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Economic Empowerment of Women through Microcredit

**The Case of the “Microfinance Investment and Technical
Assistance Facility” (MITAF)**

Commissioned by

KfW Entwicklungsbank

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Foreword

SLE Postgraduate Studies on International Cooperation at the Humboldt Universität zu Berlin has trained young professionals in the field of international development cooperation for more than 45 years.

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Throughout the years, SLE has carried out over a hundred consulting projects in more than ninety countries, and regularly published the results in this series.

In 2010, SLE teams completed studies in Bangladesh, in the Dominican Republic, in Sierra Leone and in Namibia.

The present study was commissioned and co-financed by KfW.

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SLE

We dedicate this study to Jenny.

Thank you for making us laugh, listening to trashy R'n'B, squeezing into cramped collect-taxis, spending nights in the honeymoon suite, being a balancing force in our team, sharing your mosquito dome, finishing your plate of sour Fufu and slimy oca, resisting the giant cockroaches, being a courageous okada-rider, sharing your sceptical view with us, spraying the toilet with clouds of disinfectant, enjoying Nigerian soap operas, putting up with us in a humorous way and still liking us, chasing the noisy rooster from the terrace, being our team mommy.

Thank you for being with us.

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Last but not least, we are most grateful to the numerous microcredit clients who sacrificed their precious time and gave us invaluable insights into their lives. Without these women, this report would not have been possible.

Executive Summary

The purpose of this study is to identify microcredit-driven empowerment processes of women in Sierra Leone within the context of the Microfinance Investment and Technical Assistance Facility (MITAF). The commissioning agency KfW Entwicklungsbank (KfW) has a special interest in learning about the potential of microfinance as a tool for poverty reduction and women's empowerment in Sierra Leone. Furthermore, the exploration of the interconnectedness of economic, social and political empowerment is of particular interest. Research findings should allow MITAF to adapt and improve their products and financial services in their second programme phase (MITAF II) to support empowerment processes of women.

The research was conducted by an interdisciplinary team of five young professionals with different academic backgrounds, supervised by a proficient team leader. In Sierra Leone six local students from Njala University supported the German study team. The study was executed between June and December 2010 in four different phases including the preparation of the study by the team leader in Sierra Leone (end of May – beginning of June 2010), the preparation of the study with the German study team in Berlin (June – July 2010), three months of field research in Sierra Leone (August – October 2010) and the follow-up with presentation of results in Germany (November –December 2010).

An empowerment concept has been especially developed for the purposes of the study, which makes it possible to understand and illustrate change processes in the lives of women. The concept is based on a particular definition of empowerment: empowerment happens when individuals and organised groups are able to imagine their world differently and to realise that vision by changing the relations and structures that have been keeping them in poverty. Empowerment is a non-linear, multi-dimensional process, which evolves along different pathways – material, perceptual, cognitive and relational.

Using the empowerment concept as the operational basis of the study, empowerment processes are explored both from the MFI's (Microfinance Institution) top-down perspective (Research Area I), and the clients' bottom-up perspective (Research Area II). The main research units of our study, therefore, are selected MFIs associated with MITAF and their female clients. In addition, clients' husbands, control groups and microfinance experts were included as valuable sources of information.

To capture the variety of dimensions and perspectives and to obtain a valid and reliable assessment of our research, a triangulation of three different research tools including literature analysis, questionnaires and storytelling was applied. The literature analysis provides important information on the programme background of MITAF, the framework conditions for empowerment in Sierra Leone and actual debates on microfinance and empowerment. A series of qualitative semi-structured interviews constituted the core of the research. Particular interview guidelines were compiled for female microfinance clients, officials at different levels of MFIs and control groups. Both in-depth individual and focus group interviews were conducted. The empirical body of our research is based on interviews with 137 microfinance clients, 26 MFI staff interviews, 9 husband interviews and a control group of 38 individuals. Complementary to our qualitative interviews, the method of storytelling was used, providing us with a multi-sided perspective on the effects of microfinance on the lives of selected clients.

Conclusions

When analysing the influence of microcredit on empowerment processes in the context of MITAF, it is important to stress that empowerment has not been a programme goal of MITAF I. Hence, our assessment of empowerment effects should not be understood in the sense of a grading or judgment of the programme's effectiveness, but rather as an evaluation of the current situation. The main conclusions of our research can be organised into six areas:

1. Regarding the influence of microcredit on economic, social and political empowerment, our findings suggest that microcredit has a substantial impact on women's economic empowerment, only an initial impact on social empowerment and no impact on political empowerment. Taking women's access to credit as a starting point, we observed several positive changes on a material level, such as business expansion, higher income and increases in expenditure on immediate and strategic needs. These changes translated into an expansion of opportunities of choice in the economic sphere together with enhanced agency of clients. However, economic empowerment cannot be understood in terms of material change only. The ability to imagine the world differently and to change structures that determine opportunities of choice and agency also need to be considered. In this sense, the economic empowerment of clients remains at a basic level. Furthermore, transforming the positive impact of microcredit into subsequent dimensions of empowerment is more complex. Building on material change, initial changes in the social sphere take place, affecting such areas as clients' self-esteem and household contribution. Further reaching changes to social empowerment, however, are strongly conditioned by opportunity

structures that are hardly influenced by microcredit. We did not come across any evidence that economic empowerment translates into political empowerment.

2. When analysing empowerment processes, the context in which empowerment takes place needs to be taken into account. During our research several empirically relevant opportunity structures were identified: looking at clients' business activities, we observed that market demand and seasonal fluctuation strongly influence women's income gains through microcredit. Furthermore, the translation of income gains into short-term poverty-reducing effects and increased material security is determined by external shocks. On a relational level, the income and household contributions of clients' husbands play a role with regard to household decision making, as do gender roles and gender relations in general. Overall the socio-cultural background strongly influences the degree of women's self-determination – in the Sierra Leonean context, this usually presents an additional challenge.

3. A core element of original microfinance concepts, as advocated by Nobel Prize winner Muhammad Yunus, is the mutual support of clients through their credit groups, strengthening social bonds among women and enhancing social skills and collective advocacy. Our research reveals that, in their present form, the credit groups we looked at have little or no impact on empowerment processes in this sense. Especially credit groups do not develop shared concerns that translate into social action that reflect common interests. The main reasons for this are a lack of social cohesion among group members, owing to the primarily credit-related purpose of those groups; little experience of group members with group membership and collective organisation to build upon, due to the overall low level of social organisation among women in the post-conflict context of Sierra Leone; and, finally, the lack of support and training related to group organisation by MFIs.

4. Considering the fact that more than 70% of the population in Sierra Leone live below the poverty line, the impact of microcredit on the reduction of poverty has been of special interest for the study. Our research argues a strong case for the positive effects of microcredit on reducing poverty. We observed that access to credit provides an increase in income for over 70% of interviewees. Consequently, in the majority of cases clients expanded their expenditure on immediate needs such as food and clothing. Thus, microcredit has short-term poverty-reducing effects. We also found evidence that microcredit can contribute to reducing the vulnerability of clients through a long-term stabilisation of livelihoods, reflected in an increased expenditure on strategic needs and higher perceived material security. Overall we found that clients' perceptions of their own ability to cope with their lives better in economic terms

had improved. However, microfinance-driven poverty-reducing effects are limited to the individual household level. Besides, we observed no effects in terms of the expansion of markets or creation of employment opportunities. Furthermore, in case of over-indebtedness microcredit can even have a negative impact on poverty, forcing clients to cut back on basic expenditure.

5. To analyse the connection between MFI approaches and women's empowerment, five MITAF-associated MFIs were selected. MFIs were chosen from two categories: "local NGO MFIs" and "for-profit MFIs". A comparison of the surveyed MFIs reveals that they are very similar with respect to their target groups ("poor, but economically active population"), their main loan products (group loans and individual loans) and their credit features (interest rates, repayment periods, additional service charges and collaterals). Our research findings suggest that the current level of interest rates leaves only little space for the economic advancement of clients. Moreover, all of the MFIs researched follow a minimalist approach towards non-financial services and do not adapt their training schemes to clients' needs. One consequence of this is the low level of financial literacy among clients. In terms of empowerment, the lack of additional training also means that clients hardly acquire any new skills or knowledge through their participation in microcredit programmes. In addition, we observed a problematic handling of repayment difficulties on behalf of the MFIs. Defaulters are increasingly criminalised and many clients expressed fear and concern about failing to repay their monthly instalments. All these findings point out that the MFI approaches are concentrated on financial sustainability, rather than the empowerment of women. In our view, efforts directed towards financial sustainability should be combined with supporting clients' social advancement (double bottom line). We believe that explicitly targeting women's empowerment in microcredit programmes will also have positive effects in terms of financial sustainability for MFIs, as an overall improvement to the social and economic standing of clients will result in fewer repayment problems.

6. One key objective of MITAF I was to develop a sustainable microfinance sector in Sierra Leone. During the first programme phase of MITAF, in accordance with international benchmarks, MFIs were urged to fulfil high demands in terms of numbers of clients and low portfolio at risk (PAR) rates. While MITAF I focused on developing a sustainable financial system, empowerment was not a programme goal. As argued above, we believe that a double bottom-line approach considering both financial sustainability of MFIs and empowerment of clients will have positive effects in both areas. Consequently, when empowerment of women is an overall programme goal,

MITAF will need to specifically support MFIs in developing and implementing measures directed towards the empowerment of clients.

These conclusions built the foundation for our recommendations.

Recommendations

As the study has shown, microcredit has considerable potential for women's empowerment. In light of this, the next step is for MITAF actors to decide whether women's empowerment will be considered as a specific goal within MITAF. Should this be the case, as the logframe of MITAF II suggests, we have formulated a number of recommendations to assist MITAF, its donors and member MFIs in maximising positive developments for women.

1. We suggest starting with the development of a strategy for encouraging women's empowerment. This should take place in conjunction with all MITAF actors to discuss how to support empowerment and how to implement the strategic plan. We recommend pursuing a double bottom-line strategy using a socially oriented approach to foster empowerment, while at the same time stimulating financial sustainability (see section 7.8). Additionally, provisions for monitoring must be made, and MFIs should be involved and eventually assisted in developing empowerment indicators. We argue that the strategy should consider the aspects elaborated below.

2. Incentive systems should be set up on all levels to encourage MFIs and MITAF to incorporate strategies and activities supporting women's empowerment into their work. The key here is not to provide more funds in general, but rather to specifically reward promising and/or effective approaches. In this respect, KfW could provide grants to finance or reward innovative plans or successful activities, and we see the establishment of the MITAF Challenge Fund as a potentially important step in this direction.

On the level of MITAF, we see potential in declaring a commitment to women's empowerment as a requirement for organisations applying for MITAF membership. Existing members can be supported in adapting their strategies to the empowerment goal or in adding an empowerment component to their work. Incentives can take the form of grants for hiring external experts to adapt current methods to the new goals, training on women's empowerment for MFI staff or, more importantly, reward mechanisms for successful restructuring and adapting services to suit clients' needs.

MFIs can also work with incentives by putting reward systems in place for loan officers who foster successful clients, as opposed to sanctions on loan officers with unsuccessful clients. MFIs can go one step further and consider capitalising on successful clients as multipliers, who then share their experiences with other clients (peer-to-peer learning). Appreciation and support may also be given to loan groups engaging in discussions and activities beyond finances.

3. MITAF needs to assist MFIs in adapting their financial products and loan modalities to clients' needs. This process includes obtaining information on which needs different client groups have – either through research or feedback from loan officers and clients themselves – and subsequently adapting the loan modalities. This can be done with the participation of clients. Clients may then be offered a broader spectrum of products and choose which one/s are most appropriate for them. This kind of participation might nourish more commitment from women to areas beyond repayment.

Keeping in mind guidelines for responsible finance, it is crucial that MFIs ensure that the credit features of the different products remain transparent, particularly effective interest rates. Since we observed that many women do not have much money left after loan repayment/s, we suggest re-evaluating the cost-effectiveness of MFIs and seeing whether credit features can be adapted to ensure that clients are left with more money at the end of each month. MITAF's role here is to set standards for transparency and enforce them.

4. MFIs should adapt existing training programmes and set up new ones in response to clients' needs. With respect to introductory training, as previously mentioned, transparency and full understanding of loan modalities must be ensured. The current practice of one-day workshops will not be enough. We also encourage provision of financial literacy training and strategic transformative training, where women are not only confronted with calculation and business skills, but also reflect on their current situation. This type of transformative training should also enable clients to prioritise areas of action and formulate plans to achieve desired goals. We strongly recommend implementing training and activities that encourage reflection and action on a social level to maximise women's agency and further empowerment processes. This eventually will also have positive economic effects, as women will be better able to deal with financial challenges.

To assess the content and practicalities (e.g., timeframe) of these training courses, MFIs should draw upon loan officers' knowledge as well as feedback from clients.

Exchange can be promoted by asking a select number of clients to share their knowledge and positive experiences with other groups of women. MITAF's role here is to support such peer-to-peer learning initiatives by MFIs and to take on an advisory role.

5. An internal communication and decision-making structure between MITAF actors at all levels should be put in place. These structures should be participatory and provide ample space for all actors, especially the MFIs and the TSP (Technical Service Provider), to include their ideas and practical experiences and discuss what assistance they need to successfully support women's empowerment.

Additionally, information sharing and knowledge management with and between MFIs should be institutionalised. This is especially important at the beginning of the new programme phase where new priorities are set. We recommend making regular provisions for exchange and feedback, for instance, in the form of conferences, where the field experience of loan officers is given special attention. Topics for discussion should include progress made, opportunities, challenges and examples of best practice. These findings and conclusions should be communicated to donors. MITAF and MFIs may also want to consider drawing on the expertise of organisations that have experience in women's empowerment. This may be especially important for strategy development.

Lastly, communication with men, particularly clients' husbands, should take place to raise awareness of the advantages of a successful loan and what they must do to make sure that taking credit does not have disempowering effects on women. MFI staff must also be sensitive to the conflict potential that arises from microcredit and be able to promptly address such issues when they come across them in the field.

6. Despite increasing competition between MFIs to disburse loans, both MITAF and its member MFIs must ensure that loans are given responsibly to clients who can afford them. MITAF should also encourage MFIs to re-evaluate their effective interest rates, requests for collateral and policies on group guarantees as well as punitive and legal measures in case of non-payment (e.g., criminalisation of clients). Such measures will guarantee responsible finance and ensure that the current largely negative image of microcredit is counter-balanced. We recommend developing a code of conduct where standards for responsible finance are set and communicated to all stakeholders in an understandable and transparent manner. In this regard, it may be

useful to take a closer look at why the Sierra Leone Association of Microfinance Institutions (SLAMFI) has been unsuccessful in addressing these issues.

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List of Abbreviations

AIM	Amazon Initiative Movement
ARD	Association for Rural Development
BoSL	Bank of Sierra Leone
BRAC	Bangladesh Rehabilitation Assistance Committee
CEDA	Community Empowerment and Development Agency
CSO	Civil Society Organisation
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CORDAID	Catholic Organization for Relief and Development AID
DAC	Development Assistance Committee
DAW	United Nations Division for the Advancement of Women
FSU	Family Support Unit
FRIDE	Fundación para las Relaciones Internacionales y el Diálogo Exterior
GGEM	Grassroots Gender Empowerment Movement
GoSL	Government of Sierra Leone
HDI	Human Development Index
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau
LAPO	Lift Above Poverty Organization
MFI	Microfinance Institution
MITAF	Microfinance Investment and Technical Assistance Facility
MODEP	Ministry of Economic Development and Planning
MOF	Ministry of Finance
MoFED	Ministry of Finance and Economic Development
NGO	Non Governmental Organisation
POVNET	DAC Network on Poverty Reduction
PAR	Portfolio at Risk

PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
SMT	Salone Microfinance Trust
SLAMFI	Sierra Leone Association of Microfinance Institutions
TSP	Technical Service Provider
ToRs	Terms of Reference
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNFPA	United Nations Population Fund
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

1 Introduction

During the last two decades microfinance has increasingly been in the spotlight of international development politics as well as public debate. On the one hand, it is widely held as one of the most effective tools in supporting development and its enormous potential has seen microfinance institutions mushroom in developing countries. On the other hand, microfinance came under fire in both academic circles and public debate. Its contribution to poverty reduction has been questioned and the potential risks for clients are increasingly a subject for discussion (Schicks, 2010; Schmidt, 2010). After the initial impulse in South East Asia, it took some years to spread to the African continent and eventually Sierra Leone. Many of these microfinance institutions focus on women, who are often seen to be both in greater need of access to finance, as well as more likely to invest benefits in a more sustainable and long-term oriented way than men. Hence, their expected contributions to poverty reduction should also be more extensive. Interestingly, the development potential of women in Africa was only recognised by the World Bank and other multinational donors in the 1990s. Previously women were often overlooked as a target group for triggering development, so that “in most places, women still trail men in labour force participation, access to credit and financial services, entrepreneurship rates and ownership and inheritance rights. This gender gap is neither efficient nor just” (Kerry, 2010). For this reason, development activities are increasingly focusing on empowerment of women, not only as a supporting factor of economic development, but also as a goal in itself. This is reflected in development politics in general and notably in the MDGs (Millennium Development Goals), which signal “a widespread recognition that empowering women in particular is key to economic and social development” (ToRs 2010: 1).

According to KfW microfinance is a significant instrument for poverty reduction. Whether it can also be seen as a tool for women’s empowerment is of special interest to KfW. The connection between microfinance and women’s empowerment becomes obvious when one realises that the vast majority of clients are women. Given the interconnectedness of the social, political and economic dimensions of empowerment, empowering changes in one dimension may trigger changes in other dimensions. Thus, the improvement of women’s economic empowerment has the potential to lead to positive changes in social and political dimensions. Testing this assumption and identifying relations between microcredit and the multidimensional empowerment of women is **the first important task of this research**. It is important to note here that the study focuses on microcredit as opposed to microfinance in general because micro-loans make up the vast majority of microfinance services offered in Sierra Leo-

ne. The expected findings of this study on the effects of microcredit are of particular interest also from a scientific point of view.

The study not only focuses on empowering change in women's lives, but also takes into account the social context in which these women live. This is particularly important in Sierra Leone, a post-conflict country with a HDI ranking of 158 out of 169 (UNDP 2009), where the majority of inhabitants find themselves living in a precarious situation. Considering that over 70% of the population lives below the national poverty line (UNDP 2007: 23), it is apparent that this has a severe impact on other socio-economic conditions such as education and health.

Due to numerous social disadvantages, women in Sierra Leone are particularly vulnerable. To give an example: the adult literacy rate among women lies at only 54% of that among men (UNDP 2009). This has severe repercussions in other areas of life. High illiteracy rates among women result in decreased access to the formal sector and hence increased activity in the informal sector where state support is limited. This is also an impediment to women's political participation, which in turn is crucial in a setting where statutory, customary and religious laws hinder access to vital resources like land and restrict women's ability to decide on matters such as marriage and divorce (SLANGO 2007: 1).

