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus".

In lending for family food production, it is important to ensure that either the other sources of income for loan repayment are and will remain available, or that a surplus will be produced for which markets exist. In the latter case, the distinction between perishable and non-perishable food crops will become significant. Attention may need to be given under the credit programme to preservation and storage in the former case.

Where substitution is likely to be involved, women's time constraints will also have to be considered to ensure that they have the time to carry out both the loan project activity and the one from which substitution income for loan repayment will be derived if women have the main responsibility for generating such income.

Finally, the two different alternatives for repayment will result in different timing of cash generation, and therefore need to be determined at the time of loan appraisal, with the scheduling of repayments adjusted accordingly.

In some situations it may actually make more sense to lend for another short term income-generating activity such as charcoal making or bee-keeping, with encouragement of savings from surplus income to be used for purchasing agricultural inputs or implements for improving subsistence agriculture. Where lending is group based, the loan scheme can facilitate group purchase of such inputs and tools from savings, to lower costs. This approach may have greater potential for sustainability in allowing women to continue a source of income with which to purchase seasonal inputs on a more permanent and self-reliant basis.

4.1.7 *Credit for Women Entrepreneurs*

Women from both landless and landholding households frequently manage small cottage industries, or work in family enterprises together with their husbands, children and sometimes other family members. In those situations where women manage an existing micro-enterprise they may want direct access to credit for:

- expansion of the ongoing activities, through use of improved technology or having more operating capital;
- reduction of production costs, through the bulk cash purchase of raw materials directly from the wholesaler, instead of on credit or from the local shopkeeper;
- increasing productivity, through investment in better tools or equipment;
- preservation or storage, so that they can market their produce when market prices are higher; and
- transportation to market, to eliminate the costs of middlemen.

Women interested in starting a new enterprise may want credit for:

- set-up or experimentation costs of piloting new activities; and
- initial capital outlay for goods, equipment, raw materials and so on, required to set up in business.

When new activities are tested on a very small scale, the amount of loan funds needed by poor women may be very small

are almost always male. Solutions to this problem are illustrated in the next chapter under integrated ministry operated strategies for credit delivery (Section 5.2.2).

Lack of time. Except where labour-saving technologies are included, production credit for women usually implies more work. Rural women's time-constraints are well-documented in all developing regions. However, time constraints are less likely to apply during slack seasons in agriculture, or during land-clearing or other male operations. But even here women sometimes help. In some traditional parts of both Francophone and Anglophone Africa, women are only permitted to work on their own crops after completing all work on extended family ones.

Such socially determined time constraints have been found to limit women's ability and willingness to expand their current activities, increase productivity or undertake new ones, thereby also limiting demand for credit and their ability to make effective use of it. This argues for careful assessment of the community's approval and women's time availability during planning of special credit programmes.

Lack of access to land, male labour, or other production factors. Women's insecure land rights can be a deterrent to requesting loans for agricultural production, even if they grow the particular crop. Women heads of households may lose access to better land where there is competition for it. Constraints in hiring male labour may also restrict them to farming a very small area, for which the standard credit package of improved seeds and fertilizer is too large.

Access to male labour for traditionally male tasks like land clearing is a serious constraint among women heads of farm households in many countries in Africa and the Near East. Labour provided by migrant men from neighbouring countries may be available, but agricultural credit packages sometimes do not take the need

for hiring labour or animal traction for land clearing into account.

Where credit for agricultural inputs is provided in cash instead of kind, women may not want it, because they do not have access to distribution channels for seeds and fertilizer. Or, women may not get access to advice and know-how on how to use the inputs. Agricultural extension and agricultural credit therefore often have to go hand in hand.

Low profit investment opportunities. Profitable on or off-farm investment opportunities, that are at the same time socially acceptable to women, may not be available to them. Unfortunately, there is often a tendency among both government and NGO programmes to direct the more profitable income generating activities to men, and the less profitable "home economics" types of programmes to women. Frequently, credit for women (especially in small "women's pilot projects"), is linked to training and handicrafts with poor markets in an allocation of resources, based on gender rather on economic viability.

Where rural women have been taught knitting, sewing and cooking, market factors have frequently not been taken into account: local markets are quickly saturated and often low-quality home production cannot compete with larger industries in outside markets. Sometimes rural women themselves realise that such activities are high risk and low return and are not interested in risking production loans.

