

V.

ALTERNATIVE INSTITUTIONAL STRATEGIES FOR PROVIDING FINANCIAL SERVICES TO RURAL WOMEN

The institutional arrangements chosen for delivery of financial services to women will largely determine the extent to which women will or will not have access to credit and savings opportunities. Conventional institutional strategies clearly have not provided women with accessible and attractive services. Realizing this, both donors and developing country governments are increasingly turning to new and innovative approaches.

Innovative strategies, may provide separate credit and savings schemes for women or serve them through the same arrangements provided for men. This applies to banks, ministry-operated schemes and to grassroots programmes of NGOs. This section illustrates alternative approaches under these different institutional arrangements.

5.1 *Integrated Credit Schemes Serving Women*

Integration of women into existing or newly created financial services along with men facilitates women's access to funds, and ensures sustainable operations. However, in the past banking institutions have been unwilling to become involved in serving women, because of the perceived additional risks and complications involved (see Chapter 3) and the failure to see associated benefits. This section describes schemes that have done so successfully through taking special measures to ensure women's access.

5.1.1 *Banks Integrating Women into their rural Services*

Banks tend to be conservative by nature and averse to excessive risk-taking. For them to make a major institutional commitment to serving the rural poor, and especially rural women, involves going against customary banking theory and practice. Initially therefore, banks may require subsidies to serve the poor, including women. It is also essential that interest margins be sufficient to cover the increased cost of small scale lending. Additional services required by women also imply higher fees.

There are a few banks in developing countries that have committed themselves to such a long-term effort. Several banks have been expressly set up for this purpose, whereas others are banks with broader mandates engaging in a programme of rural expansion and targeting their services to the poor. Women can and are benefiting in both situations, including cases where they were not the priority target.

In order for banks to serve women, however, they have to institute some changes in policies and procedures, including a relaxation of collateral requirements, a more customer-oriented approach to services with assistance to illiterate women, accepting small loans and small size deposits, and a generally more flexible style of operation. They also have to bring their banking services closer to the village level.

Four examples which illustrate innovative rural outreach strategies of banks are the case of the Agricultural Development Bank of Nepal, the Credit Agricole of Morocco, the Bank Rakyat Indonesia, which is Indonesia's largest commercial bank and the Grameen Bank of Bangladesh. They demonstrate different levels of commitment and differing approaches in regard to opening up access to women.

BOX 12

NEPAL: The Agricultural Development Bank

The Agricultural Development Bank of Nepal provides an example of an existing banking institution that is extending its facilities and modifying institutional procedures in order to serve the rural poor. It has embarked on a widespread programme of bringing banking to the villages through the *Small Farmer Development Project* (SFDP), supported by two IFAD loans. The SFDP serves as an administrative umbrella structure, through which credit is channelled to small farmers and the landless in a number of development projects financed by the government and different international organizations.

The Small Farmer Development Division of the Bank administers the funds to the various projects, and the Bank's branch offices deliver loans and collect payments through their field workers, the Group Organizers and Women's Group Organizers.

The Group Organizer is responsible for visiting villages, conducting household surveys to identify those interested and eligible, and for forming groups. By 1988 there were 532 women's groups providing loans to over 4000 women, compared to 4667 small farmers groups with 42345 members, mainly men.

Women's groups are normally smaller and receive training and take loans for a number of income-generating activities, such as vegetable gardening, goat and buffalo keeping, fisheries and cottage industries. Not only has the Agricultural Development Bank of Nepal extended its institutional network and staff to the village level, but it has also modified normal banking policies and procedures to attract the poorer rural men and women.

Eligibility criteria to be used in screening loan applicants have been designed to favour the rural poor, both men and women. The small size of the loans provided for groups or individuals are within women's borrowing capacity and the activities approved include those which are attractive to them. Collateral requirements have been replaced by group liability and peer pressure for loan repayment. There is a gradual shift from collateral based lending to development orientation and project viability in order to cater to the needs of the weaker segments of the population, who have a low resource base. The bank's policy now stipulates that loans be granted to small farmers and their groups against individual or group guarantee with full or partial collateral or without collateral. For small farmer credit under the IFAD-financed *Small Farmer Development Project*, the guarantee of the small farmers group is considered sufficient for the extension of credit to groups and their individual members, which allows greater access by women.