Women in Sierra Leone also face serious problems in the area of health. Female genital mutilation/cutting (FGM/C) is widespread: 94% of women between 15 and 49 years of age have undergone FGM/C in some form (UNDAF 2007: 14). Repercussions include severe effects on sexual and reproductive health. It also contributes to the fact that the maternal mortality rate in Sierra Leone, at 1,800 deaths per 100,000 live births, is one of the highest in the world (UNDAF 2007: 13).

These widespread issues potentially have a crucial impact on Sierra Leonean women's empowerment. Since more than three quarters of microfinance clients in Sierra Leone are women, the above-mentioned framework conditions play a significant role for the whole sector. An important institution for promoting microfinance in Sierra Leone is MITAF. MITAF is a multi-donor facility composed of KfW, the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP) and Cordaid in cooperation with the Bank of Sierra Leone (BoSL) and the Ministry of Finance and Economic Development (MoFED). The facility started its work in 2004 with the objective to provide financial services for "the poor, but economically active population". Over the course of roughly six years, MITAF has sup-

ported MFIs (Microfinance Institutions) that have provided a loan portfolio of USD 13 million to approximately 130,000 clients.

In 2010 the follow-up programme, MITAF II, was launched. In the new programme phase, special emphasis is placed on the empowerment of women. To support female clients through MFIs, MITAF II seeks to adapt its products and services to their specific needs. Hence, providing information on previous and current effects of the programme on women's empowerment is **the second important aim of our research**. These practical recommendations are of special interest for the commissioning agency and partner organisation.

Overall, the objective of the study is to identify microcredit-driven empowerment processes of women in Sierra Leone within the context of MITAF. By identifying these changes, MITAF II can gain a better understanding of the microcredit-driven empowerment processes of poor, but economically active women and use this information to adapt and improve their products and financial services to support women's empowerment. It is not within the scope of this research to analyse the microfinance sector in Sierra Leone; a comprehensive evaluation of MITAF has already been carried out (see Duval & Bendu 2009). This report focuses on the effects of microcredit on the empowerment of female clients. Any insights gained into the sector will be informed by findings at the level of clients and MFIs.

In our study we focus primarily on women. Men are a valuable source of information for gaining a multi-perspective insight on gender relations and social change. However, they are not considered a separate research unit, as this would exceed the scope of the study. Furthermore, we concentrate on processes at the micro- and meso-level. Potential linkages between women's economic empowerment and macro-economic growth processes are not part of this study, as the economic activities of the interviewed women do not extend beyond the meso-level.

The study was conducted by an interdisciplinary team of five young professionals with different academic backgrounds, supervised by an experienced team leader. The team was supported by Sierra Leonean students from Njala University in the Southern Province of Sierra Leone. The study was executed between June and November 2010 in four different phases:

- Preparation of the study by the team leader in Sierra Leone (end of May – beginning of June 2010)
- Preparation of the study by the German study team in Berlin (June – July 2010)

- Three months of field research in Sierra Leone (August – October 2010)
- Follow-up of study including presentation of results in Germany (November 2010)

The second chapter of this report describes the objectives and outputs in detail and introduces the research areas. Firstly, it illustrates a comprehensive, multi-dimensional concept of empowerment. Subsequently, it outlines our two main research areas. To capture a holistic view, we included both a top-down and a bottom-up perspective on our research topic. Our first research area examines the relationship between MFI approaches and empowerment from a MFI perspective (top-down). The second research area deals with the influence of microfinance on empowerment of women and addresses women's points of view.

We applied a variety of methodological tools to capture the different dimensions and perspectives of empowerment and to obtain a valid and reliable assessment of our research questions. Chapter 3 describes the entire research methodology including research instruments, sampling method and the conceptual and practical limitations of the study.

To adequately examine women's empowerment, the framework conditions and the socio-cultural context also need be taken into account. Chapter 4 analyses the situation of women in terms of enabling and disabling factors for empowerment, such as role expectations and cultural and religious values. Attention is also given to the socio-economic context as related to poverty, education, health and social status. An overview of the formal and customary legal framework in Sierra Leone, with special emphasis on the implementation of laws and women's access to justice, adds a further vital dimension to understanding the position of women in Sierra Leone.

In chapter 5 we discuss the main findings of our first research area. We introduce and analyse the MFIs we studied, their missions, goals as well as their loan procedures. Special emphasis is put on the empowering and disempowering effects of different MFI operations. After briefly outlining different MFI approaches, these approaches are then compared to each other.

Changes in the lives of women are then elaborated from the point of view of clients themselves in chapter 5. This chapter is structured according to our empowerment concept outlined in chapter 2, which illustrates changes along four different pathways: material, relational, perceptual and cognitive. Besides analysing empowering

and potentially disempowering effects of microcredit programmes, constraining and enabling factors are also examined.

The final chapter of the study summarises the main research findings and provides recommendations for donors, MITAF and its MFIs on how to support empowerment processes of female microcredit clients.

In the course of the study, one of the study team members passed away. Due to these unforeseen and tragic circumstances, cutbacks were made in the scope of the study. Firstly, the total number of interviewed clients had to be reduced. Secondly, less accessible (i.e., rural) regions, which we originally intended to address by looking at community banks, had to be excluded. Thirdly, time-consuming Participatory Rural Appraisal (PRA) tools could no longer be used to gather data and therefore greater emphasis was placed on individual and group interviews.

2 Theoretical Framework and Approach

2.1 Objectives of the Study

This study will help to identify microcredit-driven empowerment processes of women in Sierra Leone within the context of MITAF. The goal, outcome and output are outlined below:

Goal:

MITAF II can adapt and improve their products and financial services to support empowerment processes of women.

Outcome:

- MITAF II has a better understanding of microcredit-driven empowerment processes of poor, but economically active women. This understanding can be used to help improve, support and monitor women's empowerment through microfinance services.

Output:

A study report focusing on:

- The relationship between MFI approaches (e.g., credit modalities) and empowerment of women
- The influence of microcredit on empowerment of women
 - Which pathways lead to empowerment (material, cognitive, perceptual and relational)?
 - How are pathways, dimensions and degrees of empowerment interrelated?
 - What are enabling and constraining factors?
- The influence of access to microfinance on agency of women
- The relationship between access to microfinance and improvement of living conditions
- Recommendations

2.2 Conceptualising Empowerment

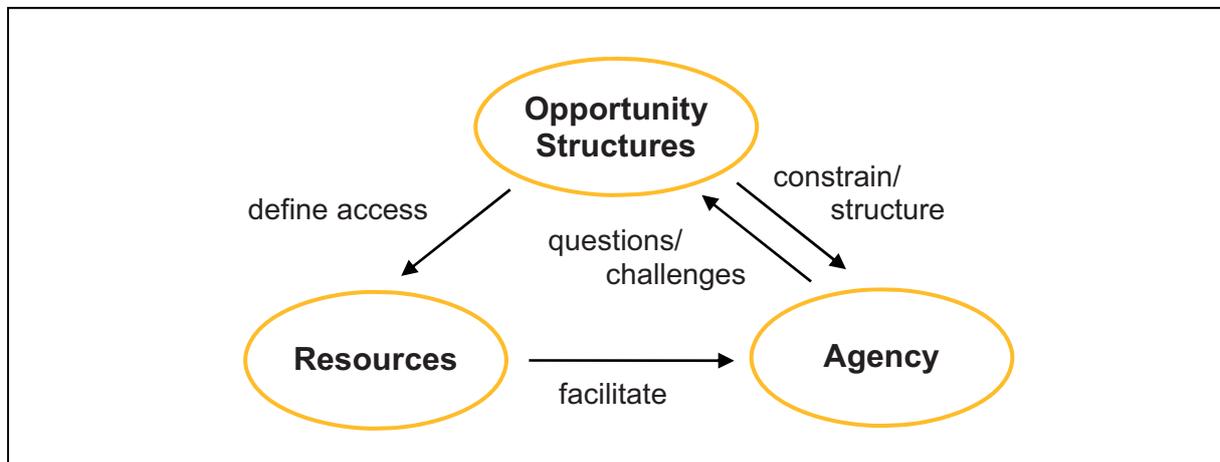
Measuring social processes such as empowerment is a complex task, which makes it difficult to deliver exact results. Therefore, it is imperative to come up with a clear and

transparent definition of empowerment. In this sense empowerment is defined as follows:

Empowerment happens when individuals and organised groups are able to imagine their world differently and to realise that vision by changing the relations and structures of power that have been keeping them in poverty (see Eyben et al. 2008: 6). Empowerment is a non-linear, multi-dimensional process evolving along different pathways – material, perceptual, cognitive and relational.

From this definition we developed the following conceptualisation of empowerment for the purpose of this study:

Figure 1: Determinants of Empowerment



According to our understanding, empowerment is determined by the interaction of agency, access to resources and opportunity structures (see figure 1). Agency is defined as the ability of people to define their own goals and to act on them. Exercising agency is closely related to individual or collective access to resources. This access refers to both tangible resources, such as material and financial assets, and intangible resources, including skills, knowledge, expertise and participation in networks. The framing institutions, rules, norms, social relationships and power relations that constrain and structure agency and access to resources make up the opportunity structures of empowerment (Kapitsa 2008: 2). The interplay of agency, access to resources and opportunity structures takes place in different locations at the micro- (local), meso- (regional) and macro-level (national) (see figure 2).

Figure 2: Locations of Empowerment

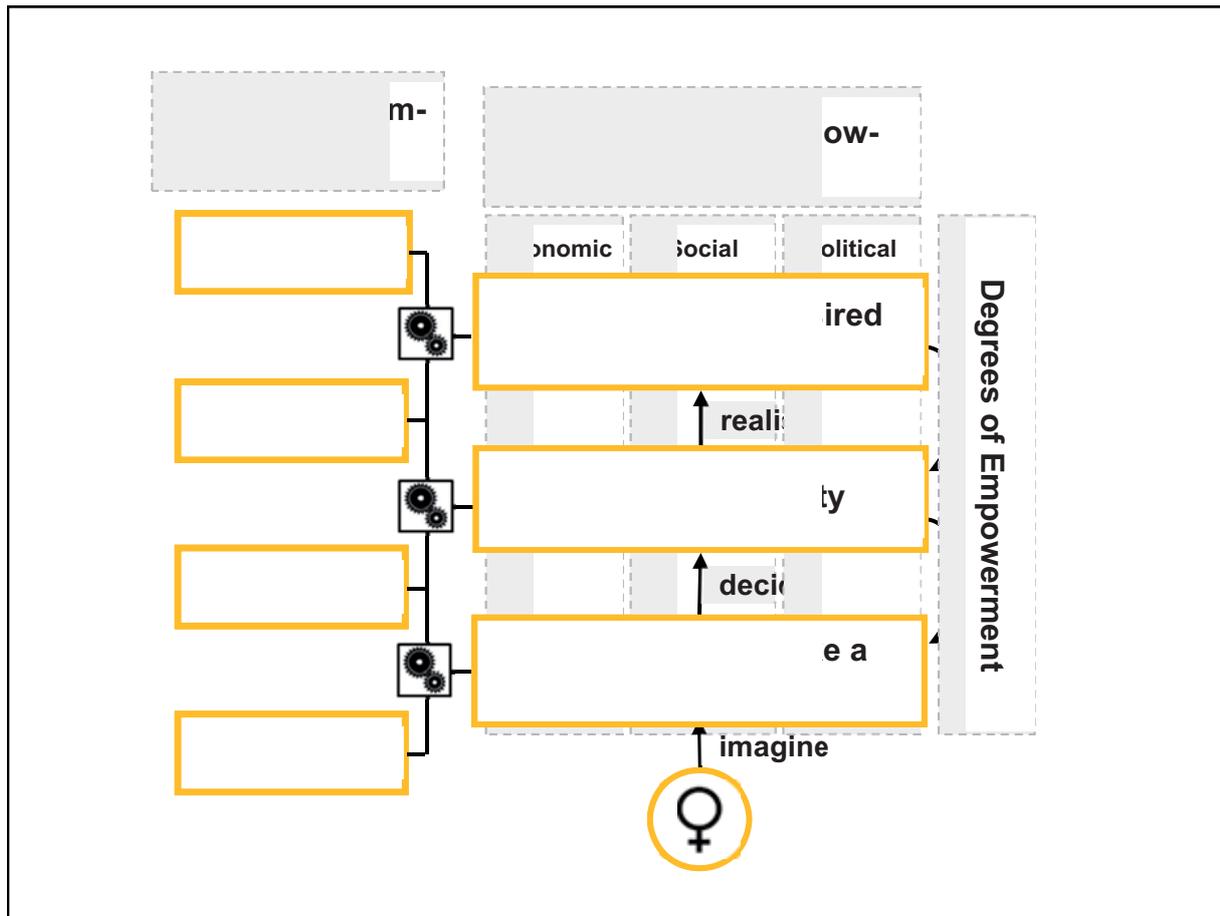
Micro/ Local	<ul style="list-style-type: none"> • Individual • Household • Community
Meso/ Regional	<ul style="list-style-type: none"> • Groups • Networks • Organisations
Macro/ National	<ul style="list-style-type: none"> • State • Supra-national

Based on these general assumptions, we believe that empowerment processes occur through changes along four different pathways. Analysing empowerment from this angle allows for a more structured look at change processes (Chen & Mahmud 1995: 8):

- The material pathway involves changes in access to and control over material resources. Changes in income, ownership of assets, fulfilment of basic needs and earning capacities are included here.
- The perceptual pathway encompasses changes in the self-perception of women (e.g., self-esteem, self-confidence, visions and plans for the future) as well as changes in how women are perceived by others (e.g., visibility, respect, recognition).
- Changes at the level of knowledge, skills and awareness of the wider environment are associated with the cognitive pathway.
- The relational pathway considers changes relating to social interaction (e.g., decision-making, bargaining power, participation, self-reliance, organisational strength and mobility).

Although these four pathways are listed separately here for conceptual clarity, it is important to note that these pathways are interdependent. Hence, changes along the different pathways are related to and mutually affect one another. Or, to put it differently, empowerment processes are expected to occur through changes in different aspects along various pathways. The numerous aspects of change can be thought of as ingredients for empowerment.

Figure 3: Empowerment Concept



Access to microcredit may trigger various types of changes. These changes have the potential to be empowering. Along the material pathway, for example, credits can help women to increase their income through the expansion of their business activities. At the same time this may lead to greater self-reliance (relational pathway) and increased self-confidence (perceptual pathway). Other feasible examples are the improvement of women's financial literacy (cognitive pathway) through their participation in microcredit related training or an extension of their networks (relational pathway) via membership in credit or savings groups. Some of the main hypotheses guiding our research are discussed in section 2.1, Research Areas.

Depending on which changes actually take place along the pathways, different degrees of empowerment will evolve (see figure 3). Initially, empowering changes may influence women's outlooks on life, thus fostering their ability to imagine their lives differently. Changes can also lead to an increased availability of opportunities to choose from (opportunity to make a choice). Building upon this, women may decide to take advantage of an opportunity and, in doing so, further advance their degree of empowerment (use of opportunity). A subsequent degree of empowerment

(achievement of desired outcome) is reached when women realise this opportunity to achieve a desired outcome. The advancement of the empowerment process is therefore closely linked to women's agency. On the one hand, changes along the material, cognitive, perceptual and/or relational pathways provide women with opportunities for agency. On the other hand, women's choices, decisions and actions strongly influence their progression along the degrees of empowerment. Although the degrees of empowerment are seen as stages that subsequently build upon each other (Mahmud 2003: 587), they are not to be understood as part of a linear process. In fact, changes and actions may have disempowering effects leading to setbacks.

Literature on empowerment commonly tries to grasp the phenomenon by describing three different dimensions of empowerment: economic, social and political. Economic empowerment can take place through improved access to markets, land, labour and income, thus enabling women to participate in, contribute to and to benefit from growth processes. Through collective organisation and participating in public life, women's social empowerment is promoted, allowing them to define their social position in terms that respect and recognise their needs. Political empowerment then refers to issues of political participation, representation and decision making (Eyben et al. 2008: 8, Wichterich & Rodenberg 1999: 36).

From our point of view, these three dimensions are too broad in their approach and are consequently difficult to operationalise. For this reason we opt for the more practical and detailed pathway concept that has been developed especially for the microfinance context. Hence in our study we focus our analysis on change processes along the four different pathways. Where possible, these changes are linked to dimensions of economic, social and political empowerment and related to the degrees of empowerment.

2.3 Research Areas

Using the empowerment concept outlined above as the operational basis of the study, empowerment processes are explored in two different research areas. The first research area deals with the relationship of MFI approaches and empowerment. In the second research area, the influence of microfinance on empowerment of women is analysed.

In the first research area, women's empowerment processes are considered primarily from an MFI perspective (top-down). The approaches of different MFIs are investi-

gated and compared to each other. In this context we look at the missions, target groups, loan products and loan modalities of the organisations. Furthermore, the non-financial services offered by MFIs and the relationship between MFIs and clients are discussed. Key questions we will raise relate to the role that empowerment plays in MFIs' approaches and goals and whether they are reflected in practice. Where possible, we will identify approaches that are most conducive to empowering women. One of our guiding hypotheses for this research area is that the better MFIs adjust their approaches to women's needs and abilities, the more empowerment processes are strengthened.

The second research area deals with the perspective of women (bottom-up). It addresses the influence of microcredit along different pathways of empowerment, as well as the potential of microcredit to encourage and initiate action. Significant influencing factors such as the traditional/customary setup, infrastructure and control over finances will be taken into account here.

When considering the material pathway, for example, a crucial question is whether microfinance leads to stabilisation or improvement of economic standing through helping to maintain or expand known economic activities. We assume that microcredit leads to an up-scaling of known economic activities. Along the cognitive pathway, we examine whether there are any positive effects of new skills acquired through microfinance. One working hypothesis in this context is that clients gain knowledge in how to accrue savings and improve their financial literacy through participation in the programme. Along the perceptual pathway, we enquire into changes in clients' self-perception and self-confidence related to their involvement with microcredit. Changes in the perception of clients by others (e.g., husbands, credit group members) are also considered here. The hypothesis that involvement in microfinance leads to increased self-esteem and self-confidence will be looked into. Also the hypothesis that involvement in microfinance leads to more hopes and plans for the future will be reviewed. Our questions regarding the relational pathway will mainly assess the influence of factors such as relative economic contributions of household members, mobility of women and socio-cultural hierarchies on microfinance-driven empowerment processes of clients. One of the hypotheses guiding our research in this area is that the more women are able to contribute to the income of the household, the more they are involved in household decision making.

Microfinance is often credited with empowering women by encouraging organisation in groups. However, it has yet to be tested whether action in groups is more conducive to empowerment than individual action in the Sierra Leonean context. Another

relevant question in this context is whether microfinance leads to action around shared concerns, thereby encouraging a sense of solidarity. A group lending approach also has the potential to create social pressure for repayment, thus undermining solidarity. This begs the question whether group approaches foster empowerment and under which circumstances disempowering effects might occur. We address these questions by examining the dynamics of credit groups and comparing them with non-microfinance-based women's organisations.

3 Methodology

The multi-dimensional theoretical framework outlined above is supplemented with a multi-perspective view on empowerment processes of women. To capture the variety of dimensions and perspectives and to obtain a valid and reliable assessment of our research questions, we triangulated different research tools: project document as well as secondary literature analysis, semi-structured interviews with different stakeholders and storytelling of individual clients. After looking at the research units and the sample drawn for this study, we will highlight the three applied research tools in more detail and eventually present the limitations of this study.