Even the illiterate and uneducated women are often able to assess what is likely to prove both feasible and profitable to them. Participative planning will bring this out. In the Solomon Islands a major NGO found that its attempts at promoting and financing sewing and baking enterprises among groups of women had little lasting effect. It therefore changed its focus to financing solely activities which were initiated by the women themselves, with better re-

sults. This is also basic to the Grameen Bank's philosophy and approach. (See Box 15). NGOs can therefore play a key role in introducing and training women for new opportunities and involving them in project decision-making.

Social constraints on institutional borrowing by women. In several Caribbean countries there is social stigma attached to obtaining loans from outsiders. In parts of Malaysia as well as Peru any financial transactions in agriculture are seen as men's responsibility, and women are quite content to leave it to them. This constraint is also evident in several Muslim countries (see Box 10).

There may also be social prohibitions against women's contact with males from outside the family and community, not only in societies where women are secluded, but also in other traditional rural areas. Frequently women themselves do not like to deal with males, even if in theory they are permitted to do so, because of the fear of harassment.

A recent study of credit in a Central Javanese market town among women and men traders found that few traders, and especially women (who are 70% of traders on market days), apply for loans from the local banks or use the cooperatives. The women explain their use of the more costly informal credit by saying that they prefer to deal with women, and that when they are short of cash they can delay their repayment. A survey in Morocco also found women noting the same preference for dealing with women (see Box 13). This obviously argues for more attention to training male staff and in having female field staff where possible.

The Real Cost of Borrowing for Rural Women. Formally, the cost of borrowing from institutional sources is usually defined in terms of the interest rate charged. In practice, the actual cost of the borrowing for rural women may be much higher when the transaction costs are taken into account. For small loans these costs may

amount to more than the interest. Higher loan initiation costs are likely to be an important factor in limiting poorer women's demand for institutional credit, particularly when lending institutions are distant from the village. Consequently, those who have studied the rural financial situations in Indonesia have argued that demand for credit among poorer women may, in-fact, be interest-inelastic.

BOX 10

PAKISTAN: Constraints On Women's Demand For Credit

In the joint IFAD/World Bank *Smallholder and Rural Women's Project*, now in preparation, several constraints to women's demand for credit in Pakistan had to be overcome. Firstly, because of the 'Purdah' system and religious and cultural emphasis on seclusion, men traditionally act as links between the family unit and commercial, legal and political structures. It is not socially acceptable for a woman to engage in financial transactions on her own.

Secondly, there is social censure on women travelling to bank offices to get loans.

Thirdly, women's ability to apply for and accept credit is limited. There are many reasons for this:

- (1) Collateral requirements are such that women cannot meet them. Although women can own property according to Muslim law, few women own property in their name; customarily most of them relinquish it in favour of male relatives or give the power of attorney to male relatives who are then responsible for all financial/legal transactions. The alternative collateral of two sureties for a loan is also not very promising for women, since giving surety for a woman might be socially unacceptable to both the guarantor and the borrower.
- (2) Application procedures are particularly cumbersome and time consuming for poor women, who are often illiterate and whose opportunity costs of time are high.
- (3) Family pressure against credit is strong for fear of default. Moreover, men state they do not want to subject their women to harassment by bank and Government officials, in cases of default.
- (4) Finally, there is a reluctance to accept the need for credit as it is associated with poverty, helplessness, a lack of control and the loss of prestige.

Under one rural credit project in Asia, the actual cost of borrowing from the moneylender was actually found to be lower than

under the banks special line of credit, using concessionary interest rates when transaction costs were included. The difference was nearly two percent in some more isolated rural areas. These higher costs of bank credit were mainly due to the greater distance to be travelled, the larger number of visits required, and the need to visit other offices and agencies to obtain the needed documentation. Thus, the high transaction costs of institutional borrowing may outweigh the benefits of lower interest rates.