The Credit Agricole of Morocco (Box 13), which is the main Moroccan bank for rural and agricultural lending, is making a conscious effort to improve women farmer's access to credit.

The Bank Rakyat of Indonesia (BRI) (Box 14) provides another example of institutional change in a commercial bank which

BOX 13

MOROCCO: The Credit Agricole

In Morocco, rural women are actively involved in crop production, livestock management, marketing and handicraft production. In recognition of their active role in income-generation, the Credit Agricole, has initiated a new approach directed to providing women with better access to credit.

Created in 1961 with the express purpose of providing credit for rural areas, the Credit Agricole assumed that such credit would be accessible to both men and women. There was no explicit mention of the sex of potential borrowers. However, it was later discovered that few women were using the available credit lines. In 1986, the Credit Agricole found that out of a total of 107 198 borrowers only 15 125 or less than 15% were women.

The development plan of 1988-92 therefore provided for specific action to ensure that women, as well as men, benefit from bank credit. To achieve this objective a detailed enquiry was undertaken in March-May 1987, to identify the constraints which women face in approaching the banks for loans and the types of projects and services, for which women needed financing by banks.

This survey found that women were being excluded due to such factors as narrow targeting of loans, the complex administrative procedures and requirements for a variety of documentation which was difficult for women to procure, the requirements for fixed collateral and guarantees, the distant location of rural branch bank offices, as well as illiteracy and low education levels.

However, interviews with rural women also showed that women were interested in having access to credit for a wide variety of on-farm and off-farm productive activities, but preferred dealing with female staff. As a result, a number of specific changes were initiated by Credit Agricole in direct support of improving access of women to credit, among them: simplification of loan procedures, expansion of credit lines for the types of activities of interest to women; improvement of mobile and fixed rural banking facilities to bring credit distribution closer to where women lived; institution of a seven day per week operation; hiring of female staff; encouragement of women to form cooperatives, and, acceptance of group guarantees as collateral for loans.

A special unit was set up, staffed by women with multi-disciplinary training, to monitor and evaluate how changes affected future access to and use of credit by women.

BOX 14

INDONESIA: Bank Rakyat Indonesia

The Bank Rakyat Indonesia (BRI) is the largest and most important Bank in the rural sector. BRI was set up in 1968 as an independent, fully owned state bank to serve as the main channel for Government-sponsored credit programmes for the rural and small-scale sectors.

BRI has more branches and personnel than any other bank and remains the only Bank in Indonesia with an adequate infrastructure to reach the rural areas where 80[percent of the population lives.

BRI has a network of 15 regional offices, nearly 300 branches, more than 2[500 sub units and nearly 1200 village posts. It employs almost 32000 people, more than 43% being employed below the branch level. BRI operates as a commercial bank and provides direct access to credit for rural men and women.

The General Rural Credit Scheme (KUPeDES) and the Rural Savings Scheme (SIMPEDES) are the most visible results of BRI's rural strategy. KUPeDES has demonstrated (with arrears of only 2.1% of loans disbursed since its inception) how programmes with simple administrative arrangements, market interest rates, demand orientation and low transaction costs can provide more efficient credit delivery mechanisms. In SIMPEDES, the accompanying savings scheme, the number of depositors has risen from 35560 at the end of 1985 to 661000 in May 1987 and deposits increased from Rp 5.1 billion to Rp 111.1 billion in the same period.

The KUPeDES scheme grants loans to all creditworthy entrepreneurs regardless of the line of business. Loans carry market rates of interest. Women are estimated to account for about a quarter of KUPeDES borrowers. Most loans are for working capital, despite the higher interest rate associated with this type of activity. The large majority of KUPeDES loans made have been for trading.