3.1 Research Units and Sample

The research units are the entities that we gathered information on. In this study two different research units were identified. On the one hand, there are female clients of the MFIs who make use of microfinance services in the form of individual or group loans. On the other hand, there are the MFIs themselves, which are the entities that potentially provide different business approaches and portfolios of financial and non-financial services. As the overarching structure of the programme, MITAF can be considered as an indirect subject of our research.

Our research focused on **two categories of MFIs** that have been identified by previous evaluations on the sector (see Duval & Bendu 2009): NGOs and for-profit MFIs. These two types of MFIs cover the vast majority of microfinance clients in Sierra Leone and are the leading players in the sector. For this reason, the study concentrates on comparing the overall approach of NGOs and for-profit MFIs (see chapter 5).

To draw a sample of female clients, different selection criteria were applied. Regarding the location, the study was conducted in three prominent cities in Sierra Leone: Freetown, the capital of Sierra Leone and the Western Area; Bo, the capital of the Southern Province; and Kenema, the capital of the Eastern Province. Thus, the ethnic background of the interviewees – except for Freetown – was Mende dominated to keep the ethnic variable stable. Given the difficulties of differentiating between the influence of microcredit and other factors that empower women, this was a necessary

methodological decision.¹ Furthermore, the collection of data took place mainly in urban areas and only rarely touched peri-urban areas in the outskirts of Bo and Kenema.² To gather information on the clients, we consulted a plethora of sources: female clients, MFI personnel, husbands, neighbours and microfinance experts.

With regard to the various characteristics of female clients, different variables were considered. To assure a valid impact measurement in the experimental group, we only included clients who are in their second or higher loan cycle, that is to say, women who have been participating in the programme for at least six months – in fact the majority of individual interviewees were in their third loan cycle and above (circa 85%). The underlying assumption here was that, with few exemptions, impact is very hard to measure when the period of participation in the programme is too short to show significant effects on empowerment processes. This was one of the precautions to come up with valid results, given that there was no preceding data available and the research was limited to a three-month field study. Furthermore, we concentrated on clients receiving a group loan or individual loan and not other types of credit (e.g., consumer loans) to again avoid having too many variables (for more information on different loan cycles and loan types, see chapter 5).

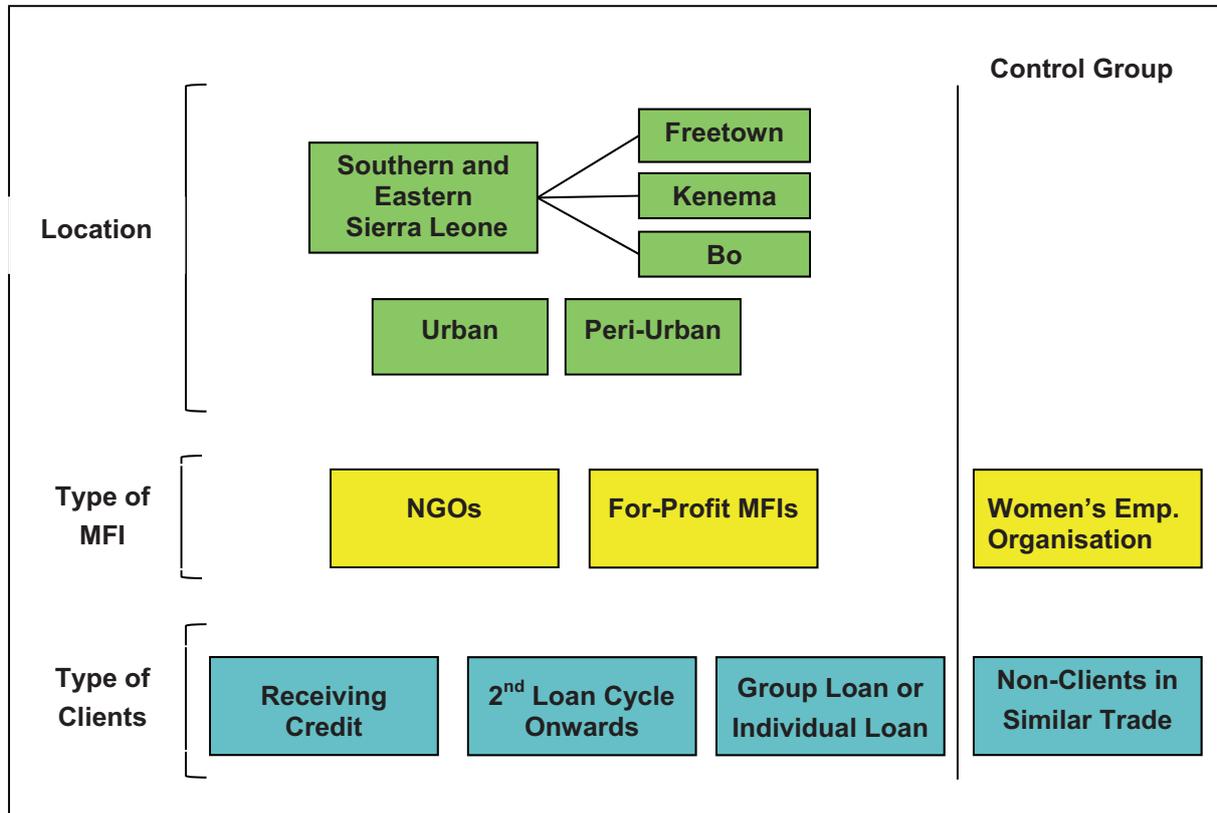
To be able to compare the situation of female clients before and after taking credit and to assess the extent to which empowering changes can be attributed to microfinance services, the study also included a control group. We considered three different kinds of sources to form an adequate control group, which was then compared with the group of microcredit clients. In a first step, we interviewed women that were not part of any microfinance programme, that is to say, not receiving any kind of loan, but still active in similar trades. These comparison criteria allowed for a quasi-experimental control group of “non-clients”. These non-clients were compared with clients of the programme in aspects such as plans for the future or their perception of microcredit and form the core control group. Furthermore, we held focus group discussions with women who are organised in groups, but not exclusively in the area of microfinance. These interviewees were utilised mainly to gain knowledge on group formation and solidarity. Thirdly, we interviewed “dropouts”, that is to say, people who used to take out loans but, for different reasons, stopped doing so. The latter group

¹ Even though we restricted the research to these areas, our empirical evidence showed that certain business sectors were dominated by ethnic groups – i.e., traders – Temne, shopkeepers – Fulla. Hence, our study does not only include other ethnic groups but is rather dominated by them when looking at the household level only.

² Due to the reduction of scope of the study, the research did not extend to rural areas.

was not strictly used as a comparison, but rather as a source of information about shortcomings and major problems for potential clients. Figure 4 provides an overview about the selection criteria of the sample.

Figure 4: Selection Criteria of Sample



In general, we conducted two kinds of interviews with microfinance clients: individual interviews with members of credit groups (“group clients”) and clients that receive their loan individually (“individual clients”). These constitute the core group of interviews on which the analysis of the pathways (see chapter 6) is mainly based. Additionally, we realised focus group discussions where all members of a credit group were interviewed at a time. The focus group participants form the extended group of interviewees, largely providing information about social relationships and social bonds.

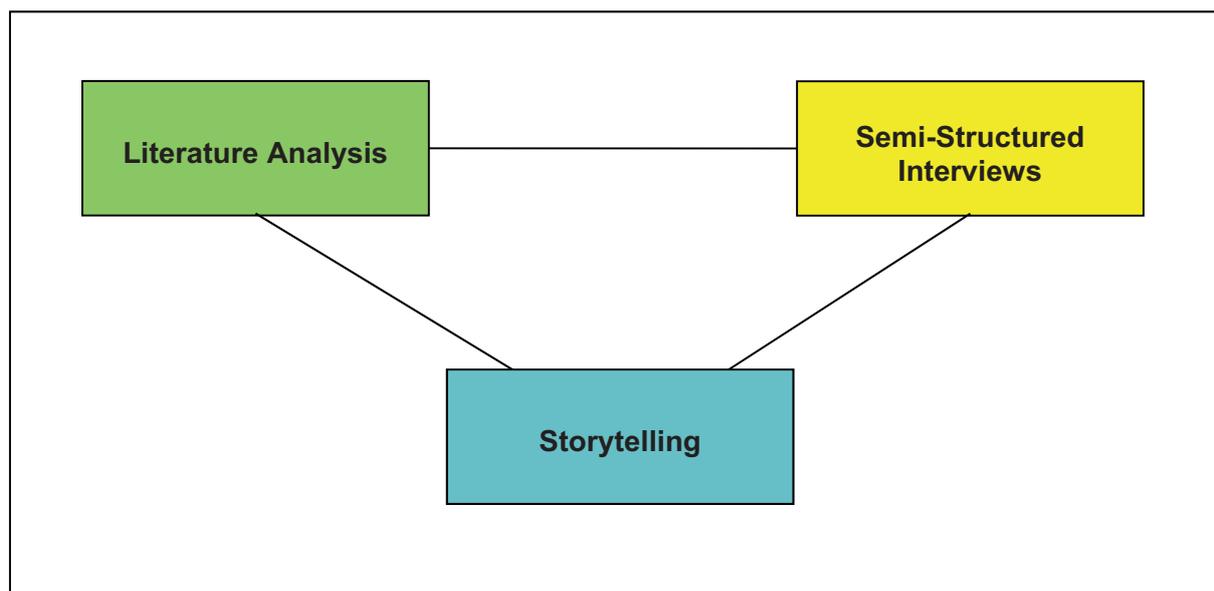
In total, we interviewed 122 randomly selected microcredit clients and 26 MFI staff members. We draw most of our findings relating to the pathways from the 42 individual semi-structured in-depth interviews. Our control group consisted of 38 interviewees. Table 1 on the next page provides a detailed overview of the particular groups of our sample and the number of interviewees in each of these groups.

Table 1: Overview of Sample

Interviewee	Kind of Interview	Number	TOTAL
Client	Individual Interview	42	117
	Focus Group Participant	75	
Control Group	Individual Interview with Non-Client	14	38
	Individual Interview with Drop-Out	3	
	Focus Group Women Empowerment Organisation Participant	21	
Husband	Individual Interview	9	9
Branch Manager/ Operations Manager	Individual Interview	12	26
	Loan Officer	Individual Interview	
			195

3.2 Instruments of Data Collection

Impact evaluations usually require experimental or quasi-experimental research designs of before and after measurements. Since the design of this study outlined above does not fully meet these requirements (for reasons beyond the scope of the research), this lack was compensated for by a systematic application of different instruments of data collection. By applying a variety of methods, a fundamental level of validity and reliability was achieved to show the effects of microfinance on women's empowerment processes and to draw conclusions on that basis. Therefore, we triangulated three research tools: literature analysis, questionnaires and storytelling. The triangulation is necessary to level out the weaknesses of one instrument with the strengths of another and to gain a corrective perspective on potential conclusions.

Figure 5: Triangulation of Three Research Tools

3.2.1 Literature Analysis

Publications from different sources were analysed for this study. One important source we examined were documents published by the government of Sierra Leone, such as the Poverty Reduction Strategy Paper (PRSP) or the household survey report about the status of women and children in Sierra Leone to obtain valuable socio-economical background information. Another important source of secondary data were reports from different programmes and entities of the United Nations, such as the United Nations Development Programme (UNDP), the United Nations Populations Fund (UNFPA), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) or the World Health Organization (WHO). We also consulted publications of internationally operating NGOs like Amnesty International or the Sierra Leone Association of Non Governmental Organisations (SLANGO). A complete list of all sources that were used for this study can be found in the bibliography.

Furthermore, we used project documentation from MITAF and KfW plus a recent evaluation of MITAF to gain a complex picture of the project environment and to prepare interviews with experts in the field of microfinance in Sierra Leone.

3.2.2 Semi-Structured Interviews

Qualitative semi-structured interviews constituted the core of the research. We developed different interview guidelines for different groups of interviewees: female microfinance clients (“group clients” and “individual clients”, see section 3.1), officials at different levels of MFIs (branch managers, operation managers and loan officers) and focus group discussions. Additionally, each kind of control group had a separate questionnaire: husbands, non-clients, dropouts and control focus groups (women’s associations without any relation to the microcredit context).

To assess changes along the different pathways of empowerment (see section 2.2), we examined relevant literature to develop research questions and hypotheses for each pathway. Based on these hypotheses, several guiding questions and specific questions were formulated and subsequently integrated in the semi-structured interviews; indicators were compiled to measure changes reliably. We developed questions and indicators in close cooperation with our Sierra Leonean counterpart and adapted them after a pre-test phase in the field. Table 2 provides an example of the process of operationalisation for the cognitive pathway.

Table 2: Example of Operationalisation (Cognitive Pathway)

Research Question	How does the availability of skills influence women’s empowerment?
Hypothesis	Participation in the microcredit programme leads to an increase in transferable knowledge and skills
Guiding Question	Did you gain new knowledge or skills through participation in the programme?
Specific Questions	<ul style="list-style-type: none"> • If yes, what kind of knowledge or skills? • How did you learn them? • How can you use these skills?
Indicator	<ul style="list-style-type: none"> • Client reports having acquired new skills or knowledge through participation in the microcredit programme • Client mentions training programmes offered by MFIs as a source of new skills or knowledge

Most of the clients interviewed speak Krio and/or Mende and have only basic knowledge of the English language. For this reason and also for considerations intercultural communication and sustainability of research results, Sierra Leonean student counterparts from a microfinance curriculum of Njala University in Bo were selected

to participate in the study. An extended workshop focussing on methods of data collection and a common understanding of the research goals was held in Bo, and on this basis the interviews were conducted by research teams consisting of one Sierra Leonean and one German student. In total, there were four Sierra Leonean-German research teams and one purely Sierra Leonean team.

3.2.3 Storytelling

The third method we used was storytelling. Storylines are complementary to our other qualitative interviews in the sense that they allow for an even deeper understanding of one particular client. According to DAC POVNET (Eyben 2009), a story is a chain of events presented as a coherent narrative. The aim is to illustrate processes involving many actors and multiple sets of relationships in a simple and memorable form to culturally diverse audiences.

To realise this objective, we interviewed representatives from all relevant groups of stakeholders of a given individual clients' surrounding to capture a multitude of perspectives of the entire process of microfinance effects on the life of a client. These included female clients of the same group, the loan officer and one branch manager of the given MFI and other experts in the sector, like the administrative head of MITAF. The effects of the microfinance programme were described in a multi-layered narrative indicating empowering and disempowering effects (a distinct outcome of this instrument was a storyline document, which is published separately from this report).

3.3 Limitations of the Study

In the context of this study we have identified three main limitations. The first constraint is the lack of baseline data. As already mentioned, measuring empowerment processes is already a difficult task. Without baseline data, measurements are mainly based on the personal memory of the interviewees and therefore remain an approximate value only. To deal with this we included a control group and used literature to cross-check individual perceptions, but this does not fully substitute a diachronic comparison.

The second limitation of the study is the regional focus on the Mende territory, which was chosen for reasons of accessibility and a comparable social structure. This means that the results of the study are only partially representative of Sierra Leone

as a whole. However, this geographical restriction was necessary to address our research questions comprehensively.

Thirdly, there is a conceptual limitation. Due to the programme background and the focus being on empowerment processes, it was reasonable to focus the study on the micro- and meso-level. The idea to reach out to regional markets only when the clients' world reflects this (i.e., they would expand their business appropriately), leads us to a very limited validity here, as this hardly occurred at all.

4 Framework Conditions for Empowerment

Empowerment processes of women have to be analysed against the backdrop of the socio-economic context they live in. Sierra Leone is a post-conflict country, and the repercussions of the country's history of civil war can still be felt today in terms of individual and collective trauma. There is also a strong tendency to return to traditional customs and values to restore a feeling of normality and to support nation building (interview with Rita Schäfer). This includes a revival of values and practices that discriminate against women.

At the same time, the country is grappling with issues caused by poverty and ranks number 158 of 169 countries in terms of its HDI (UNDP 2009). With just over 70% of the population living below the national poverty line of Le 2,111 per day per capita (PRSP II 2008: 28) and a literacy rate that lies at less than 38 % (UNDP 2009), the majority of the country's inhabitants find themselves living a precarious existence. Due to numerous social and cultural disadvantages, women in Sierra Leone are even more vulnerable than men in this context: the Gender Development Index³ ranks Sierra Leone fourth last among the world's least developed countries, with only Mali, Afghanistan and Niger faring worse (UNDP 2009b: 184). Discrimination against women in Sierra Leone cuts across sectors such as education, health and human rights (Government of Sierra Leone 2000). The following chapter points out why women are marginalised in Sierra Leonean society and highlights crucial factors hampering women's empowerment processes in general. It therefore has significant repercussions for the study, as elaborated below.

4.1 Social Standing and Role Expectations – Cultural Background

Long-standing cultural practices, traditional values and gender roles in Sierra Leonean society are generally discriminatory towards women. These are difficult to change overnight, particularly with their revival after the war. As an example, Rugiatu Turay, founder of the Amazonian Initiative Movement (AIM⁴), states that decision making on

³ The Gender Development Index (GDI) shows inequalities between men and women and comprises sex-disaggregated indicators on life expectancy, adult literacy, educational enrolment and income (UNDP 2009b: 184).

⁴ AIM is a local NGO dedicated to the eradication of FGM/C.

all levels – from the national to the household level – has always been in the hands of men. “If this is not going to change, women’s empowerment will be hard to achieve”, she says (see interview with Rugiatu Turay AIM-EXP-1). But these power structures have a long tradition and cut through the whole society, from high politics to the household level. Sierra Leonean society is determined by the principles of patrilineal descent, polygyny, lineage exogamy and virilocal residence.⁵ In former times, a typical polygynous family used to live in a separate homestead, survived on agriculture and formed an economic unit with other families. The household’s workload and responsibilities were divided among the female household members and older women could delegate work to younger women. Yet the head of the household was the husband and his decision carried absolute power. It was not impossible, however, for women to influence decisions or even to obtain power. As a large age gap often existed between the older husband and the younger wife, in many cases the husband passed away earlier. After the death of the husband, his senior wife could become the head of the household (Schäfer 1995: 132-137).

The age, marriage status and number of children, together with the socio-economic standing of her husband and her natal family, traditionally determined a woman’s social position (ibid). This is generally still the case today (UNFPA 2005: 9). Thus, women in Sierra Leone are not a homogeneous group and social stratification amongst women can be quite rigid. For instance, there is still a big difference in social standing between initiated but unmarried women, married women, senior wives, junior wives and women after menopause (Schäfer 1995: 132-136, interview with Rita Schäfer). Considering the importance of this in Sierra Leonean society, our study assessed changes along different pathways with respect to marital status. A further crucial aspect that serves as an indicator of social standing in our research was respect from others.