The transaction costs of borrowing for the rural poor normally include the costs of transportation, opportunity costs of time required for transactions, costs of assistance for obtaining documents needed and for completion of loan applications, and bribes or "gifts". Considerable paperwork and documentation is required by commercial and development banks. At one rural bank branch in Indonesia it was found that loan applications could be two inches thick, containing business licenses, insurance certificates, tax certificates, certification of mortgage or collateral posted, notarized agreements, notarized authority to sell collateral, financial statements, quarterly reports on business (balance sheets, income statements, etc.), as well as a number of signed documents in Dutch.

Under another ongoing programme in Asia it was found that at times as many as 16 visits to the distant branch bank were required for one loan application. Frequently, women without influence in bureaucracies stood in long lines until the institution closed, while more important clients were ushered in immediately by officials.

Because of their lower education levels, women tend to require more assistance and therefore have to pay more for this service from outsiders, where banks or cooperating services do not provide such help. Also, there are some indications that they may be asked for guarantors more often than men are, which again often has to be paid for, especially when involving outsiders. The report of a loan application process for poorer women in India illustrates the tran-

saction costs in one situation. To get bank loans approved often requires access to village and *taluka* (sub-street-district) level functionaries as well as bank functionaries, all of whom are usually male. Being illiterate, the rural women have to depend on others to complete the many forms for them. Women are not familiar with and do not possess the various certificates required. They are subject to exploitation at each stage, and have to pay cash to village and *taluka* officials for the certification they need. Frequently the government functionaries and bank officials at the lower levels charge their own cuts for getting the loan approved. Women also find dealing with such officials intimidating and are not in a position to object to any payment or waiting demanded.

Overall, it requires many trips to *taluka* headquarters to enquire about the status of their application and bank offices and to get the loan sanctioned, with the associated expense and loss of income. Moreover, women only end up with part of the approved loan, due to loan initiation costs, but have to repay the whole loan with interest. Frequently, they have to borrow from informal sources to bridge the gap.

This conventional and depressing situation has been resolved by several innovative programmes, including in India, through streamlining procedures and bringing services to the village level (see Chapter 5). Credit groups have also played a positive role (Chapter 6).

Given such financial and social transaction costs for the borrower, it is not surprising that poor rural women often prefer the informal markets, even if higher interest rates are charged. Here the lender is close at hand and sometimes even goes to the home of the borrower; transaction costs are low. The convenience of borrowing from this source is often cited by borrowers as the reason for dealing with pawnbrokers, shopkeepers or other such informal lenders.

doxically, the poor respond rather to considerations of security and foresight than to rules of productivity of capital."

Factors encouraging demand for institutional rather than informal savings that were noted by this workshop and placed in order of rank put security of savings first and payment of interest on capital last. In between, and considered more important than interest earnings are such factors as the privacy of the accounts, proximity and easy access to deposited funds.

Other reports note that the rural poor, including rural women, are fully aware that their savings are not fully protected in banks as they do not pay real interest rates. As a result, they may prefer to invest any earnings in livestock or gold jewellery, rather than deposit savings in the bank.

4.2.2 *Factors Which Lower Demand for Institutional Saving*

Different regions and developing countries have found very similar kinds of problems that restrict rural women's interest in using institutional savings opportunities, although there is comparatively less information on savings than on credit.

Transaction costs for the saver. The opportunity costs of time and the cost of travel discourage frequent deposits of savings from women living in remote rural areas. The distance from village to branch banks or where deposits are to be made will affect the transaction costs of the institutional saver as they do the would-be borrower. Here, the linkage of informal groups to the formal saving system (as discussed in the previous chapter) can help lower such costs.

Illiteracy. Again the limited education and common functional

illiteracy of most poor rural women in the developing world precludes them from even signing their name, let alone opening an account or withdrawing funds. See Box 15, where members of the Grameen Bank learn to sign their names. The SEWA Bank and Working Women's Forum of India (see Box 6) circumvents these illiteracy constraints in different ways.

Distrust of Financial Institutions. Less educated women are often afraid of leaving their money in the hands of strangers about whom they know nothing. In some countries, rumours of corruption in cooperatives, credit unions and banks, and of bank closings, lower the trust in institutional financial markets for savings. When mobile banks or bank workers leave the village, women have been found to believe that they are leaving with their money, never to return. Over time, as they see banks returning on a regular basis and know people who have been able to withdraw their savings when wanted, their confidence has grown.