KUPeDES has not eliminated collateral requirements which remain a constraint to access by women and the poor. Borrowers are required to post collateral equal in value to the amount of the loan, and to provide a co-signature of good character from the village head. However, KUPeDES does accept other collateral in addition to land titles, in the form of other property or valuables, which are often held by women.

The minimum size of loans is small, eliminating a frequent obstacle in lending to women. The loan application procedure has been simplified to help uneducated and illiterate borrowers. In order to apply for a loan, a borrower must provide a brief description of his or her investment plans and a simple financial statement of the business. Loan officers routinely assist in the completion of paperwork, particularly with illiterate borrowers.

Elsewhere the Grameen Bank model has received considerable international publicity and is being followed. Adaptations of its general approach are being tested in Malaysia under the Ikhtiar Project and in Malawi through the Malawi Mudzi Project, supported by IFAD funding and elements of the strategy are applied elsewhere. Early results from Malaysia seem to indicate that some adjustment of the approach may be needed for its use for agricultural loans to smallholders, rather than the landless, and in different cultural settings where demand for credit may be lower and cohesive group formation more difficult.

5.1.2 Integration of Women into Ministry-Operated Credit Schemes

Where the rural banking infrastructure is minimal or non-existent, as in most of Africa, externally funded credit programmes which target the rural poor frequently operate through the commercial or financial sections of project management units, under line ministries, such as the Ministry of Agriculture. These programmes rely primarily on the ministry and project staff for credit delivery and repayment, with banks playing a relatively minor role. At times other cooperating government agencies, NGOs and agricultural cooperatives also provide support or serve as intermediaries in delivering credit. Because these programmes operate under special external funding arrangements with governments, they are also able to introduce some modifications into loan procedures to facilitate access by the target population, including by women.

When the Ministry of Agriculture is involved, as is frequently the case with rural credit, seasonal credit may be provided for agricultural inputs, and medium or even long-term credit made available for more major capital investments. Often credit delivery is relegated to the agricultural extension staff, to specially trained credit extension staff, or, a combination of the two. Ministry personnel assume responsibility for credit activities, such as: (i) loan promotion;

(ii) group organization; (iii) advice and assistance to potential borrowers on loan application; (iv) processing of applications; and, sometimes even (v) initial loan appraisal. The bank may simply provide the final approval.

In many of these programmes, credit is emphasized and savings mobilization has often been omitted in the past. With growing awareness of its importance, the more recently funded IFAD projects, which use this strategy, are increasing their attention on this issue.

Where these ministry-operated schemes recognise the credit needs of rural women, they essentially provide credit to women under the main delivery system, although they make certain staffing or other organizational changes at the field level to facilitate women's access. This is necessary because the Ministry of Agriculture and agricultural cooperative systems are usually male dominated. Only rarely do women have regular access to extension staff, membership in farmers' groups, or membership in their own right in cooperatives. Therefore, in order for women to obtain agricultural credit, and by agricultural extension services to assure effective use of credit, changes are made in staffing patterns and in staff skills and attitudes. Usually some attempt is made to integrate women into village level organizations, which are the final link in the credit delivery system.

Credit operated by ministries of agriculture have used a variety of approaches when trying to integrate women. Some have attempted to retrain and motivate male extension workers to contact women and to bring them into existing farmers' groups, if social constraints are not insurmountable. Others have hired and deployed female extension staff or the wives of extension workers or reoriented the female staff of existing women's home extension services. Where female staff were unavailable, NGOs have sometimes been involved or other ministries, such as those of community development, have

cooperated. Yet another approach has been to train some type of lower level and locally hired village worker, who would not have the status of an extension worker, but would mediate between male extension staff and village women. At times, several of these approaches have been used in combination.

Where female field staff have been involved, sometimes separate women's groups have been established, thus creating separation of the credit receiving systems at the lowest level.

The integrated ministry-operated approach to financial services for rural women has both advantages and disadvantages: on the positive side, it can encourage permanent institutional change within the ministry in favour of assisting women farmers. For instance, a credit scheme in the ministry of agriculture can be the catalyst for a more women-farmer targetted approach in agricultural extension and training which will continue after the credit scheme terminates. During the credit scheme itself, if properly implemented, the strategy helps assure that women farmers have access to agricultural information, advice, needed inputs as well as to agricultural credit.