Out of all these traditional structures, certain gender stereotypes and role expectations emerged. Luisa Kamanda from GGEM-Services, a Civil Society Organisation (CSO) that provides community empowerment training and microfinance services, says that these role expectations detain women’s empowerment. For example, “The

⁵ Patrilineal descent – when family lineage is passed on through the father

Polygyny – the practice of having multiple wives

Lineage exogamy – the practice of marrying outside one’s own lineage

Virilocal Residence – when couples live near the groom’s family

(Source: Harris 1997)

numerous tasks women are expected to adhere to in their homes are a total overload of responsibilities, making it impossible for women to take any own initiatives in life,” states Luisa Kamanda. Gender stereotypes also have religious roots, as the activist for women’s issues explains: “For example, conservative forms of Islam put the men before the women. Men [...] are the ones who are to interact publicly with others while women are supposed to stay at home. This type of thinking also looks at women as the property of men and generally holds men superior to women. These values will be found in men as well as in women (see interview with Luisa Kamanda GGEM-EXP-1). While you can find these positions all over Sierra Leone, meaning that they are not limited to an Islamic background, they are strongest in the provinces, especially in the north and the east. Since certain ethnic groups dominate certain economic sectors, most Sierra Leonean cities are ethnically and religiously diverse. Hence, these values were also prevalent in our sample from Freetown and the southeast of the country, where we carried out our research (see chapter 3 on methodology).

Although many of the traditional values described above are still important in contemporary Sierra Leonean society, there have also been changes due to globalisation and modern economic activities. Migration, for example, caused changes in the organisation of kinship and residence patterns: men often migrated to mining regions or to urban areas to find work (IMF 2005: 30). We found evidence of this, especially in the east of the country. Though family ties are also of special importance to Sierra Leoneans in urban areas, new influences have changed household structures. For example, in Freetown many Mende families have adopted the Christian monogamous marriage (Schäfer 1995: 132-137). The 2005 PRSP survey estimated that about 56% of Sierra Leoneans live in a one-man-one-wife structure and circa 23% live in polygamous households (IMF 2005: 30)⁶.

Although new influences have made an impact on Sierra Leonean society, the majority of people still retain traditional gender roles. One explanation for this is that men, who are the decision makers, profit from these roles and have little interest in facilitating a transition to more equal gender relations. A further complicating factor is that people revived traditional values to stabilise the society and regain a degree of normality after the civil war.

⁶ In rural areas men still tend to have more than one wife, although these women do not always live in the same household.

One factor that severely disrupted the lives of many thousands of women was the systematic violence against women as a strategy of the civil war. Since the war, there has been a series of post-conflict initiatives and new structures, such as the National Sexual Violence Committee, which have been put in place to prevent gender-based violence. But as the UN states, "Attitudes have changed only slightly, and survivors of sexual violence still experience the stigma of disclosing the violation" (UNFPA 2005: 2). It is not surprising that among the survivors there is still a strong need for assistance such as medical treatment, psycho-social therapy, education, compensation, employment and microcredit (UNFPA 2005: 1; InWEnt). Violence against women in the domestic sphere not only intensifies during conflict, but also increases after the conflict (Amnesty International USA 2010). In the context of our study, empowerment processes that involve men become even more problematic with this fact in mind.

According to UNFPA (2005: 1, 9) one root cause of domestic violence in Sierra Leone is the acceptance of gender inequity and inequality: "The failure to question gender stereotypes allows domestic violence to continue as a "normal" and accepted part of spousal relations. Given the deep-rooted nature of these perceptions, it is not surprising that institutional actions perpetuate the status quo" (UNFPA 2005: 1).

Domestic violence is closely linked to cultural patterns which, in turn, are largely regulated in secret societies. Learning to fulfil one's role as a woman in Sierra Leonean society creates the very conditions that allow for domestic violence. The turmoil left by the conflict has also helped the secret societies to regain power after civil war and resulted in an increase in FGM/C (interview with Rita Schäfer). Considering the potential of microcredit for intra-household conflicts, one of the questions of our research was to what extent are husbands informed about the credit their wives are taking and, if so, what they think about it.

One of the key pillars upholding traditional values are secret societies. They are essential to the lives of Sierra Leonean women and their identity. The leading women's secret societies are Sande (predominantly in the south of Sierra Leone) and Bondo (mostly in the north and Freetown). The primary purpose of these ancient cultural institutions is to regulate sexual identity and social conduct and in this way "produce fully socialised human beings" (Fanthorpe 2007: 2). Secret societies control powers belonging to the spirit world and as these powers are gender specific, men and women belong to separate societies. Girls become members of these women's societies after initiation into womanhood (Fanthorpe 2007: ii-1). The secret societies educate girls to become good wives or co-wives and make them eligible for marriage:

“Since social grace, good health, fertility, successful childbirth and nurturance are not matters to be left to nature but are conditions and events caused by Sande wisdom, rites and practical experience, it is an institution that continues to assist women throughout their adult life. It is secret in the sense that it owns knowledge so valuable that it must be guarded against debasement and transmitted only in ritual situations to initiates properly prepared to receive it” (MacCormack 1979, cit. in Fanthorpe 2007: 3). The members have to obey the rules and in breaking their laws one risks one’s social life even after death. One of the basic rules is that non-initiates are not allowed to know anything about the affairs of the societies or even witness their rituals (Fanthorpe 2007: ii-4).

One of the rituals of secret societies is the initiation of girls, which includes FGM/C. The removal of the clitoris is widely practiced by all ethno-linguistic groups, except the Christian Krio population of the Western Area (UNFPA 2005: 7; Fanthorpe 2007: ii). The World Health Organization (2010, based on data of 2007) estimates that up to 94% of Sierra Leonean women have undergone the procedure. Repercussions include life-threatening infections, severe effects on sexual and reproductive health, as well as trauma and psychological damage. The initiation ceremony, which also includes long periods of training from senior women, is seen as preparation for marriage. It symbolises the passage from childhood to womanhood. The operation used to be done around the age of 15, but in recent years girls have had to undergo the procedure at a much younger age (UNFPA 2005: 8).

As secret societies have considerable power and influence in political life, CSOs report that it is difficult for them to address issues related to customary institutions, including FGM/C (Fanthorpe 2007: 23; FRIDE 2009: 16). However, “the secret societies, and the practice of FGM[/C], remain bound up with political ideas about African identity and sovereignty and continue to enjoy support from both the present government and many members of the national elite” (Fanthorpe 2007: ii).

In our research we defined secret societies as a traditional form of social organisation that is mandatory and signifies a top-down structure of powerful and male-dominated interests. Secret societies reinforce the submission of women and leave far less space (compared to before the civil war) for empowerment processes from within traditional structures. For this reason, we studied credit groups and other recent forms of social organisation for opportunities for clients to pursue shared interests. In order to achieve common goals, women may take over responsibilities and gain experience in different spheres, ranging from bookkeeping to holding public speeches. This was reflected by our question about social organisation other than credit groups,

while the membership in secret societies was taken for granted (and in fact confirmed by the interviews).

4.2 Poverty

Problems in women's lives are reinforced by poverty, as Luisa Kamanda says, and most women in Sierra Leone are very poor. Important aspects of poverty that hinder improvements to the situation of women in Sierra Leone are maternal health, education and economics.

4.2.1 Maternal Health

Giving birth in Sierra Leone is perilous. Approximately every eighth woman dies during childbirth, making maternal mortality in Sierra Leone among the highest in the world. This is due to a poor health infrastructure (Government of Sierra Leone 2009: 4) and women often have to travel long distances to the nearest health facility. But the biggest problem is that many (pregnant) women can neither afford health assistance nor treatment (Amnesty International 2009). Although the government enacted a law in 2002 that guarantees free medical treatment for pregnant women, NGOs like Amnesty International (2009) point out that little has been done towards implementing this law. Patients have to pay 70% of the total amount of treatment costs, which is more than in most other African countries (UNICEF 2009). The fees have to be paid in advance, even when one's life is in imminent danger. As farmers' incomes vary with the seasons, it is hard for many families to save money for medical emergencies. Our research revealed that income variations are also prevalent in urban areas (see chapter 6.) Families living in the city also face problems, as they cannot rely on their social networks or wider family to acquire money at short notice. This is almost impossible for single women.

In addition to the lack of money, there is a lack of health education, which means that pregnant women often do not realise the alarm signals during their pregnancy. There are also few preventive measures. Birth control is rare, also because of respective role expectations: "If a woman would want to start with birth control, it almost automatically would mean in Sierra Leone that she is sleeping with other men and tries to get away with it", says Rugiatu Turay, activist for women's issues. Role expectations also restrict women's freedom to decide on the number and spacing of their children, especially since traditionally women marry at the early age of usually 12 to 15 years (UNFPA 2005: 8). Also, as mentioned before, there is social pressure for Sierra Le-

Sierran women to give birth to many children: one woman has on average 5.2 children (WHO 2009). These problems are not only closely linked to traditional beliefs, but also to the level of education available to women and girls.

The precarious maternal health of Sierra Leonean women played a significant role in our study, as the occurrence of external shocks due to illness and death are far more frequent there compared to other countries where microcredit is widespread.

4.2.2 Education

The adult literacy rate among women lies at only 54% of that among men (UNDP 2009). This has severe repercussions in other areas of life. High illiteracy rates among women result in decreased access to the formal sector and hence increased activity in the informal sector where state support is limited. Women's low level of formal education is a further barrier to their political participation. In a setting where statutory, customary and religious laws hinder access to vital resources such as land and restrict women's ability to decide over matters such as marriage and divorce (SLANGO 2007: 1), adequate education is crucial. Therefore, Luisa Kamanda sees women's lack of education as a root cause of their social marginalisation: "Any kind of education, whether formal or informal, will empower you. If you are educated, it will give you the means to earn your own living. Education also enables you to put your life and actions into perspective. In Sierra Leone it is more common to educate sons than to educate daughters. Educating women is seen as a waste of resources. Because of this many women in this country have no or only little education" (see interview with Luisa Kamanda GGEM-EXP-1).

This lack of education is not limited to the formal sector, but can be observed in the attainment of skills and abilities as well. Since microcredit and business activities in general have much to do with these cognitive abilities, we included a particular pathway to reflect its importance.

4.2.3 Economic Aspects

The Food or Extreme Poverty Line is defined as the "level of expenditures required to attain the minimum nutritional requirement of 2700 calories per equivalent adult. This translated into an expenditure of Le 1,033 per day or \$1 equivalent (...) as at May 2004 national prices" (IMF 2005: 21). A household that cannot afford this minimum nutritional requirement cannot feed itself and is therefore living in extreme poverty.

This applies to 26% of the population (ibid). Besides food, other basic needs include safe water and sanitation, shelter, good health, basic education and access to social and economic infrastructure. When these other basic necessities are added to the food requirements, the total expenditure for each individual is at least Le 2,111 per day, which is defined as the National Poverty Line. 70% of the Sierra Leonean population lives below the poverty line, which means that individuals cannot even afford 40 Euro cent for food and basic needs (IMF 2005: 21).

Particularly people living in rural areas are likely to be poor; 73% of the poor living below the National Poverty Line live in rural areas. Freetown is slightly better off, but there are still many vulnerable and extremely poor households. These households tend to be quite large: while the average number of persons living in one household in Freetown is 6.0 (national average is 6.2), the average household size for extremely poor households in Freetown is 12.5. These household members are poorly educated on the whole, meaning that women and even children are forced to work in the informal sector and are likely to have “competitive, dead-end occupations with low pay and long hours” (IMF 2005: 28). Economic indicators such as income, expenditure and education levels are prominently represented in the study.

The major causes of poverty, especially in rural areas, are “the wide gap in the availability of social services (health, education, safe water and sanitation) between the urban and rural areas; lack of agricultural inputs, market access and low incomes from the sale of produce; weak infrastructure (bad road networks, lack of storage facilities); lack of economic and employment opportunities; devastation by the war; and social barriers such as large family size within the rural communities” (IMF 2005: 29). Under these circumstances, it is women who suffer the most.

4.2.4 Summary

It is important to note that none of the aspects highlighted above can be examined independently of one another. They are all mutually reinforcing, as Luisa Kamanda also points out. The social problems of women are due to gender stereotypes and roles that put women under enormous pressure. These gender roles have their roots in the Sierra Leonean tradition, but are used by men and the secret societies to perpetuate the status quo and consolidate their power. Customary law and traditional practices still prevail in rural areas mainly. Some traditional practices, such as FGM/C, are harmful to girls and women. Other problems that influence the lives of women emerge from poverty – both the poverty of individual households and the

poverty of a post-conflict state that has to deal with a multitude of problems in various sectors. As women can hardly participate in politics, their needs are often overlooked.

From the point of view of Rugiatu Turay, women in Sierra Leone need to build self-esteem in general and change their self-image. Many Sierra Leonean women “like to belong to men, because they [the women] do not think they can do it alone”, Rugiatu Turay says. She believes that women must change their mindset if they want to stop being dependent on men. Only with this awareness can women break the cycle of gender stereotypes/roles. The social and cultural structures of discrimination against women mentioned above are both reflected in and reinforced by the legal framework in Sierra Leone.

4.3 Legal Framework

Life in Sierra Leone is governed by three different kinds of law: statutory, customary and religious. Aside from a few formal provisions, religious law is subsumed under customary law and will be treated as such in the following section. Despite the existence of these parallel legal structures, neither customary nor statutory (or formal) law adequately caters for equal rights for women.

Formal law in Sierra Leone has largely been inherited from British colonisation in the form of English common law (Dale 2008: 2). This framework does not sufficiently address women’s rights. According to the CEDAW shadow report on Sierra Leone, which is put together by actors in Sierra Leone’s civil society, the country’s constitution does not sufficiently address women’s rights. Although the constitution condemns discrimination, laws related to adoption, marriage, divorce, burial and inheritance are exceptions to this rule, because they have allegedly been written to consider the differentiated situation of the genders in Sierra Leone (SLANGO 2007: 10). Consequently, key aspects of women’s lives are not covered by the constitution and need to be improved through international organisations.

One example is the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which Sierra Leone ratified in 1988 (CEDAW 2007: 2). It was developed by participants in the 1975 World Conference of the International Women’s Year in Mexico City, who saw the need for a “single, comprehensive and internationally binding instrument to eliminate discrimination against women” (DAW 2009). Under CEDAW, state parties are obliged to ensure substantive equality and

take active measures to eliminate cultural practices and stereotypes that hinder this (CEDAW 2007: 4). Furthermore, Sierra Leone has subscribed to the Beijing Platform for Action, a result of the Fourth World Conference on Women in 1995, aimed at achieving greater equality for women (DAW 2009b). While these are necessary basic commitments, in practice, Sierra Leone is still a long way from realising equal rights for women. In fact, the CEDAW Committee has expressed concern that “although Sierra Leone ratified the Convention in 1988, the Convention still has not been domesticated as part of Sierra Leonean law” (CEDAW 2007: 2).

Even if formal law were to adequately address women’s rights, it is questionable how much influence it would have in practice. Implementing structures in the country are too weak to execute the necessary legal processes and make sure that the provisions of formal law reach the entire population, which is why the government has made a Justice Sector Reform Strategy and Investment Plan to address this issue (Government of Sierra Leone 2007: 2). Currently, marginalised populations still have virtually no access to the formal legal system, legal institutions, legal education or legal counselling.

Consequently, the laws most relevant to women’s daily life in Sierra Leone are customary laws. This is not only because they cover areas such as marriage, divorce and inheritance, but also because *de facto* women only have access to customary forms of justice. These forms of justice are problematic for a number of reasons.

Firstly, customary law is open to interpretation. Even though the constitution states that customary law is part of formal law, customary law remains undefined (Amnesty International 2005: 5). It is fluid and changeable and may differ throughout the country, because it relies heavily on interpretation by individuals who occupy a significant position in their social environment (Kent 2007: 514). Customary law is therefore interpreted by men, and legal decisions under customary law are administered by and in favour of men.

Moreover, customary law is administered by many different types of actors. Even though local courts officially act as arbiters of customary law, other actors (particularly respected male individuals, (e.g., village chiefs) also administer justice in the name of customary law. To give an example, “within families, elders often settle disputes based on their understanding of cultural norms and traditions” (Kent 2007: 525). This increases the risk that customary laws will shift in favour of people with more power and leave women lagging behind.

Despite informal intervention in the name of customary law, local courts are generally the only option for most women who seek justice, particularly in rural areas. However, access is hindered by two main factors. The first factor pertains to the infrastructure and social conditions: “severe poverty and lack of infrastructure, [w]eak education and health care systems, poor roads, paucity of clean water, and substantial unemployment” all impede women’s access to justice (Maru 2005: 21). The second factor relates to socio-cultural barriers, such as hesitating to seek justice in the public sphere, unfamiliarity with the customary legal system or social pressure to solve issues privately. In fact, “women’s access to justice is compromised by so many factors, including their perception of what they are entitled to, making access to justice extremely limited” (Amnesty International 2005: 10).

While this applies mostly to rural areas, access to justice among urban women is somewhat similar. Infrastructure and social conditions are dire in cities as well as rural areas and similar socio-cultural factors affect urban women. Moreover, urban populations have largely retained the ‘traditional’ social structures and customs found in their rural areas of origin. This means that even in urban areas, there are village chiefs and other (male) elites who interpret and administer discriminatory ‘justice’.

Among rural and urban populations alike, most legal discrimination against women occurs in areas governed largely by customary law. These include marriage, divorce, inheritance and violence against women.

4.3.1 Marriage, Divorce and Inheritance

According to UNFPA, more than 80% of marriages take place under customary law (2005: 9). Divorce, which is also under the jurisdiction of customary law, also harbours discriminatory pitfalls for women. For instance, the grounds for divorce are different for men and women (CEDAW 2007: 8), and in the case of separation, women often face financial instability, a decline in social status and decreased access to resources. According to local belief, “in Africa, if a woman divorces a man, she deserves to suffer” (Kent 2007: 529).

When a husband dies without leaving a will, his wife is disadvantaged in the distribution of his property (CEDAW 2007: 8). Under statutory law, “wives only received 30% of their deceased husband’s property while a husband would receive 100% of a deceased wife’s property” (Social Edge 2010). Under customary law, women are generally not allowed to inherit family property (Maru 2005: 20). Women in Sierra Leone

also have few property rights, but this is less relevant to the urban areas in which we did our research.

4.3.2 Violence Against Women and FGM/C

A second area of concern with respect to customary law is violence against women, particularly domestic violence, rape and FGM/C. As previously mentioned, domestic violence is common and even seen as justified in Sierra Leone. There is little understanding of emotional abuse and only severe cases of domestic violence will be brought to court: “in effect, unless the violence results in murder or serious wounding, criminal law is not regarded as applicable to the forms of violence which a husband may inflict on his wife” (Amnesty International 2005: 5). Consequently, women are not likely to take such issues to court, particularly if the abuse is not life threatening. This is exacerbated by the fact that, if they did, they would face numerous problems as discussed previously regarding divorce. We took the aspect of domestic violence into account in our study by specifically interviewing husbands and asking them about their perception of their wives taking microcredit. This gave us insights into microcredit as a potential source of conflict between husband and wife.

Another issue is FGM/C, which has already been addressed in previous chapters. This is another practice that is largely condoned and reinforced by customary law and provides yet another example of how customary law clashes with human rights. Although states are required to eradicate cultural practices that are harmful to women’s rights under CEDAW, there is little political will to put an end to this practice.