4.3 *Planning Strategies for Developing Effective Demand*

4.3.1 *Encouraging Demand for Credit*

In some situations women's demand for credit, and production credit in particular, can be expected to be low, or the extent of demand may be unknown. As discussed, this situation occurs where women are in *purdah* and the value of women's contribution to the economy is not recognized, with men being considered responsible for all financial transactions. Demand may also need to be stimulated where women are poorly integrated into the cash economy and have little incentive for market-oriented production. In such instances a full-scale and immediate entry into direct lending for women is rarely justified. Instead, phasing of direct access, initial joint lending, or extensive use of information, motivation and education will need to be employed.

Phasing Direct Access: NGOs in many credit schemes both in Asia, Africa and Latin America have employed a phased approach: where women have little production incentive they are first provided with new skills and income generating opportunities, then confidence is gradually developed in institutional borrowing. The first stage may simply involve formation of savings groups and sometimes pooling of resources by members for provision of small loans. The second stage may involve loans provided by NGOs on the basis of their own funds. The third stage usually involves women's use of banks, but with NGO or other mediation. The fourth stage can involve direct borrowing by members from banks, with the requisite skills developed during the previous phase, and with the NGO as guarantor. There can be a fifth phase where women as individuals or groups borrow directly and independently from formal financial institutions. Sometimes there is also a sixth stage, which phases out external credit sources and relies for providing credit to members on the pooled resources of the expanded and formalized credit and savings organizations as occurred to some extent with SEWA of India (see Box 18).

Indirect and Joint Lending: In certain Islamic as well as other countries, there is sometimes considerable male resistance to female involvement in credit activities, as is the case in rural Pakistan, for instance. Here it is both unrealistic and counterproductive to assume that effective demand can be awakened in only a few years or during the usual life span of an externally financed project. Therefore, in these cases, indirect lending or *joint lending* approaches have sometimes been used, either in parallel with direct lending to women or as a needed interim phase to neutralize male opposition by basically conforming to social custom. In the case where indirect loans are targetted to women, appraisal and subsequent supervision need to assure that the woman would indeed be the primary user and beneficiary of loan funds, and disbursements should preferably be made in kind rather than cash and while the loans would continue to be registered and administered in the name of the head of

household. Joint borrowing, with both husband and wife signing for loans, could become a subsequent phase of lending. Increasing social acceptance of women's credit activities, can make direct lending to women possible, with a further phasing along the earlier discussed lines where necessary.

Promotion: In situations where demand lags behind supply of credit, information, motivation and education of women about credit can play a useful role in decreasing social pressures and stimulating demand. In the development and women's credit context much of this promotion would be community based and narrowly targeted. Group formation and development (see Chapter 6) would themselves be part of the strategy and have a positive effect on demand.

Credit information flows, from credit scheme administration to women to inform them about opportunities, responsibilities and procedures is also an important and necessary aspect, as noted above. Where there is considerable male opposition to women's access to loans, men will need to be targetted for specially designed development communications as well. This has been done under credit programmes in several Latin American countries.

Credit information and motivation of women will employ those media and personal channels which are directly accessible to them. Where community meetings are used as an introduction to the credit scheme, as they are with the Grameen Bank, village leaders may need to be made to understand that women are also invited to attend. House-to-house visits made by women staff or NGO workers will encourage questions and answers on the topic of institutional credit. Field workers can also address women's associations, mothers' clubs, women gathered at wells and market places and at similar locations.

Since most rural women in developing countries are functional

illiterates, the medium used for programme information cannot rely only on written channels of communication. Pictures, radio programmes, television as well as traditional media such as theatre, puppets, song, dance, and festivals, have been successfully used for development communications by UNICEF and other organizations in many Asian and African as well as Latin American countries to reach the rural population, and especially women. The modern message of credit and income generation can be adapted quite well to the traditional format.

In the recently approved IFAD *Solomon Islands Rural Financial Services Project* (see Box 11), the focus on women includes a small public information and promotion activity to promote credit union membership. It uses village level personal contacts in combination with national radio programmes.