However, the strategy also requires a high level of institutional commitment. Suitable female field staff are hard to find, train, mobilize, house and retain in remote rural areas, and male staff's attitudes and conventional behaviour can be difficult to change. Women's participation in mixed groups, particularly in some societies where women adopt a more passive role in the presence of men, may be inhibited, although this does not preclude their access to agricultural credit and information. Additionally, this approach may require changes in the credit packages to favour women farmers in general, such as a smaller size of packages, and inclusion of credit for hiring of labour and equipment for land-clearing, or different agricultural inputs for "women's" crops.

An illustration of one attempt by government and the Ministry

of Agriculture to integrate women is in Malawi (Box 16).

BOX 16

MALAWI: The Ministry of Agriculture's Credit Programme

In Malawi, women play an active role in agricultural production. About a third of all households are female headed. The Ministry of Agriculture's credit programme under its Department of Agricultural Development is receiving IFAD support. Credit delivery and recovery is the responsibility of the credit supervisors, who take policy directives from the agricultural credit officers, but are administratively responsible to the project officers of the Ministry. The credit officer is supported by credit assistants at the extension planning area level. There is close coordination between credit and extension staff.

The participation of women in these ministry-administered programmes has been in direct response to policy measures. Efforts to involve them in the credit scheme began in 1981 with the retraining of female home economics and nutrition workers in agricultural extension. Due to the lack of sufficient numbers of farm home assistants or female extension staff, the male dominated extension service was also instructed to incorporate women into farmers' clubs or groups. In recognition of the superior repayment record of women, the Ministry revised its operational manual to place increasing emphasis on direct lending to women. Both seasonal credit for agricultural inputs and medium-term loans for farm carts, farm implements, dairy animals and other investments, were made available to women.

Women who could have direct and independent access to agricultural credit were carefully specified as heads of households, wives of husbands who were away or involved in off-farm business, and wives in polygamous marriages. It was emphasized that women who wanted independent access had to be members of existing credit clubs or groups in their areas. By 1986, some 39[500, or 19% of borrowers, were women; of these women 38[000[received credit and extension advice in mixed groups. Shortage of funds for lending and limited numbers and mobility of female staff are limiting more

5.1.3 Integrated Credit Provision by NGOs

NGOs are also involved in providing rural women with access to credit and savings opportunities through mixed-sex credit schemes. In Zimbabwe, for instance, the now massive and still expanding Savings Development Movement, where the majority of the membership is female, was first initiated by an NGO (Box 8) as was the Grameen Bank (Box 15). NGOs which are not specifically women's organizations or women's branches of organizations, tend to

set up integrated credit schemes. The Organization of Rural Development in St. Vincent is an example (Box 17)

5.2 Separate Credit Schemes for Women

Banks can potentially serve rural women through their normal credit lines, provide them with separate lines of credit and separate savings arrangements, or through separate women's banks.

5.2.1 Women's Banks

Specialized women's banks are one approach to providing financial services to women through the development of new and separate institutions. Among the factors that argue for the approach

BOX 17

CARIBBEAN: The Organization for Rural Development in St. Vincent

In the Caribbean between 30 and 40% of households are headed by women. Additionally, incomes of men at the lowest economic levels are insufficient to ensure the welfare of their families, requiring women's active participation in economic activities.

The Organization for Rural Development (ORD) was started in St. Vincent in 1976 as "a voluntary, grassroots institution that is dedicated to improving the nutrition and agricultural productivity of small farmers and to developing local leadership and economic self-sufficiency." A small fee is charged for membership. Over the years it has expanded its operations and has an extensive network of volunteers.

The credit programme provides loans for vegetable seed, pesticides, insecticides, fertilizers, produce boxes, and tools. These supplies are available through ten store supply centres located throughout the islands. ORD requires that borrowers put up 25% of the investment cost, believing that this places a certain responsibility on the farmer to save money from other crops and activities.