Nevertheless, there has been some recognition of the problems that Sierra Leonean women face on a daily basis and in response to this growing awareness, the government adopted the National Policy on the Advancement of Women in 2000. This document seeks to increase the political empowerment of women in terms of decision making and states that “Government shall review laws and constitutional guarantees that may adversely affect women, particularly in the areas of: Equality before the law; Marriage and divorce; Inheritance; Ownership of land; Citizenship; Rape and sexual abuse; [and] Violence, including Domestic violence” (Bangura 2007).

Although much work remains on a practical level, there has been some progress with the passing of three Gender Acts. These are the Domestic Violence Act, the Devolution of Estates Act and the Registration of Customary Marriage and Divorce Act, which “provide protection to women under all three types of law” (Social Edge 2010).

The Domestic Violence Act considers domestic violence a criminal offence. It provides a broad definition of abuse including its emotional, sexual, physical and financial aspects. To tackle the problem that women often do not report domestic violence to the police, the Sierra Leonean government established family support units (FSUs) within the police force and provides training for police staff to handle domestic and sexual violence more sensitively (UNFPA 2005: 2, 10). The Devolution of Estates Act ensures that widows can no longer be forced out of their home and may remain there until they die (Social Edge 2010). Moreover, women can now own and therefore inherit property (*ibid*). Lastly, the Registration of Customary Marriage and Divorce Act requires that marriage can only take place between two consenting adults and that marriages must be registered. The latter is particularly significant because it prevents men from abandoning their wives and not supporting them by claiming that they were never married (*ibid*).

The challenge now is to provide the necessary resources to put this legislation into practice as stipulated by the international human rights mechanisms, which Sierra Leone has committed itself to. While law reform is taking place at the formal level, changes must also be made in customary law. Considering the fluid and dynamic nature of culture and the laws it creates, efforts must be made to change cultural practices from within: “customary law is constantly evolving and is influenced by external and internal factors. This malleability can be a source of strength in the process of domestic internalisation of human rights norms” (Kent 2007: 514).

Even though cultural norms and values are changeable, reshaping them requires time and effort by means of a number of mechanisms. The role of one such mechanism, namely microcredit, will be explored in subsequent chapters. Here, we will look particularly at its potential to spark changes along different pathways as discussed in chapter 3, and assess how the framework conditions act as restricting and enabling factors in women’s empowerment processes.

5 MITAF, MFIs and Women's Empowerment

This chapter discusses the relationship between women's empowerment and micro-credit mainly from an MFI's perspective. The central issue here is the influence of MFI approaches and operations on empowerment processes of clients. After briefly outlining the different approaches of the MFIs surveyed, we will compare these approaches. In the subsequent sections we discuss "non-financial services" and "the relationship between MFIs and clients". The findings presented here are based on interviews with MFI staff (including operations managers, branch managers and loan officers) and individual and group interviews with clients.

5.1 Types of MFIs Engaged in MITAF Covered in this Study

MITAF is currently supporting 14 MFIs, which can be divided into four different categories (see Duval & Bendu 2009: 6):

- Local NGO MFIs, including: Hope Micro, Association for Rural Development (ARD), Community Empowerment and Development Agency (CEDA), Salone Microfinance Trust (SMT), Grassroots Gender Empowerment Movement (GGEM)
- International NGO programmes, including: CARE village Savings and Loan programme
- For-profit MFIs, including: Finance Salone, Lift Above Poverty Organisation (LAPO), Bangladesh Rehabilitation Assistance Committee (BRAC)
- Banks, including: ProCredit Bank, Marampa Masimera Community Bank, Mattru Community Bank, Segbwema Community Bank, Yoni Community Bank

Five organisations were selected from this list for the purpose of this study. MFIs were chosen from the two categories "local NGO MFIs" and "for-profit MFIs", so as to compare these two categories with regard to their overall approach. Originally we also intended to examine community banks. However, due to the reduction of the scope of the research, this category is no longer included (see chapter 1). To ensure a high relevance of the research findings, we selected MFIs with the largest pool of clients. Hence ARD and GGEM have been selected from the group of local NGOs. The for-profit MFIs covered in the study are Finance Salone, LAPO and BRAC. As recently as December 2009, these MFIs accounted for more than 50,000 clients or 53% of all clients taking credit from MITAF-associated MFIs (see MITAF 2010).

5.2 Different Approaches of MFIs

The following section provides a brief overview of the mission statements, target groups and loan products offered by the five MFIs we selected.

5.2.1 Local NGO MFIs

Gender Grassroots Empowerment Movement – GGEM

GGEM's mission is "to reduce poverty by giving credit for sustainable livelihoods". To achieve this goal, the organisation provides credit for people with mini-enterprises. While the organisation does not target the poorest segment of the population, the focus group of GGEM is the poor, but economically active population. Unlike other MFIs, GGEM also considers clients that intend to start up a business with their loan. However, these clients are only considered for group loans and only in the case of 75% of fellow group members having prior business engagement. Potential clients must be between 18 and 65 years of age. According to the director of the organisation, women's empowerment is an explicit goal of GGEM. To support this goal, GGEM has a female quota of 70% for all of their loan products. GGEM offers four different types of loan products: individual loans, group loans, salary loans and wholesale loans.

Association for Rural Development – ARD

ARD has been operating as a development NGO since 1989. The organisation became involved in the microfinance sector during the civil war to support displaced people from rural areas. Today the mission of ARD is "to provide cost-effective financial services to the majority of our population who are engaged in economic activities, as means of improving their livelihoods". ARD does so by providing credit for clients engaged in small-scale trading and small- to medium-sized enterprises. Similar to GGEM, ARD targets the poor but economically active population and does not consider the very poor for their financial services. To be applicable for a loan, clients must be between 18 and 60 years of age. ARD does not apply any sex quota and does not have women's empowerment as an explicit goal. ARD offers two different types of loan products: group loans and individual loans.

5.2.2 For-Profit MFIs

Lift Above Poverty Organisation – LAPO

The Nigerian microcredit institution LAPO has been engaged in Sierra Leone since March 2008. LAPO's mission is "to achieve the goal of economic empowerment of its target group through access to affordable financial services delivered in a cost-effective manner". LAPO's target group are economically active poor people. To select its clients, LAPO uses a wide range of poverty indicators including housing conditions, nutrition and steadiness of household income. According to these indicators LAPO classifies its potential clients into five categories: 1. least poor, 2. less poor, 3. average poor, 4. poor, 5. poorest. Only households from categories 3 to 5 are considered as clients, providing that they are engaged in some kind of business already. Nearly 100% of LAPO's clients are female due to the fact that the main financial product LAPO offers – group loans – is exclusively for women. These clients must be 18 to 56 years of age. Individual loans, for both women and men, have been added to the portfolio this year but currently only play a marginal role. In accordance with LAPO's mission, (economic) empowerment is one of the main objectives of the organisation.

Finance Salone

Maturing from a microcredit programme started by the American Refugee Committee (ARC) during Sierra Leone's civil war, Finance Salone became an enterprise itself in 2005. The mission of Finance Salone is "to provide microfinance facilities to low income entrepreneurs through a sustainable microfinance institution with a national scope". Poor people are a target group of Finance Salone, but only those that have been engaged in business activities prior to applying for a loan. When selecting clients, it uses poverty indicators such as the type and size of business and income. Finance Salone applies a women's quota of 60% for its loan products. Clients must be between 16 and 60 years of age to enter the programme. Four different types of credit are offered by Finance Salone: group loans, individual loans, salary loans and agricultural loans.

Bangladesh Rehabilitation Assistance Committee – BRAC

Originating in Bangladesh BRAC first started working in the microfinance sector in 1974. The BRAC approach combines microfinance services with community development services and training programmes. Yet, in Sierra Leone, where BRAC started its microcredit programme in 2009, the focus has been primarily on financial services.

“The mission of BRAC is to work with people whose lives are dominated by extreme poverty, illiteracy, disease and other disadvantages. With a holistic approach, we strive to bring about positive changes in the quality of life of people who are poor.” As stated in its mission BRAC microcredit programme is directed to the poor segments of the population. However, like the other MFIs BRAC only gives credit to people already engaged in economic activities. Similar to LAPO, BRAC uses a number of poverty indicators (kilocalories/day, income source, assets, housing) to assess the poverty level of loan applicants. Only people with limited access to land and assets will be considered as clients. Women account for 100% of the organisation's clients. BRAC offers two types of loan products: micro loans for credit groups and individual micro-enterprise loans.

5.2.3 Comparing Target Groups and Loan Products

A comparison of the surveyed MFIs shows that they are very similar with regard to their target groups. All five MFIs target the “poor, but economically active population,” that is to say, poor people engaged in small-scale economic activities. While ARD, GGEM and Finance Salone do not aim for a specific segment of this group, LAPO and BRAC focus on the poorer segments within this population stratum. It is also the latter two organisations that have the most elaborate indicators for measuring poverty amongst potential clients. Nevertheless, the fact that both LAPO and BRAC do not consider clients without prior business activities excludes the very poor – those not engaged in any business activities – from their services. GGEM is somewhat the exception here by admitting a certain percentage of clients not previously engaged in economic activities within a group lending approach. However, the collateral required by GGEM may function as a barrier to the very poorest people.

Women are the main target group of all MFIs included in our study. Apart from ARD, all MFIs surveyed use a female quota. Although ARD does not use a female quota, the majority of the organisation's clients are also women according to ARD's operations manager for Sierra Leone. With regard to their target groups, we found no significant differences between local NGO MFIs and for-profit MFIs. All five MFIs target the poor but economically active population with a focus on women. This emphasis on women can be evaluated as positive in terms of empowerment and may function as a starting point for microcredit-driven empowerment processes. However, none of the MFIs complement the focus on female clients with any specific measures to support women's empowerment processes, as will be highlighted in greater detail below (see section 5.3).

The main loan products that MFIs offer are group loans and individual loans. The five MFIs included in our study all offer comparable credit products to their clients. As shown in table 2, the credit features of both group loans and individual loans from all five MFIs are very similar. Group loans are offered to self-selecting groups of women ranging from 5 to 30 group members. The initial loan size is set in accordance with the MFI's assessment of the clients' businesses and varies from a minimum of Le 100,000 (LAPO) to a minimum of 600,000 (BRAC). The maximum loan amount for group clients lies between Le 1,000,000 (BRAC) and Le 5,000,000 (ARD). The monthly interest rates lie between 2.08% to 3%. Due to a number of service charges and because the loan repayment period lies between 4 and 12 months, however, effective annual interest rates are considerably higher than stated by the MFIs (see MITAF 2010b). Repayment modes vary amongst MFIs. BRAC and LAPO have the tightest repayment scheme with weekly and bi-weekly payments; ARD and GGEM require monthly repayments.

Table 3: Overview of Loan Features by MFI

		GGEM	ARD	LAPO	FS	BRAC
Female Quota		70%	-	100%*	60%	100%*
Group Loans	No. Group Members	5 - 7	5 - 10	5 - 30	5 - 10	30 (5)
	Loan Size	Le 500,000 - Le 3 mil	Le 300,000 - Le 5 mil	Le 100,000 - 1,2 mil	Le 400,000 - Le 4 mil	Le 600,000 - Le 1 mil
	Interest Rate	3% (monthly)	2,08% (monthly)	3% (monthly)	2,5% (monthly)	25% (yearly)
	Collateral	15%	10%	guarantor	10%	-
	Repayment Period	4-10 months	6-12 months	5-6 months	4-12 months	12 months
	Repayment mode	monthly	monthly	weekly/ bi-weekly/ monthly	bi-weekly/ monthly	Weekly
Individual Loans	Loan Size	Le 1 mil – Le 4 mil	Min. Le 3 mil	not assessed	Le 4 mil – Le 12 mil	not assessed
	Interest Rate	3%	3%	not assessed	3%	not assessed
	Collateral	25%	guarantor	not assessed	15%	not assessed
	Repayment Period	4-12 months	6-12 months	not assessed	4-10 months	not assessed
Effective Annual Average Interest Rate (source MITAF)		131,94%	107%	156,85%	96,75%	not assessed

*for group loans

Looking at the two main loan products offered by MFIs – individual loans and group loans – the latter appears to be more suitable for addressing the target group of the “poor, but economically active” population. Because of smaller loan sizes as – compared to individual loans – and since group members act as co-guarantors for each other, the group-loan approach enables poor women with small businesses to obtain access to credit that would otherwise be denied to them as an individual. From an MFI perspective, the group-loan approach reduces the risks of credit deficiency because of the co-responsibility for repayment amongst group members. As one branch manager stated, “It is unlikely that an entire credit group will disappear.” While MFIs perceive group loans as most suitable for women with a low income, many clients receiving group loans would prefer individual loans because of the higher loan size and the individual responsibility for repayments. MFIs will only provide individual loans, however, to clients who are already successfully engaged in businesses on a larger scale, for example, shop owners with sufficient revenue to meet credit requirements. The risks inherent in larger loan sizes and, correspondingly, larger collateral and higher monthly repayments exclude poor women from being eligible for individual loans.

The MFI determines the individual loan amount (for group loans and individual loans) by assessing the client's business. The usual procedure is to start with a small loan amount, which is gradually increased in subsequent loan cycles. When questioning the clients about the loan modalities, over 40% of interviewees said that they would prefer a larger loan amount than they were currently receiving, as this would allow them to further increase their businesses or switch to a more profitable trade. Clients also frequently complained about repayment periods being too short and monthly instalments too large. About one third of the clients explicitly asked for lower interest rates. Especially during the rainy season, clients find it difficult to cope with their monthly repayments, as sales tend to drop during this time of year.

With the clients' comments on loan modalities in mind, the question arises, what kind of loan size and repayment period is most conducive to empowering women. Because all the MFI approaches and loan modalities were very similar and not specifically adapted to women's needs and abilities, we gained no insight into which approach is most supportive of women's empowerment processes. As discussed in section 6.1 (material pathway), for material change to happen, the loan size must be sufficient for women to expand their businesses and seize upon new business opportunities.

5.3 Non-Financial Services

Microfinance-driven empowerment processes of women depend as much on women's access to credit as on the MFIs providing further services and training (see Mahmud 2003: 605). The standard non-financial services offered by the MFIs surveyed consist of an initial workshop that takes place before disbursing the loan. In these workshops women receive information about the repayment procedures and some general advice on the use of the credit. This training is compulsory for all clients. From the MFI's perspective, these workshops are meant to ensure that their clients understand their obligation to meet repayments and not to use their credit for non-business purposes. Apart from this initial workshop, the MFIs do not offer any other training to clients regularly. Some MFIs stated that they held additional health training workshops and/or group training courses, but none of the women interviewed recalled participating in any of these workshops. Taking into account that both ARD and GGEM have a background in community development, it is somewhat surprising that neither of these NGO MFIs offer any additional training to their clients. Regarding the provision of non-financial services, we observed no difference between for-profit MFIs and NGO MFIs.

Table 4: Exemplary Questions (Non-Financial Services)

- Do you receive non-financial services, e.g., training? If yes, which ones?
- Are you satisfied with them?
- What is it that you dislike about the services?
- Have you requested any changes?
- What kind of non-financial services would be helpful for you?

Considering the clients' perspective towards the services that MFIs offered them, it should first be noted that four we talked to did not receive any training at all, not even the initial workshop mentioned above. Those clients that did participate in such workshops were overall satisfied with the procedure and content. Although the workshops aim to educate clients about credit features and repayment procedures, we observed a high level of uncertainty on the part of the clients regarding these topics. This indicates that clients are not adequately briefed on these issues. More than 50% of the women we talked to expressed interest in further training opportunities. Women most commonly requested adult literacy and health education; training in crafts (e.g., tailoring, soap making) was also asked for.

All the MFIs are following a minimalist approach towards training and fail to adapt their non-financial services to meet clients' needs.⁷ One consequence of this is the low level of financial literacy among clients as discussed above. In terms of empowerment, the lack of additional training also means that clients hardly acquire any new skills or knowledge through their participation in microcredit programmes (see section 6.2, cognitive pathway).

5.4 The Relationship between Clients and MFIs

Becoming a client of an MFI

The majority of the women we talked to came into contact with their MFI because somebody they knew (e.g., neighbour or relative) was receiving credit from that organisation and had told them about it. In these cases the women did not select an MFI because of loan modalities or the services they offer, but because of the experience of somebody they trust. Only in a few cases did women actively enquire about the loan modalities and services that different MFIs offer and base their decision on these criteria. Although MFIs do actively market their products, it seems as if word of mouth plays a more important role in the microcredit industry in Sierra Leone.

Once a woman has decided to apply for a loan, there are several key steps that follow. When applying for a group loan, women need to form a group of 5 to 30 members (depending on the MFI) and register with the MFI. A loan officer of the MFI will then assess the businesses of all group members (including profit, cash flow and savings) and gather information about the women involved. If the women's businesses meet the requirements, the loan officer issues an appraisal form, including a suggested initial loan size. Following on from the internal MFI procedures, the supervisor and/or approval committee, which makes the final decision on the loan's approval, considers the appraisal form. The application procedure usually involves service charges and, if successful, payment of collateral and other loan securities by the clients. At the end of this process, the loan is disbursed.

Relationship between loan officers and clients

It is primarily the loan officers who are in regular contact with the clients within MFIs. Loan officers work for the MFIs at the branch level and can be considered as their

⁷ Interviews with loan officers confirmed our findings on the minimalist approach toward training. In conversations with MFI staff at the managerial and operations level it was explained that currently training is not taking place in its intended form yet.

ground staff. Besides the supervision of clients, the tasks of a loan officer include marketing products, recruiting clients, handling loan applications – including business assessment and determination of loan amount – training, loan disbursement and following up on delayed payments. It is common for loan officers to regularly visit clients. Among the MFIs surveyed, this happens at least once a month. During these visits the loan officers mainly discuss business- and repayment-related matters with clients and give advice when needed. LAPO's, BRAC's and Finance Salone's loan officers also collect repayments during their visits. Clients of ARD and GGEM make repayments directly at their branches or a bank where they are given a receipt. If clients need to contact their loan officer, they can either telephone them or visit the branch office. In the urban areas where the research was conducted the branches were located within one hour's travelling time of the clients' businesses. Overall, clients found the accessibility of loan officers to be satisfactory. One credit group we interviewed experienced difficulties in dealing with their MFI and knowing who they could speak to in case of problems due to the constant staff turnover at the MFI, including repeated replacement of their loan officer.

“Our group of seven was dissolved after the leader left with some money and the rest of us could not pay back all of his debts. Originally, the credit was really useful for me and I gained a lot of flexibility on buying different goods, depending on the actual market price. He was a disgrace for the whole group and now we are being looked at as criminals.”

B-ARD-DO-2, former male microcredit client, 49 years old, married, living in Bo

The majority of clients (close to 90%) described their relationship with their loan officer as cordial.⁸ About one third of clients stated, however, that the relationship strained rapidly when repayment problems arose. Several women stressed that the loan officers become very irritated when group members delay their repayments. In some cases the loan officers embarrassed the women who defaulted on payments in front of their fellow group members. We were also told of cases where clients had been taken to the police station or the local court to enforce repayment of loans.