In those countries where radio has good coverage and women listen to broadcasts, it can be a useful tool for helping stimulate demand and expand a small pilot experience into a national or regional one at a very low cost per person reached. In all uses of media such as radio, which have a broad population coverage, it is impor-

BOX 11

SOLOMON ISLANDS: Public Information and Promotion Activities

In the Solomon Islands, the Central Bank began in 1988 to sponsor a radio series entitled "Money Matters". It is expected to reach most of the rural as well as urban population in the Islands, where the majority of families have access to at least one radio and 90% of the population listen to radio at least once a day. Radio is also suitable given the geographically scattered population.

The "Money Matters" programme series aims to deal with a wide range of information on banks and banking as well as discussing other financial institutions. The programme provides information on such topics as: the concept of money; the basic principles of credit; how credit can be used; value of savings by group; roles of commercial and development banks, and role of credit unions.

The IFAD Rural Financial Services Project provides funds for preparation of further material on the credit union movement in the Solomon Islands where female membership is currently about 40%. The radio broadcasts will include case studies of selected credit unions in each of the several provinces; interviews with credit union officers and members; and special developments associated with the credit union league.

As part of the information strategy, the project would complement radio use for general publicity with information through the Solomon Islands Credit Union League Provincial Officers addressing women and women's groups at the grassroots level. These officers would also keep in contact with other agencies and officers, such as those of the Women's Interest Section and of the Agricultural Training Centre.

tant to ensure that the financial services are first in place and operating, and that the demand created does not exceed supply of services. Some credit programmes have found that they had to stop using radio because of the resulting excess demand.

4.3.2 *Encouraging Institutional Savings*

Institutional savings mobilization is important to ensure the financial viability of rural lending schemes. In order for such institutional savings to occur, the propensity as well as the capacity to save will need to exist. Mobilization of savings then focusses on encouraging savings attitudes and practices through one or more of the following means:

- developing savings habits where they do not exist; this can be a slow process in situations where savings are not culturally valued.
- providing attractive investment or consumption opportunities as a motivation for saving since people will only save if they have a desired personal, family or community objective.

For women, their children's education or dowry provision is a frequent incentive.

- providing a safe and accessible location for deposit of savings, i.e. one that people can trust with their money.
- offering real interest rates on savings deposits, so that the purchasing power of savings is not eroded by inflation.
- providing small material incentives, gifts or even lottery prizes as an incentive for opening a savings account, buying bonds, or maintaining a certain balance in a deposit account.
- making accumulation of savings a pre-condition for borrowing, which is discussed in the following Chapter 5.

The tendency towards thrift and the value placed on accumulation of savings can vary widely even between different ethnic groups within one village. Where traditional savings habits do not exist, either in cash or kind (see Chapter 21), they will take time to develop them. Increased income by itself will usually not be sufficient.

The Sarvodaya in Sri Lanka is illustrative of a more spatially confined and narrowly targetted approach to savings. The Sarvodaya rural development movement has initiated a "Barefoot Banker's Programme" among settlers of the Rajanganaya colonization scheme. The objective is to raise living standards of area families through encouraging savings and reducing indebtedness. A woman field worker has been appointed for each of ten sub-areas of the scheme. One field worker is responsible for generating saving habits among 250 families. She visits 50 families every day, thus covering every family once a week. The method of encouraging savings is quite simple. Every family is provided with a book for savings stamps with pages for every member of the family. Once a page is covered with 10 stamps, which can be of varying value, and brought

to the savings and credit office, the money earlier collected from the depositor is automatically credited to the individual savings account. If the depositor wishes to withdraw some money from the account, he or she can do so at the time of the field worker's visit.

The development of savings habits is also being done in many parts of the world on the traditional model of savings and loan clubs or groups. In Zimbabwe the Savings clubs (see Box 8 above) sometimes have field days or shows. This not only allows different clubs to meet and display and sell their products, but also serves to promote the movement.

Where savings mobilization has been successful in developing permanent savings habits, rather than only encouraging a temporary savings activity, three key factors have often been: discipline, regularity and peer motivation. These characteristics are part of the traditional savings groups or clubs, but are also exhibited under some of the slightly more formal organizational arrangements, as for instance under the Savings Development Movement of Zimbabwe.

Under more flexible and customer-oriented innovative strategies, which link informal and formal organizational structures, or, adapt the most positive aspects of the informal market, demand for institutional saving and borrowing can be expected to grow.