Although there is no special focus on women, it has been estimated that over 30% of ORD's membership are women, and most of the field staff are female.

Since the introduction of this scheme, nutrition training and the encouragement of backyard gardening, participation of women in the programmes has increased considerably. Overall, some 90% of participants of the backyard gardening programme are women.

are its greater ease in focussing specifically on women's needs and problems, and the modifications it allows in policies and administrative procedures to favour women.

The number of such women's banks varies in different countries. In India, there are some thirty co-operative women's banks included in the list of the Reserve Bank of India in six states. Some grew gradually out of NGO efforts. In the case of the cooperative women's banks, the bank uses its own funds or refinancing facilities from the state cooperative banks or the Reserve Bank of India to provide credit to members.

The SEWA Co-operative Bank provides an illustration of how such a bank came into existence and how it operates. (See Box 18).

Women's World Banking is an international rather than a national banking institution providing separate banking services for women. It plays an important role in many countries in extending credit to women (Box 19).

5.2.2 Separate Ministry-Operated Schemes for Women

Some regions and countries have a number of donor-funded rural women's "credit pilot projects" often financed in conjunction with a larger programme, which usually also has a credit component. These separate credit schemes for women tend to be ministry-operated under Ministries of Women's Affairs, Women's Bureaus, Institutes or Departments of Ministries, and the like.

The typical separate ministry-operated credit scheme for women provides training – often mainly technical training – credit, frequently through a revolving fund mechanism, and sometimes also provides advice and assistance. In the large majority of cases separate ministry-operated credit schemes are small-scale, have a limited budget and reach only a small number of women.

Implementation is often delayed due to difficulties of institutional coordination which is frequently poorly designed and without necessary agreements being made at the project planning stage. Total numbers of women benefitting tends to be small, given the comparatively minor amount of funds and staff involved and high costs per person served.

It has also been found in both IFAD and USAID project implementation and evaluation that such separate attention almost always precludes attention and allocation to women of the usually much larger project resources under the main credit programme. Women's role in agricultural production is easily forgotten. Where the main credit scheme focusses on seasonal and/or medium-term credit for agricultural production, and the separate women's component provides credit for off-farm activities for women, the project can fail to meet the critical needs of women heads of households, who are trying to manage farms alone or in the absence of their husbands. Or, this separate approach can result in women having access to credit for agricultural production, but not to agricultural information and advice. Such separation of women can also be artificial, given the family-based consumption and production unit in many traditional societies, where women do not have individual production units.

BOX 19

Women's World Banking and its Affiliates

Women's World Banking (WWB) is an internationally initiated non-profit organisation, incorporated in the Netherlands, which aims to encourage local credit institutions to issue loans to women for income-generating activities. Its headquarters are in New York. WWB establishes a partnership of interest with the local/national affiliate (a registered legal entity which may be a company or a cooperative society), and the participating financial institution(s).

A three-sided agreement is signed, setting up a Guarantee Fund for providing security on bank loans to women who, because of lack of collateral, would normally be unable to obtain credit from institutional sources. The WWB contributes 50% of the Guarantee Fund; the local affiliate guarantees 25% of any losses incurred; and the loaning bank is responsible for the remaining 25%.

The affiliates in the different countries are responsible for screening and identifying women eligible for loans, and arranging for management training so that the women are able to run their business along efficient lines. WWB's ultimate aim is to establish a global network of credit and related services for women engaged in income-generating activities.

In Kenya, the WWB affiliate, Kenya Women's Finance Trust - which is also IFAD supported - is registered as a non-profit organization. Its main role is to provide "mini-loans" to women entrepreneurs whose needs are too small for bank financing. The main credit mechanism used is the revolving fund. Under this arrangement, both individual and group loans to women can be provided. The Kenya Women's Finance Trust engages in close monitoring and supervision of borrowers, and reports a repayment rate of 90%. The Loan Guarantee Scheme, launched in 1986, operates as a parallel financing facility to the revolving fund, and is used to guarantee loans by larger and more viable borrowers from commercial banks. Women borrowers also receive training, including how to apply for future bank loans, complete application forms and reply to bank queries (see also Box 25). They also receive assistance in preparing loan applications from Trust field officers.