⁸ We did not analyse the impact of the gender of loan officers on women's empowerment processes, as the contact to clients was generally not very close. If MITAF decides to include women's empowerment processes as a programme goal, we suggest taking this aspect into account as a potential influencing factor.

“Delinquency is the order of the day. To control delinquency you have to monitor well. After 180 days, loans in arrears have to be written off. But we try to recover even those loans that have been written off. In extreme cases, we take court actions to recover the loans that are in arrears.”

K-ARD-LO-1

We observed a very drastic measure while conducting our research in Bo. One MFI publicly displayed photos of defaulters, promising a reward for information leading to their whereabouts. The criminalisation of defaulters and harsh treatment of repayment problems places clients under significant stress. Overall, the clients we interviewed were very concerned about not being able to meet their repayments. Non-clients cited fear of not being able to meet repayments as one of the principal reasons for not taking microcredit.

6 Pathways of Empowerment

While the previous chapter discussed the relationship between MFIs and women's empowerment processes mainly from an MFI's perspective, this chapter examines microfinance-driven empowerment processes from a woman's perspective. Guided by the pathway concept outlined in section 2.1, we investigate how participation in microcredit programmes leads to changes in the lives of clients. Besides analysing empowering and potentially disempowering effects of microcredit, we look into relevant constraining and enabling factors (opportunity structures) and the role of women's agency. The findings illustrated here are based on the 42 "core group" individual client interviews. The following numbers and facts that are presented in the investigation of the pathways are the results of a qualitative trend analysis and thus cannot be treated as quantitative data such as that of a classical impact evaluation.

Since we assumed that access to microcredit would initially affect the material sphere of women's lives, our analysis starts by looking at changes on the material pathway. Secondly, along the cognitive pathway we explore whether microcredit triggers any changes in the level of skills and knowledge of clients. Here, the analysis is closely linked to the provision of non-financial services by MFIs as discussed in section 5.3. Departing from these more immediate impact areas, we then consider perceptual changes that might occur through women's participation in microcredit programmes. Finally, by broadening the perspective from the individual client's level to their social environment, we discuss changes along the relational pathway. The final section provides a summary of our main findings.

6.1 Material Pathway

Changes along the material pathway relate to access and control over material resources, alteration of income and earning capacities, ownership of assets and fulfilment of basic needs. From this perspective, gaining access to credit already represents a significant change in women's access to financial resources and is therefore the first step in a series of changes along the material pathway.

Using women's access to credit as a starting point, this chapter begins by taking a closer look at some surrounding aspects, such as the reason for taking the loan, loan use and challenges involved in this process. We then consider the impact of microcredit on the clients' business activities and income development. A further area of interest is the effect of the loan on the expenditure patterns of clients. By choosing

this approach, we expect to obtain insights into relevant factors influencing women's agency, what kind of changes allow for new opportunities to make a choice and what opportunity structures influence these processes.

6.1.1 Taking the Loan and Loan Use

First of all, it is important to highlight that the majority of clients we talked to had a very clear idea of why they took a loan. The most common reason women gave for their initial participation in a credit programme was the intention to expand their business. Two thirds of the interviewed clients identified this as the primary reason for taking microcredit. To expand their businesses, clients intended to pursue strategies such as expansion of stock to meet market demand, the purchase of new, more profitable products or paying for goods upfront instead of buying on a less favourable market credit. Only in a few cases did expansion include investment in larger assets (e.g., a freezer or a generator). This reflects the small scale on which microfinance clients are doing their business. The high proportion of clients that intended to use their loan for business expansion indicates that **microcredit can indeed provide poor women with sufficient financial means** to overcome shortage of capital.

“My husband had lost his job and we didn't have enough money to buy food and other things. I wanted to expand my business, but I needed money. That's why I joined a credit group and took a loan. I used the loan to buy more ingredients and now I can prepare more meals and sell them.”

F-ARD-GC-4, 33 years old, married, 3 children, sells lunch in front of her home in Freetown

A second group of women (about 15% of the core group) started taking microcredit because they were in need of money after an external shock. For example, some women were facing financial problems after their husbands had died. Other women needed extra money to support their families because their husbands had lost their jobs. In one case a woman reported that she needed additional capital for her business after being robbed. In all of these scenarios, microcredit seems to have a **short-term stabilising effect on the client's financial situation**, protecting them initially from serious financial straits. To which extent microcredit has a long-term stabilising effect for these clients, however, depends on how they use their loan, their business achievements and other potential external shocks. In the cases in question clients stated that they took the loan for business purposes and seemed to be on the right track business-wise as well. Below we will discuss the relationship between intended and actual loan use in more detail.

When asked about the use of their loan, the outright majority of clients responded that they had been able to use the loan for its intended purpose, investing in their businesses. While most women engaged in the same business activities as before, 15% of clients used the credit to start a new business or switch to a more profitable trade. Interestingly nearly all of these clients were widows. This might be due to the fact that without the support of a husband, women depend exclusively on their own economic activities to make a living a stronger entrepreneurial spirit will be demanded of them. Only in four cases from the core group did women report that they used a part of the loan for non-business purposes, such as paying for children's education, buying food or renting land. Our findings on loan use are in agreement with a study of the Research and Evaluation Unit of BRAC Sierra Leone conducted in 2010 (see BRAC 2010: 7). By international standards, however, the non-investment-related usage of credit by clients in Sierra Leone appears to be very low. For example, Schmidt points out that on average between 30% and 60% of micro-loans worldwide are not used for investment-related purposes (see Schmidt 2010: 6). This raises the question whether conditions specific to the Sierra Leonean context exert pressure on clients to use their loan for business investments. Possible **influencing factors include the high repayment pressure by MFIs or clients' concern that husbands will seize control over credit use** when the money is not invested in businesses. It is also questionable whether clients actually draw a clear distinction between the loan money and other household money, despite this being a precondition for exclusively business-related loan use. Moreover it is necessary to bear in mind, that the clients we talked to have been successfully receiving credit for several loan cycles. We presume that clients that did not use their credit for investment-related purposes are more likely to have dropped out of the credit programme. Though these aspects could not be assessed in depth in our study, it can be asserted that in the Sierra Leonean context an outstanding high number of clients use their loans for business investments.

Relating these findings to the empowerment model discussed in section 2.2, it shows that gaining access to microcredit changes women's access to financial resources and this, in turn, provides women with the opportunity to make choices about investing this money. In terms of women's agency, clients can progress from imagining possible loan spending (prior to receiving credit) to deciding on actual loan utilisation. We will review to what extent these changes can be transformed into increased profits and income in the following section.

6.1.2 Changes in Business

New business practices are one of the primary outcomes of clients' investment in their own businesses. We hypothesised that microcredit leads to up-scaling known economic activities. In most cases alterations in business relate to improved product purchasing strategies and/or an expansion of the range of products offered. For instance, two thirds of clients started to buy larger quantities of products, increased the variety of goods offered and/or added more expensive products to their assortment. In comparison, only one third of women in the quasi-experimental control group of non-clients reported that they were able to expand or improve their businesses in recent years. Hence, our empirical findings supported our hypothesis about the positive influence of microcredit on up-scaling economic activities.

“Now that I am receiving a loan I trade more expensive fish than before. I am even able to sell fish to some hotel-kitchens. This is good for my business as they usually buy larger amounts.”

F-FS-GC-1, 38, married, 2 children, selling smoked fish at a market in Freetown

In cases where women had very few financial resources prior to receiving credit, a significant change has been the ability to pay for their goods upfront instead of buying small amounts on credit at a higher price. From our core group of 42 women, four clients, all from Bo, used part of their business investment to pay for travel expenses, enabling them to purchase their products at better prices in more distant places (e.g., Freetown, Guinea). Further investment strategies we observed include switching to a more profitable trade, engaging in wholesale trading and expansion to other markets.

Overall investment of credit for business purposes aims at increasing the profit margin on sales and/or increasing their market share through sales expansion. The immediate success of this strategy can be measured through changes in income. A more long-term impact would be a decreased vulnerability to market shocks and immediate cash-flow needs due to an improved market position. Research findings are split regarding both aspects. Concerning changes in income over 70% of the clients we talked to experienced an increase of their income as a result of their business investments.⁹ At the same time 20% of the women felt that their income would still vary a lot depending on seasonal fluctuations of sales. Less than 50% of the clients

⁹ It is important to note that clients don't do any bookkeeping. Due to the lack of a baseline study quoted changes in income are based on the clients' perception only.

actually felt materially more secure than before receiving credit. In some cases clients felt more vulnerable to market fluctuations because of credit repayment pressure. In fact, a number of women stated that they spend more time with their businesses than before receiving credit in order to meet repayments. These statements are in line with an overall trend: 60% of the clients we interviewed said that they are now spending more time with their businesses than before. It is important to note that increased working hours may have a negative impact on other indicators for empowerment by affecting women's mobility, available spare time (as compared to men) and the ability to cope with their workload at home.

Table 5: Overview of Business Activities of Clients

Type of Business	Specification	No. of Clients
Trades	Sale of groceries at the market (e.g., rice, palm oil, vegetables, fish)	13
	Shop owner (small merchandise, cloth, clothes, groceries)	7
	Sale of stationary at the market	2
	Wood trading	2
	Charcoal trading	3
	Sale of cosmetics and beauty products at the market	1
	Street hawker (e.g., selling snacks and drinks or jewellery)	2
	Sale of clothes or footwear at the market	3
	Sale of cookery at the market	3
Production and Trade	Production and sale of soap	2
	Preparation and sale of meals	3
Services	Hairdresser salon	1
		42

It also needs to be stressed that in all cases business expansion depends on market demand. Because demand is limited, an increasing supply of microcredit may lead to higher competition among small-scale traders in similar sectors and undermine gains in terms of income and market positioning (Schmidt 2010: 5). Several women we interviewed complained about increased competition and decreased sales in their trades. They primarily attributed these problems to the growing availability of microcredit.

“In the rainy season the soap business is very difficult. Sometimes the rain spoils the soap powder before I can even sell it. Also people tend to buy less soap during the rainy season as the weather conditions don’t allow much for washing and drying clothes.”

F-LAPO-GC-2, 45 years old, widowed, 5 children, produces and sells soap in Freetown

Microcredit has a strong positive impact on income changes for the majority of clients given that there is sufficient market demand and that clients invest well in their businesses. Transferring these income gains into greater material security and reduced vulnerability, however, is more difficult. Repayment pressure, seasonal fluctuations and external shocks still have a negative influence on income stability in a significant number of cases. By depicting these changes in our empowerment model, it becomes evident that women’s agency in realising new business opportunities enables them to advance from “use of opportunity“ towards “achievement of desired outcomes” (i.e., increased income, material security). Yet these achievements are challenged by the opportunity structures discussed above. Possible positive empowerment changes through gains in income must also be seen against the background of a large number of clients tending to spend more time with their business and hence having less time for other activities. While they may be better equipped to meet market demands, at the same time they are even more confined in their personal freedom (choice of when to do what). This also restricts empowerment changes along other pathways such as organisation in social networks (relational) or participation in training programmes (cognitive).

6.1.3 Changes in Expenditure

Due to the high consumption rate of poor households, increases in income normally translate into expenditure changes. This section examines changes in clients expenditure patterns related to their access to microcredit. We divide expenditure into immediate needs, strategic needs and consumer goods. We presume that expenditure changes only for immediate needs relate to short-term poverty-reducing effects only, whereas changes in expenditure on strategic needs present a first step in long term stabilisation of livelihoods and thus also reduction of poverty. Increases in wealth are thought to be found when clients have more money to spend on luxury goods and assets.

Table 6: Exemplary Questions and Indicators (Material Pathway)

Questions	<ul style="list-style-type: none"> • Has anything changed in your expenditure? • Do you spend more or less money on... since obtaining credit? And is it
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	<p>good for you?</p> <ul style="list-style-type: none"> - <i>Immediate needs</i>: Food, clothing, health care, housing repairs or additions - <i>Strategic needs</i>: School fees, investment for business - <i>Consumer goods</i>: Assets (e.g., TV, radio, mobile phone), beauty products and care <ul style="list-style-type: none"> • Do you use your loan for long-term investments? • Do you feel materially more secure than before?
Indicators	<ul style="list-style-type: none"> • Client spends more money than before on immediate needs • Client spends more money than before on strategic needs • Client spends more money than before on consumer goods • Client invests loan in her business • Client perceives an increased material security compared to before

Nearly 60% of clients stated that their expenditure on immediate needs such as food, clothing and health care has increased since taking the loan. Out of the core group clients, 15% explained that their spending on these goods varies according to their sales and income. For 20% of clients, spending had stayed the same or even decreased. In some cases this was due to repayment pressure (see also section 5.4). In individual cases, meeting repayments put so much pressure on clients that they even had to cut back on very basic expenditure (e.g., food). As Schicks points out, repeatedly cutting back on expenditure in order to meet credit repayment must be understood as a sign of over-indebtedness (see Schicks 2010: 6). Even though we only encountered a few cases of serious over-indebtedness among clients, we presume that the problem is more widely spread in the Sierra Leonean context considering the positive bias of our study.¹⁰

This shows that while microcredit has a positive impact on reducing poverty in a majority of cases, this positive influence is still subject to market fluctuations. In some cases where repayment pressure forces clients to cut back on basic expenditure, microcredit can even have a negative effect on poverty.

To test the effect of microcredit on expenditure on strategic needs, we asked women about their spending on business investments and children’s school fees. From the

¹⁰ We conducted interviews primarily with “successful” clients who have been taking loans in subsequent loan cycles, and our sample contains only a small number of dropouts.

core group of clients, 55% said that they were investing more money in their businesses since receiving the loan. One third of the women said that their expenditure on children's school fees had increased, and some clients explicitly pointed out that they aim to send their girl child to school for the same length of time as their boy child. Whereas business-related investments could be directly attributed to the loan, alterations to investment in education may relate to several other factors such as an increase in the household's number of children attending school or a rise in school fees.

Expenditure on consumer goods such as assets (TV, radio, mobile phone) and beauty products was least influenced by the access to credit. Less than 25% of the women we interviewed stated that their expenditure in this area had increased since receiving credit. Nearly all of these cases involved women who were married and sharing household contributions with their husbands. As the loan cycle and amount does not seem to play a role here, we concluded that expenditure on luxury goods and assets strongly depends on husbands' income and household contributions.

The most common answer, given by more than 75% of clients, was that no more money was being spent on consumer goods than before. In many cases these women stated that they did not have money to spend on consumer goods. Some clients stressed that they did not want to spend their money on consumer goods, but would invest the additional money they have in their businesses only. A small group of women who already had enough money to spend on consumer goods, even before entering the credit programme, also noted that their expenditure had not changed.

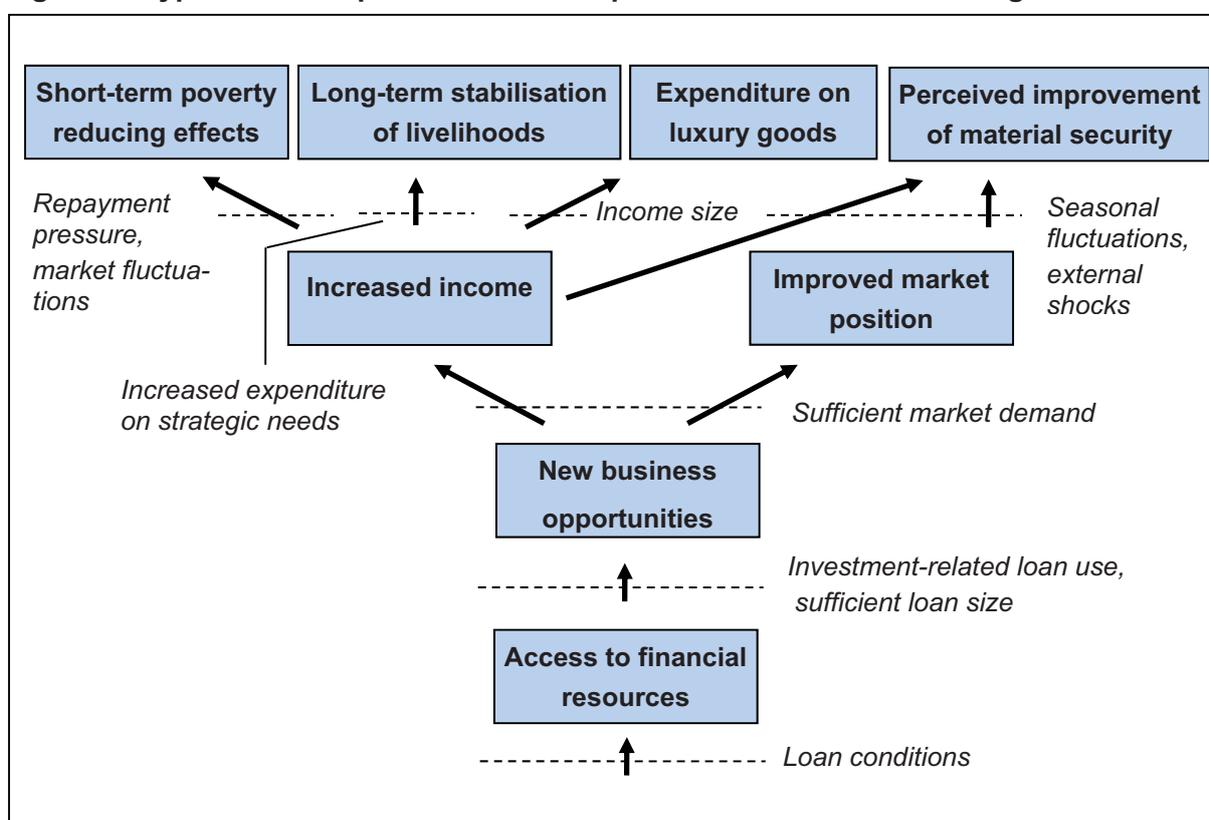
Our research findings show that by increasing household income, **microcredit has a strong potential to reduce poverty within the majority of clients' households**. In cases of over-indebtedness, however, microcredit can also have the opposite effect by forcing clients to cut back on basic expenditure. Microcredit can also have a **positive influence on livelihood stabilisation** by enabling increased expenditure on strategic needs. This was the case for more than 50% of clients. This type of long-term achievement leads to increased opportunities to make a choice in the future, thus fostering further empowerment processes. However, such subsequent changes would need to be assessed in a later study. Considering the limited impact of microcredit on the expenditure on consumer goods, we conclude that income changes through microcredit are too small to trigger significant expenditure changes in this area. Finally, various factors, independent of microcredit, strongly affect expenditure patterns, for example, the cost of living or price increases for certain goods. In the cases of married women, their husbands' job situation and household contributions

play a significant role too, over and above household decision making (see relational pathway).

6.1.4 Summary

As discussed above, access to credit allows for various changes along the material pathway, thus enabling women's agency and progress in terms of their economic empowerment. These changes do not apply to all clients, however, and are limited by several framework conditions. Figure 6 illustrates these changes and constraining factors at the micro-level.