Similarly, in Thailand, under the auspices of WWB, loans have been provided to women engaged in handicrafts and shoe manufacture, as well as dairy farming and other agriculture-related activities. No defaulted loans have been reported. The local WWB affiliate, Friends of Women's World Banking Association Thailand reports that skilful management, motivated field workers, an effective training programme for participating NGOs and good public relations are the key to this successful credit scheme.

Many of these separate women's credit schemes have not served to "pilot" or test a strategy that was subsequently replicated or expanded, but rather to provide token assistance to women. Therefore, such separate "pilot" approaches must be well justified on

the basis of women's specific and unique needs in a given situation. They should not be perceived as an alternative to the integration of women into the main ministry operated credit system when access to agricultural credit and information is needed by women heads of households as well as other women.

The recently approved IFAD-supported loan for the *Kwale and Kilifi District Development Project* in Kenya illustrates an attempt to take a dual approach (see Box 20).

BOX 20

KENYA: The Kwale and Kilifi District Development Project

This is a multi-component project with objectives of raising the income of smallholders, livestock owners and artisanal fishermen through increased production and productivity, institutional development at the district level, and beneficiary participation.

Primary cooperative societies are assigned a key role under the project in facilitating access of smallholders to marketing, input supply and credit. The project credit programme for agricultural input supply will be administered by the Kenya Grain Growers Cooperative Union (KGGCU). A separate women's credit programme will be supported by the Kenya Women Finance Trust (KWFT), which is also Women's World Banking supported. (See Box 19). Women are provided with credit for off-farm activities through KWFT, and for agricultural and livestock enterprises through KGGCU. In the latter case, KWFT provides the training and supervision and recommends the potential borrower to KGGCU.

The separate women's "pilot" credit operation is financed through KWFT following its usual practice for its own funds. Primarily, medium-term credit is provided. Both individual and group loans would be available. Credit delivery and supervision is KWFT responsibility; collateral is not required.

Training, also provided by KWFT, is a precondition for access to credit by women. The KWFT training programme is not limited to development of technical skills but can include banking, business management, marketing, legal awareness, leadership skills, planning and specialized technical trade skills, and basic accounting (see Box 26).

Women beneficiaries are carefully selected on the basis of a number of pre-defined criteria. The main credit mechanism used by KWFT is the revolving fund under which both individual and group loans to women can be provided.

5.2.3 *Separate NGO Schemes for Women*

Many innovative credit and savings schemes for rural women have also come about as a result of the efforts of national or international NGOs, such as religious groups, women's organizations, trade unions and others. Where women's organizations or women's arms of organizations become involved in financial activities, they tend to set up separate schemes.

In some countries there are many of these women's organizations, whereas in others they have difficulty in emerging. Their long and short-term objectives vary, some being set up specifically for channelling credit to women, whereas others aim at raising women's consciousness and self-reliance, with credit as only one of the services provided. In the case of an organization like SEWA (Box 18) for example, the main purpose is not merely to borrow, the dynamics of working together going considerably beyond the issue of credit.

Many NGOs, including women's NGOs, are much more interested in encouraging savings than in credit, with credit from outside sources viewed as a necessary but temporary expedient. NGOs emphasize savings more than do ministry-operated programmes. Saving is frequently a pre-condition for the provision of credit to the women served.

The NGO approach to provision of financial services to women also tends to differ in other aspects from that of banks or most ministry-operated schemes. Emphasis is on grassroots-up development, sustainability, active participation of women, and development of self-reliance.