Figure 6: Hypothetical Impact Chain and Impediments for Material Change



From an individual client's perspective, the loan conditions (e.g., collateral, required previous economic activity, age limit and gender quota) determine access to credit. If clients meet these conditions and obtain credit, the first change on the material pathway – increased access to financial resources – takes place. At the same time this provides clients with new opportunities to make a choice. If clients decide to use the credit for business investment and the loan size is sufficient, increased access to financial resources may translate into new business opportunities and, consequently, improved earning capacities. These **empowering changes** driven by women's

agency occur for the vast majority of clients. When clients seize these new business opportunities, providing there is sufficient market demand, further changes - increased income and improved market position – are enabled. Considering that more than 70% of the interviewed women reported increases in their income it can be concluded that microcredit plays has a significant impact in this area. Also here women's advancement regarding empowerment is closely interlinked with their agency. Together with an improved market position increased income may add to **improved material security**, yet this is also subject to seasonal fluctuations and external shocks.

Considering clients' low economic standing ("poor, but economically active"), increased income can have short-term poverty-reducing effects and contribute to fulfilling basic needs. This was the case for nearly 60% of clients. As our research shows, however, a positive impact in terms of reducing poverty also highly depends on market size and fluctuations. In cases of over-indebtedness, repayment pressure may even jeopardise positive poverty-reducing effects and push clients further down the social spiral. With regard to long-term stabilisation of livelihoods, increases in income can also have a positive impact, providing that income gains are spent on strategic needs. This is the case for approximately half of the clients. If income gains are sufficient, microcredit could eventually even lead to improved living standards (indicated by higher expenditure on luxury goods and changes in asset ownership). However, this was the case only for less than 25% of clients. Thus, the large majority of interviewees are faring better on the material pathway than before, but they have not managed to rise out of the lower strata of society nor have they had any impact on the creation of jobs or expansion of markets.

It is important to note that material changes are closely interlinked with changes on the perceptual, cognitive and material pathways. For example, making use of new business opportunities also depends on clients' business skills (cognitive), whereas the use of increased income for the fulfilment of basic needs or expenditure on strategic needs requires decision-making power over this income (relational). The following chapters explore changes on these complementary pathways.

6.2 Cognitive Pathway

The cognitive pathway explores changes in the level of knowledge, skills and awareness of the wider environment. For the purposes of this research, the emphasis lies

on the level of clients' business skills since most interviewed women were engaged in trading.

According to MITAF MFIs, all of them offer compulsory introductory training, which generally serve to familiarise clients with loan modalities, repayment procedures and penalties in case of default. This introductory training is accompanied by very basic training on "financial management skills", namely, on how to use and manage the loan to prevent repayment difficulties. The scope of business training ranges from general words of advice on the importance of using the loan for its intended purpose to basic calculations on expenditure, income and profit. Although all MFIs claim to offer such training, four clients reported that they did not receive even this introductory training. This raises questions not only on the quality of the training, but also its availability and accessibility.

Few clients who took part in training emerged feeling that they have learned something useful for the way they do business. The question is whether clients already possessed these skills, whether they did not understand the training content, whether the trainers were not competent or whether clients have no use for the skills taught. In either case, the training offered currently does not entirely fulfil its objectives, and therefore refutes our hypothesis that participation in microfinance leads to improved financial literacy.

"Up to now I didn't learn anything, but would like to learn something if it would be offered. They told me that there would be training courses, but until now there weren't any. If there were I would like to participate."

K-ARD-GC-1, 28 years old, married, 1 child, selling slippers in Kenema

Among clients who stated that they did learn something during the training, responses were usually vague: one client mentioned generally being more careful now when doing business and one third of individually interviewed clients simply stated that they learnt how to manage their money to meet repayments. While this latter can be important, it is questionable how learning to manage money only for repayment purposes can help clients deal with money in other situations. In short, how transferable is this knowledge?

Nevertheless, some women benefited from the training, with two individually interviewed clients stating that it helped them to open a bank account and save money. Even when clients do not learn a host of new skills from the training directly, the mere participation in a credit programme can have empowering effects. For example, a

client from Freetown mentioned being able to deal with responsibilities and organising a group while two other clients mentioned being better able to interact with loan officers or even MFI managers.

This shows that clients not only gain skills through training, but also through the loan process itself. With financial management skills in particular, it is likely that they are strengthened in a continuous process of practical learning among those who choose to use the imparted skills. Because clients take out a loan, they improve their basic planning skills to avoid the embarrassment and stigmatisation caused by not meeting the MFIs' requirements. What plays an important role in such a learning process is therefore not only the availability and quality of training, but also the willingness of clients to try out new skills. These factors, as well as the client's existing level of business expertise, are important to consider when determining the success of a loan scheme.

When asked about where clients learnt their business skills, most clients responded that they learnt them from their parents or other relatives as a child and feel that they **possess the skills necessary for doing business**. Such skills are invaluable as a client's previous experience in business and her expertise also influence the extent of the material success of the loan itself. One client from Bo, for instance, changed to another business with her subsequent loan when her initial business became less profitable. Therefore, the possession of skills, including the ability to adapt to the market, plan and set priorities, render women more able to take full advantage of what microcredit has to offer.

Despite feeling rather confident about their business skills, clients still strive to improve their skills and **expressed interest in additional training** opportunities such as business training and adult literacy. The question is how much added value an introductory training by an MFI can have, where clients' knowledge can be complemented and whether **MFIs may want to consider drawing learning experiences from successful clients**.

Another significant observation made during the course of the interviews is the limited knowledge clients have about certain MFI procedures. For example, many clients were not able to tell us their interest rate or the reason behind certain up-front expenses that the MFI request before giving out the loan. Such low levels of "debt literacy" may lead to over-indebtedness, as these populations are more likely to bor-

row more than they can afford or incur extra expenses such as late fees (Schicks 2010: 12).

Overall, findings revealed few changes in clients' levels of skills as well as a low level of knowledge of loan procedures. Hence, training currently does not meet its goals of adequately informing clients of the MFI's operations and imparting business skills. There is, however, still enormous potential for the conception, development and implementation of training, particularly in meeting the needs of clients and tailoring the training to their specific circumstances.

6.3 Perceptual Pathway

As explained in previous chapters, changes along the perceptual pathway relate to clients' perceptions of themselves, for instance, in the form of self-esteem and self-confidence. This pathway also explores whether clients can imagine a different future and how they envision their ability to realise their goals. As shown in our empowerment concept in chapter 3, the ability to imagine the future differently is a key step in the process of empowerment, because women must be able to envision a goal if they are to take steps to reach it. Here, it is particularly interesting to assess whether there have been any changes in the type of goals women set and how ambitious they are, as well as changes in their perceived ability to reach these goals.

Perception is not only relevant in the form of self-perception, but also within a client's wider social context, for example, at the household level or in a market or community context. Key factors here include respect and recognition, which can, in turn, influence relationships and social interaction. When looking at the perceptual pathway in terms of external viewpoints, there is an overlap with the relational pathway. Although themes such as levels of respect are also relevant to the relational pathway, we deal with them along the perceptual pathway.

6.3.1 Self-Perception

Clients' self-perception is difficult to grasp due to its highly personal and often vague and subjective nature. There are certain indicators, such as self-confidence and self-esteem, which shed light on this, particularly in how it relates to the material pathway. Additionally, a client's description of herself may indirectly reveal her level of self-awareness and her ability to reflect on her own strengths and weaknesses.

Our hypothesis was that involvement in microcredit improves self-esteem and self-confidence. When asked whether they were proud of their (material) contributions to the household, around two thirds of the core group answered 'yes', indicating a positive perception of their own abilities and self-worth after taking microcredit. Moreover, among non-clients, only one third of respondents reported feeling proud of their contributions to the household, as opposed to two thirds among microcredit clients. By comparing the responses from clients with non-clients, we confirmed our hypothesis that involvement in microcredit programmes improves self-confidence. Microcredit offers a starting point for women to improve their self-esteem by providing them with an opportunity to take pride in their increased household contribution (provided that the loan leads to increased income). In this way, microcredit can support internal psychological empowerment processes among clients.

Table 7: Exemplary Questions and Indicators (Perceptual Pathway – Self-Perception)

Questions	<ul style="list-style-type: none"> • Are you able to address issues that are relevant to you in your neighbourhood/ community/ market place? • Are you able to talk to people in higher places? What did you discuss? What was the outcome? • How would you describe yourself when you interact with others? • Has anything changed in this regard since you started receiving loans? • Do you feel proud about your household contributions?
Indicators	<ul style="list-style-type: none"> • Client is able to address issues of concern in the public sphere • Client perceives herself as more confident (e.g., self-assured in public, talking to authorities) • Client reports being asked to carry out more tasks with higher responsibilities and/or having more people recognise and speak to her • Client expresses pride about own household contributions

However, it must be noted that our non-client control group was small and may hence not be representative. Moreover, there may have been a certain tendency among the core group clients to answer questions positively or simply affirm that they are proud of their contributions. Given these limitations, it is difficult to conclude whether microcredit clients are more confident and have higher self-esteem than non-clients. By looking at select non-clients with high confidence levels, it shows that improved self-esteem can develop independently of microcredit, indicating that microcredit is not the sole determining factor in sparking changes along the perceptual pathway.

Interestingly clients reported feeling proud of their contributions regardless of whether they saw this change as positive (e.g., being able to buy more food for the household) or negative (e.g., fewer contributions from the husband, thus increasing the pressure on the client for more financial responsibility). Rather, pride increases proportionally to household contributions and increased responsibilities do not have a negative impact, despite the potentially disempowering effects such as a greater financial burden. On the contrary, clients showed an increased feeling of pride from being indispensable to the family and being able to shoulder the heavy load and carry the additional responsibilities.

Another indicator for self-perception, which is also closely related to the relational pathway, is the ability to address issues of concern in the public sphere. Since women are generally not as active as men in the public sphere due to social constraints, the capacity to bring up topics with potential for conflict, particularly with authorities, is a good indicator for self-esteem. Our hypothesis was that participation in microfinance increases women's ability to speak out on issues that are of relevance to them. This hypothesis seems to be confirmed as over 90% of core group clients in all three locations stated that they were able to address issues in the public arena that are relevant to them and that they can talk to people of authority. Only one respondent said that she does not dare to speak to people in higher positions while another two stated that it depends on the situation and the kind of authority (e.g., she would not talk to authorities such as an Imam). This shows a level of self-esteem among microfinance clients, which indicates a certain degree of empowerment when it comes to relationships beyond the private sphere.

This does not necessarily mean, however, that women who are able to address issues publicly will in fact do so. Some clients added that although they are not afraid to speak up in public, they have not yet had to do this. The social context in Sierra Leone, where women are not expected to act in public on their own behalf, brings into question whether one's perceived ability to speak out would in fact lead to any action to achieve their desired goals. We did not encounter any evidence of increased confidence leading to this kind of action. The potential for action due to higher levels of self-confidence will be discussed later in the relational pathway.

We stress that the ability to speak out in public and address authorities is unlikely to stem from microfinance. Only one of the individually interviewed clients stated that she is more confident in speaking in public since she became the leader of her loan group, whereas all of the other interviewees answered that their ability to address issues and speak to authorities has not changed since receiving credit. This may be

a reflection of the context in which clients find themselves, where issues can generally boldly be raised. Hence, microcredit is not a crucial factor in transforming changes in confidence levels of women resulting in action in the public sphere.

Findings among non-clients, where around 80% stated that they are able to address issues in the public sphere and speak to authorities, reinforced this conclusion. Considering that there is virtually no difference between clients and non-clients, microfinance is unlikely to have had any impact in this particular area to date.

Another interesting finding is the degree of self-confidence among clients related to skills. Our results show different levels of economic success with microcredit, making it unlikely that all clients have the necessary expertise to make the most of their loan. All respondents, however, said that they possess the skills needed to be a successful businesswoman, indicating that they think of themselves as competent businesswomen and believe that they are making good business decisions. Although we did not ask clients to indicate changes in confidence in relation to skills, we found that clients drew a great deal of pride from their skills, particularly when they enabled them to transfer their loan into greater income. This is an area where MFIs could play a vital part in maximising the pride and self-esteem women draw from their activities. By pointing out how clients' own skills played a crucial role in using the credit wisely, MFIs could encourage women's empowerment. Training courses could provide a useful avenue for women to discuss achievements in such a way that increases self-esteem.

6.3.2 Perceptions of Others

Husbands

While self-perception shows a positive trend, perceptions at the relational level are somewhat mixed. Almost half of the husbands interviewed reported no changes in their wives' self-esteem and/or self-confidence since the loan. Of the husbands who did see changes, their perceptions were highly dependent on the resulting financial success of the loan. As will be discussed in the relational pathway chapter, some husbands were in favour of the loan because it reduces their financial burden. While material gain is highly important, some husbands also reported an improvement in the way they value their spouses (see quotation below).

“Even though my wife will not consult me on every matter, I have more confidence in her now.”

F-H-1, 48 years old, Freetown

Even though some husbands did observe positive personality changes in their wives, the question remains whether these effects are potentially empowering or disempowering. For example, if a client is more confident and able to voice her own opinion, even when it differs from others, it may lead to conflict and, in extreme cases, perhaps even a backlash from “threatened” parties. This is because a change in the distribution of power is only possible when at least one party makes sacrifices, meaning that power redistribution almost inherently leads to conflict (see section on relational pathway). As clients had to ask for permission for us to interview their spouses, the bias in the selection of husbands meant that conflict was not observed between clients and their spouses in this particular study. Many women did not want us, however, to interview their husbands – an indication of their husbands’ opinions on microcredit. Moreover, some clients revealed that their husbands did not even know about the loan, implying that a number of husbands would disapprove.

In summary, a slight majority of husbands now perceive their wives differently. While these perceptions are generally positive, potential for conflict arises when wives become more assertive.

Other people in the marketplace or community

The relationship between money and respect also determines how others perceive clients. Over two thirds of the core group reported people in the marketplace or community respecting them more than before the loan. Indicators for increased respect include others asking the client to carry out more tasks with higher responsibilities or simply having more people recognise and speak to her. According to clients, the main reason for this is the success of their business. A small number of clients relate the increase in respect directly to others perceiving them as being wealthier than before. Clients know that that others perceive them this way because they now ask to borrow money from them and other traders believe that they are more credit-worthy and will sell goods to them on credit. Because clients frequently reiterated that respect increases proportionally with wealth, it implies that greater respect due to business growth directly results from clients’ increase in income.

“Yes, I am more self-confident than before. With money, as long as you are playing with it, you’ll have respect – for yourself and from other people. Even if it’s not your own money.”

K-FS-GC-1, 35 years old, married, 2 children, selling plastic buckets in Kenema

Additionally, respect due to increased income is not only earned because of financial reasons, but also because of behaviours associated with success. For instance, clients commented that they are respected because other people see that they are doing business, working hard and not being idle. Thus, living up to widely held values and ideals of positive behaviour increases respect just as much as material success.

It must be added, however, that several women who reported an increase in respect also mentioned being relatively well respected before taking the loan. Particularly among women who are group leaders, their recognition often stems from other sources (see also section on relational pathway). Our study shows that participation in other forms of organisation targeting women’s empowerment, as opposed to taking microcredit from MITAF MFIs, can also lead to increased respect. An interview with a control group from HELP, a community savings organisation, revealed that members and their activities are held in high regard: village headmen and other officials look at them with more respect now and consult them when important decisions have to be made. Hence, participation in socially oriented groups is likely to lead to increased respect and even involvement in political decisions. This shows that social strategies have the potential to spark changes along the perceptual pathway, which increase respect to the extent that it allows women to support their own empowerment.

Such considerations raise the question of how large a role MITAF loans actually play in bringing about empowering changes along the perceptual pathway and in how far an increase in respect and recognition is also dependent on a client’s personality and existing social status. Among the core group of clients, the tendency was for women who were already well respected to begin with and who used their loan successfully to receive more respect. In such cases, there was an insubstantial increase in respect. Among women who were not particularly well respected before and showed signs of economic success with the loan, the tendency was that they experienced a considerable increase in respect. Hence, an economically successful loan leads to greater empowering changes along the perceptual pathway among women who were not very respected before taking credit.

Another important question is how an increase in respect influences women's social interactions and enables them to move from one degree of empowerment to the next towards achieving their goals. This may provide an interesting topic for further research, particularly among clients who have been taking microcredit for several years.

It is important to note that taking credit does not always have positive repercussions along the perceptual pathway. Loans do not always lead to economic success (see material pathway) and can have disempowering effects along the perceptual pathway, for instance, due to embarrassment when loan officers come asking for money. Dropouts who decided to stop taking loans partially due to negative perceptions resulting from repayment problems, in particular, echoed the fear of embarrassment (see quotation below).

"I had to go to Kaigania (about 65 miles away), so I could not always be back in time for loan collection. So one time, when I stayed there two days longer, the police even showed up at my house and it was all very embarrassing."

B-FS-DO-1, 26 years old, Bo

Moreover, others do not always see a loan as something positive. A small number of clients pointed out that people do not respect them because they say that they do not have their own money and are not doing business on their own, but are just using MFI money. While these statements show that taking credit can also lead to negative perceptions in a small number of cases (and partially explains why many clients choose to keep their loan a secret), they also underline the influence of widespread views on the relationship between hard work and respect previously mentioned in this section. Reaching a higher level of material wealth is only valued as long as it is associated with hard work and skill. External assistance in attaining that wealth, however, can undermine its value in some cases. MFIs need to be aware of not diminishing any accomplishments achieved through a loan and ensuring that women can retain a level of pride in their achievements "in spite of" having borrowed money.

6.3.3 Future Plans

Another important aspect of the perceptual pathway is plans for the future. Key questions include whether there have been any changes in clients' ability to imagine their world differently and whether they feel more (or less) able to achieve their goals. We consider both these aspects as crucial in our empowerment model, as being able to

envision a goal and believing in one's own ability to achieve it are decisive factors in triggering goal-oriented action.

Table 8: Exemplary Questions and Indicators (Perceptual Pathway – Future Plans)

Questions	<ul style="list-style-type: none"> • Do you have any plans for the future? • Do you think you can realise these plans? • What difficulties could you face in realising your plans? • What will help you? • Have your plans changed after receiving microcredit?
Indicators	<ul style="list-style-type: none"> • Client envisions goals that focus on the achievement of strategic needs (e.g., education of children, investments in business) • Client reports an increased confidence concerning the achievement of goals (due to receiving microcredit) • Client already takes steps towards achieving goals and plans for the future

Most individually interviewed clients had **similar plans, namely, to expand their business, to give their children a good education, as well as to buy land and/or build a house**. The majority of clients mentioned at least two of the above, if not all three. These plans have generally not changed since receiving credit. Very few women now have more ambitious plans than before, and if so, they are mostly related to business expansion. As this result refutes our hypothesis that microfinance leads to more ambitious future plans, we concluded that receiving microcredit has a limited effect on widening the perceived spectrum of possibilities for the future, particularly beyond the material sphere. In terms of our empowerment model, microfinance has not changed women's ability to imagine their world differently. Because Sierra Leonean society considers these particular goals to be the most important, that is, they are contextually determined, the nature of these goals reflects the most urgent or important needs. Because the context has not changed, it is therefore not surprising that microcredit has not led to significant changes in future plans.