In line with the stress on participation and self-reliance is the development of viable grassroots institutional structures. This is usually the lead activity in such NGO schemes and considerable time may be allowed for this purpose. Where possible, the emphasis

is on building on existing savings and borrowing customs, and on indigenous organizational structures. Such structures may be rotating savings and loan associations (see Chapter 2) or other kinds of thrift and credit associations. Or, they may be existing associations of the village or of village women, set up to serve other purposes, on to which a financial activity is later added. Where no suitable organizational structures exist, or exist for women, then groups may be set up, with the necessary lead-time allowed for development of group cohesiveness and participation. Where women's organizations and separate financial schemes are involved, women are almost always organized into separate groups.

While this approach has many obvious advantages in terms of developing strong and sustainable financial services for women, it also has disadvantages. In the past, many women's NGOs have focussed on promoting conventional women's activities such as sewing, knitting, crafts and food preparation, for which there are limited rural markets and small profits, particularly in the case of low quality products (see Section 4.1.9). Moreover, adequate assistance with marketing has often been neglected.

NGO income-generating activities for women are also often initially grant-funded by the NGO to initiate operations and generate savings more rapidly. This can create certain expectations of continued financial dependence that may subsequently lower loan repayment performance when credit is provided. However, grants are not always involved, and savings are frequently mobilized from existing income sources.

Moreover, the majority of NGO efforts are underfunded and therefore unable to fully meet women's credit needs.

5.3 *The Savings-Credit Relationship*

There is increasing awareness that development of banking services for rural women on a major scale will require the provision of savings as well as credit services in an easily accessible form. Sound banking practices suggest the importance of savings as a pre-requisite or as credit. Moreover, the savings aspect will help these services be sustainable and cost effective and result in greater self-reliance for the borrowers.

BOX 21

LATIN AMERICA: Credit Activities of Women's Trade Unions

In the Latin American region, in addition to other grass-roots level women's organizations, women's wings of trade unions are making considerable headway in organizing women to supply credit and other requirements, particularly in Colombia, Costa Rica, Ecuador, the Dominican Republic, Honduras and Peru.

The organizational structure of women's groups, however, differs: for example, in the Dominican Republic, where the most spectacular results have been achieved, women constitute over 50 percent of the members of one trade union, FENAC. In the Dominican Republic women have also started to form their own grass-roots unions, which join together to form regional structures.

In Ecuador, separate women's groups are being formed, to be forged later at regional and national levels. In Honduras, ANACH (Association Nacional de Campesinos Hondureños - an organization of small farmers) has an active women's wing, concerned with training, promotion and participation of women in income-generating activities. The women have started a number of small-scale group activities, such as shops, vegetable farming, chicken raising, fish ponds and small production units. However, most of these projects are handicapped due to a lack of credit. ANACH wants to set up a revolving fund, with the aim of initiating and sustaining such small-scale group projects until they become economically viable.

Innovative programmes are now showing that administrative costs to banks of mobilizing savings can be reduced through linkages with borrower groups. Groups can carry out the savings mobilization and collection tasks at the village level, and transmit the accumulated group savings to the financial institution. Even where such

IFAD credit programmes in the Asia and Africa regions. Essentially, this can be seen as a small self-administered local banking system in a very rudimentary form and is closely allied in concept to the traditional savings and loan groups or clubs.

In the case of the Grameen Bank, the Group Fund is an important part of its operations and performs multiple functions for its members. It is based on compulsory contributions of 5% of the loan amount rather than from income generated. It is a form of "group tax", explained as the "*mushti-chaal*" referring to the handful of rice the mother puts aside to save when she prepares the family's main meal. The Group Fund is kept at the local level. If a member leaves a group he or she can reclaim personal savings but not the contribution to the Group Fund.

The Group Fund can be used by members for some 300 different types of small emergency and consumption needs. Such needs are grouped under nine headings as: social and household needs, health and medical expenses; loan repayment; maintenance, repair and addition of capital equipment; raw materials for manufacturing and processing; new and supplementary investments; trading; farming and collective enterprise. Through the handling of this group fund members learn how quickly savings can accumulate as well as something about collective management of finances.

The savings-credit relationship with savings supporting credit and *vice versa*, is therefore a promising and useful aspect of providing credit for rural women. The credit group structure is an essential basis for this mutually supportive relationship.