Most women also stated that there was no change in how they were able to achieve their goals. While these women generally felt more self-confident due to their increased household contributions, as previously discussed, this did not apply to their future plans. One explanation is that it is difficult to see immediate progress in relation to long-term goals and that it is easier to recognise shorter-term achievements: "the constant focus on managing daily emergencies changes people's relationship to time so that the short term assumes disproportionate importance" (Guérin cit. in

Schicks 2010: 12). Any impact at this level needs measuring over a longer period to observe changes. The very fact that some clients take a loan is a first step in women's agency in moving from imagining towards realising and achieving desired outcomes (see empowerment model).

Realising plans is more difficult than simply imagining them and depends heavily on opportunity structures. Particularly in a precarious setting such as Sierra Leone, external shocks, such as theft, fraud, illness and death, can undermine potential benefits and restrict realising future plans. Another explanation is that microcredit, in its current form, is simply not bringing in large enough profits to warrant a different perception of one's ability to achieve large goals such as investing in education or property.

However, many clients now feel more positive about realising their plans and attribute this to microcredit. For example, one client noted that microcredit brings her goals closer within reach, while others stated that they believe they can realise their plans without borrowing money and run a well-functioning business without repayment stress. This could mean that for a significant number of women, their ability to use an opportunity to achieve their desired outcome, according to our empowerment model, is augmented. It seems that microcredit can indeed play a role in changing women's perception of their own ability to achieve their goals. Nevertheless, it is still unclear to what degree microfinance influences women's perception on this ability and to what degree a change in perception will actually lead to action.

6.3.4 Summary

In sum, although there is evidence of potentially empowering changes along the perceptual pathway, the question arises as to what degree microcredit is a determining factor. The **relationship between microcredit and pride in household contributions seems quite strong**, thus implying higher self-esteem and self-confidence. Nevertheless, significant evidence of pride was also found among non-clients. This pattern is also reflected in perceptions from others. While many women reported an increase in respect, particularly due to perceived financial success, respect can be drawn from other sources as well and it is not clear to what extent microfinance sparks these changes.

There were hardly any instances where women translated an increase in self-esteem and respect into action on behalf of their interests. We recorded a few cases of in-

creased individual agency in this respect, but found no evidence among groups. While microcredit has had empowering effects at the perceptual level, it does not necessarily trigger action. To adequately investigate such changes in microcredit clients over time, we recommend a long-term diachronic study that examines the influence of differing self-perceptions, outlooks on life and ambitions.

Another significant point is that in some cases microcredit leads to negative perceptions of clients. Many women preferred to keep their loan a secret for fear of being seen as using other people's money, the credit being appropriated by their spouse, or being asked for money by others. This highlights potentially disempowering effects of microcredit along the perceptual pathway.

An assessment of plans for the future showed no significant increase in ambitions and it is therefore unlikely that microcredit has led to any notable actions other than the initial step to take a loan in the first place. Nevertheless, a fair number of women reported feeling generally more positive about achieving their goals after taking out credit.

6.4 The Relational Pathway

The relational pathway captures changes relating to social interaction. In this pathway we investigate decision-making or bargaining power, participation, self-reliance, organisational strength and mobility. In our study we mainly focused on changes in three areas: intra-household relations, social networks and social mobility. As mentioned before, the four pathways are not selective, but overlapping and interdependent. In particular, this applies to the relational and the perceptual pathway. The actual relationship between husband and wife refers to the relational pathway, for example, how they make decisions or distribute responsibilities at home; whereas changes in how a husband sees his wife, that is to say, whether he notices changes in her behaviour or personality, relates to the perceptual pathway.

We did not include broader networks of women that extended beyond the local setup. This was not only due to the scope of the study, but also relates to the empirical fact that interviewees would only very rarely leave their immediate environment.

6.4.1 Household Relations

Given the nature of gender relations in Sierra Leone, which are clearly male dominated in most areas (see chapter 4), the relationship between husband and wife is an important aspect of our study. Changes in intra-household relations regarding redistribution of power and responsibilities and duties within the household are strong indicators for women's empowerment. According to our empowerment model (see chapter 3), we expected changes on the material level to affect change on the relational level. We found a correlation between an increase in women's income and an increase in their expenditure as a result of microfinance in the majority of cases (see section 6.1, material pathway). We aimed to see whether this, in turn, translated into an improvement to the situation of women within the households. To give an example, increased income of the woman may lead to greater increased financial contributions, which in turn may influence the daily routine between husband and wife, hence triggering changes in decision-making processes.

We firstly investigated the aspect of changes in financial contributions of women to their household. Here, considerable changes due to receiving microcredit can be observed. Out of the core group interviewees, only 50% gave an explicit statement regarding this aspect (only married clients were taken into account). In one third of those cases, contributions of female clients had not increased since receiving credit, but about two thirds of the clients reported that their financial contributions to the household income had increased since receiving a microcredit. Among those clients, some even reported that they contribute the most to the household, as they now earn more than their husbands.

Increases in contribution of women to their household income do not automatically mean that they are satisfied and happy about this new situation. In our study we addressed the issue of how women feel about their contributions and potential changes in this aspect. The findings here are ambivalent. On the one hand, a vast number of women affirmed when asked if they are proud of their contributions, because this provides the possibility for her to take her fortune in her own hands (see also section 6.3, perceptual pathway). On the other hand, many women claimed that this pride was only one part of the picture. At the same time, they feel that with increased responsibilities for the family's welfare, their burden and workload also rises. Most of the women stated that they now spend much more time working for their business before entering the microcredit circle and have less free time. Some women who could have increased their income reported that they had to spend more time at

home due to changes in their husband's contributions, the economic hardship in the country, increased school fees or other reasons.

The attitudes of husbands towards their wives taking a microcredit revealed very different opinions. On the one hand, some husbands recounted that they are really happy about their wives' participation. This can be confirmed by cross-checking with some clients' statements regarding their husbands' attitudes. On the other hand, approximately the same number of husbands disapproved of their wives' participation in the loan programme. This apparently inconsistent finding reflects the complex and ambivalent reality that husbands face whose wives are involved in microcredit.

"It is 70% good and 30% bad that my wife takes the loan. On the negative side, I think that she has started to think too highly of herself. She thinks she can do everything on her own now. I dislike this attitude. This has made her get out of control. For example, she will no longer allow me to take the final decision. Now she requests a higher say at home. The good thing about the credit is that my wife can support the household and pay such things as food, transportation and school fees. You can rely on her. I am also happy that my wife feels more confident now. Our relationship has changed. Now we will dialogue about everything concerning our home, while I used to take the decisions on my own. I would prefer to have the power to make the final decision."

F-H-4, 38 years old, Freetown

It must be noted though that this quotation does not illustrate a representative statement. Because we had to ask clients for permission before their spouses were interviewed, there is a bias in the selection of husbands. The fact that many women did not want us to interview their husbands is already indicative of their husbands' negative opinion of microcredit. The average opinion of husbands towards microcredit is presumably more negative than the one expressed above.

Household decision making

The changes in financial contributions to the household described above have the potential to modify intra-household decision-making processes, which can trigger women's empowerment processes (see figure 7, page 74). Our results show, however, that this is not automatically the case. Two thirds of clients stated that their husbands were happy about their financial support and that they were proud of their contributions (see also section 6.3, perceptual pathway), but real changes to intra-

household decision making are seldom. The husband still makes the final decision in cases of disagreement among most married couples. While there are a substantial number of cases where decision making is shared or where husband and wife make decisions in their respective areas, few women asserted themselves when their husbands disagree with their decision. A critical factor is the husband's income. Figure 7 (see page 74) shows how certain inhibiting factors, such as the husbands' income, impede the translation of wives' greater financial contributions into changes in decision-making processes.

Table 9: Exemplary Questions and Indicators (Relational Pathway)

Questions	<ul style="list-style-type: none"> • What financial contributions do you make to the household? • Who contributes most to the household? Is this good or bad for you? • Have your contributions changed since participating in the programme? • Is your husband happy or unhappy that you became a member of a credit group? • Who decides about topics like...? <ul style="list-style-type: none"> - Expenses for food - Expenses for housing repairs and additions - School expenses for the children - Health care expenses - Beauty products and clothing expenses - Amount of donations to the church/mosque, extended family, traditional and ceremonial gatherings etc. - Investments for your own business/es - Purchase of larger assets e.g. electronic equipment/motorised vehicles - Marriage of child/ren - Own employment - Birth control - Visiting your parents • What happens when your husband wants to spend the money on something else than you? • Has the decision making changed since you received the credit?
Indicators	<ul style="list-style-type: none"> • Client reports an increase in household contribution through participation in microcredit programme • Client reports an increase in decision-making power through participation in microcredit programme

Income gains of the wife only lead to increased decision-making power when she contributes the larger part toward the household income, for example, where the husband earns very little or is unemployed. If the husband contributes most to the household, he also has the last word in making decisions. In most cases, wives have more responsibilities at home and even their decision-making power may have increased slightly, but in critical situations it remains difficult for her to argue against her husband's authority.

In cases of separated money, decision-making also seems to be divided. In these cases husband and wife decide on several topics individually. In the majority of cases, women hold the sole decision regarding investments in their business; only before making larger purchases do they often have to ask their husbands. It seems like each one decides about the topics that he or she is also responsible for. Yet, in some families the situation is different. Roughly 10% of interviewees stated that their husbands do not even know about their participation in a microcredit programme. When asked about the reasons, these clients stated that their husbands would not approve or even stop them from participating. They fear the consequences, for example, of having to pay for goods that the husband normally pays for or problems developing with other wives living in the same household.

The fact that women with an independent income do not have to ask their husbands for money anymore is a relief for both parties. As one client puts it, "Now that I have my own money, there is more peace at home." Some couples stated that their relationship is more harmonious right now, due to the woman's decreased financial dependence. In most cases, however, this conclusion is only valid as long as the core decision making and roles at home do not change. Above all, increased financial decision-making power does not necessarily spread to areas other than financial issues: traditional issues such as marriage of children, birth control or visiting parents remain untouched. Traditionally, men retain the decision-making power in most areas. Even if women are working and contributing financially, according to the husband's point of view they are merely contributing to the household, but are not equals as decision makers.

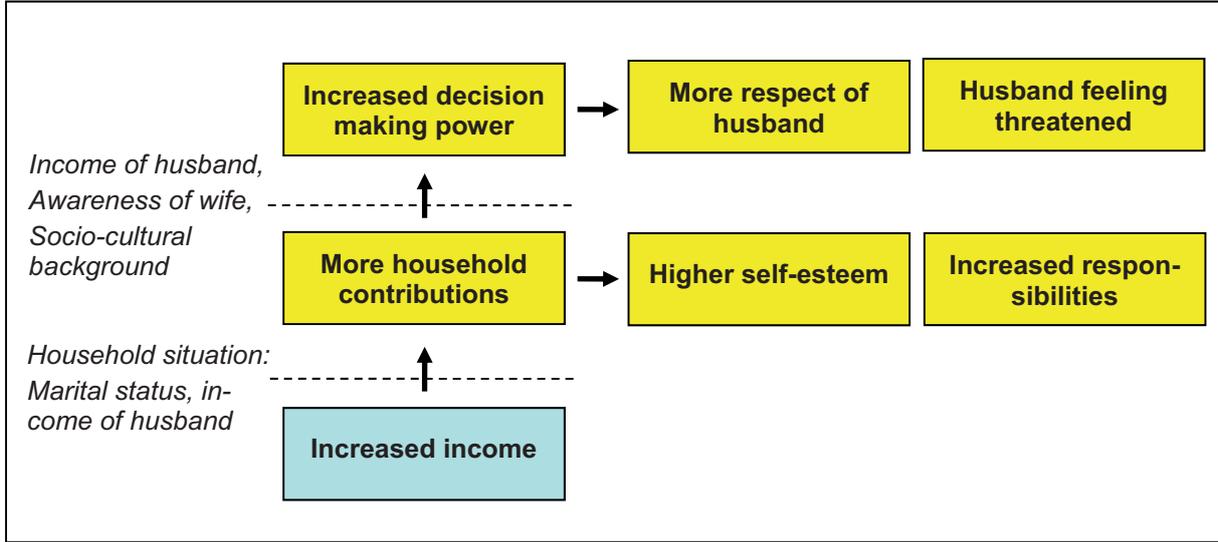
Traditional role expectations overload women with household responsibilities and duties, making it virtually impossible for them to take any initiative (see interview with Luisa Kamanda). Assigning gender roles begins very early in the lives of Sierra Leonean women. Still today, more than 90% of the female Sierra Leonean population has undergone initiation into adulthood, which is seen as a cultural and social necessity to prepare young girls for marriage and their responsibilities as female members

of society. The so-called secret societies are ancient cultural institutions whose primary purpose is to regulate sexual identity and social conduct in initiation ceremonies (Fanthorpe 2007). The central element of their ceremonies is circumcision or female genital mutilation or cutting (FGM/C), a traumatising procedure that entails severe and acute medical risks both physically and psychologically and in most cases affects women for the rest of their lives.

All these factors drastically restrict a self-determined way of life and inhibit empowerment processes of women in Sierra Leone (for more detailed information, see chapter 4). Relevant factors that impede the positive impact of increased household contributions on intra-household relations are the socio-cultural background and the self-awareness of the respective women (see figure 7 below).

Changing rigid gender roles and the unequal distribution of power that favours men in all areas, requires time, awareness and effort. We recommend that MFIs bear this in mind in their future policies. For example, husbands normally serve as guarantors for female clients in case of repayment problems. It is possible that this fact further reinforces women’s dependency on men instead of diminishing it.

Figure 7: Hypothetical Impact Chain and Impediments for the Relational Pathway



6.4.2 Networks and Group Affiliation

Besides considering intra-household relationships, the relational pathway also investigates changes relating to social interaction in a broader sense, such as the participation in networks or group memberships. Our hypotheses regarding networks and group organisation were as follows: We expected that the organisation in credit

groups would also lead to strong social bonds between women. These in turn may trigger the enhancement of social skills and stimulate the ability as well as the consciousness to represent own interests in public. Following the ideas of traditional women empowerment groups and original microfinance concepts, we assumed that through the accession of tasks and responsibilities within the credit group, women would have the opportunity to train themselves in social competences and soft skills or even experience a process of awareness raising as to their role in society.

Table 10: Exemplary Questions and Indicators (Relational/Perceptual Pathway)¹¹

Questions	<ul style="list-style-type: none"> • Do you belong to any kind of social network (e.g., jamat/mosque, group in church, group in market place/ organisations, credit group)? • Do you hold any position in this network? How did this appointment for this position come about? • Are you now respected more/ less by the people in your community? <ul style="list-style-type: none"> - ...by people in the market place, such as middlemen, fellow business women (shop keepers, traders), market chief? • If yes, why?
Indicators	<ul style="list-style-type: none"> • Client is part of other (social) networks • Client holds special position in networks (leader, secretary, treasurer...) • Client perceives herself as more confident (e.g., self-secure in public, talking to authorities) • Client reports being respected more by people in her environment

Our findings did not support our hypotheses. We found a very low level of organisation among clients; there were **hardly any forms of networks except for the credit groups**. Most of the women interviewed were part of religious groups at the mosque or church, apart from their credit group. In such congregations, men and women meet regularly to discuss topical issues, pay contributions and support each other in emergencies. Additionally, some women were also members of traditional saving groups (so-called Osusu groups), market associations, traders unions or social clubs. These groups mostly aim to help each other organise and pay for important ceremonies such as birth celebrations, marriages and funerals. Members pay regular contributions, which then benefit them one by one. Only few women that were interviewed were part of any other social network.

¹¹ As explained in chapter 3, pathways mutually affect each other and can not be analysed independently. These questions assess changes both on the relational and the perceptual pathway.

The present form of credit groups restricts women's actions to ensure group members meet repayments. The character of the vast majority of credit groups is purpose oriented only – social cohesion is lacking. Along the perceptual pathway (see section 6.3), we illustrated that an increase in confidence and pride among women does not usually lead to social action around shared concerns. In other words, women do not gain the necessary skills and abilities as well as awareness in their credit groups that they could use to publicly advocate their rights and represent their interests.

One reason for this could be that in all credit-group models we came across, group members served as guarantors for each other, meaning that they all have to pay if one member defaults. This approach does not comply with the original model of Muhammad Yunus, where group members do not have to guarantee for each other. Originally, there was no “collective debt” in microfinance groups; instead the main reason for forming a group was to mutually support each other (see Pinzler 2010; Grameen Bank 2010).

To compare these observations among credit groups with non-credit groups, we conducted interviews with two women's groups of HELP, a non-profit organisation that aims to improve the situation of women in Sierra Leone. In these groups we saw a far more advanced level of empowerment along the various pathways. On the relational pathway, for example, women showed a much greater spirit of belonging to each other and a sense for shared concerns. On the perceptual pathway, members of HELP groups reported higher levels of respect from others as well as self-confidence compared with clients of credit groups. Moreover, there were explicit indicators that these groups have taken important steps towards collective action around shared concerns. In the fight against rape and mistreatment by men, the group campaigned for a Family Support Unit (FSU) (see chapter 4) in their community and at the time of the interviews, rape and early pregnancy had virtually disappeared.

In terms of our empowerment model (see chapter 3), the question why there are almost no changes at the level of agency remains. Women's participation in credit groups does not stimulate the development of common interests and shared concerns. Hence, **collective social action does not take place**. This lack of social cohesion can be considered a big disadvantage compared to other explicitly empowerment-focussed women groups and the original idea of microfinance. If one aims to foster stronger social bonds within credit groups and achieve a higher degree of empowerment, MITAF and the respective MFIs need to explicitly target the social organisation of credit groups. Only focusing on the commercial aspects of microfinance, for

example, the ability to make repayment on due dates, will not be enough to support substantial empowerment processes.

The Role of Group Leaders

Nearly 40% of the women interviewed held special positions in their credit groups, whether group leader, secretary or treasurer. Our study shows that group leaders play a significant role in the formation, organisation and communication of credit groups and therefore deserve a closer look. The tasks of a credit group leader include collecting money from all members to make the repayment, communicating with the respective MFI loan officer and calling meetings of the credit group, if necessary. Women either become group leaders because they initially formed a credit group and recruited other women, or because other women appointed them. By taking a closer look at these women, it is possible to identify initiating factors of empowering processes. The question is whether women are respected because of their position, or whether they were respected beforehand and therefore elected for this reason. The interviews point to the latter – well-known and respected women are more likely to end up as group leaders. Most of these women said that they were appointed because other women trust them, because they are respected at the market or because of their proven organisational skills. Nevertheless, a self-reinforcing effect is likely: a woman is highly respected and is therefore elected group leader. As the group leader, she has the opportunity to educate herself in advising others, organising a group, representing their interests and communicating with officials. If she manages these tasks successfully, the other members will respect her even more. Most group leaders and/or women in special positions stated that they were proud of their position and the associated responsibilities.

Women in these special positions are already more advanced in terms of empowerment along the various pathways. They mostly have successful businesses, are respected by others and have good organisational skills. However, the lack of strong social bonds between members and the low level of social organisation in credit groups means they do not pass on the benefits of their leadership to other members.

“I am the leader of my credit group. I was appointed by the other women, as they trust me. At the market I’m much respected because of the success in my business and because I’m the one that informs other women on how to get access to micro-credit. If I talk to other women these will listen to me and also follow my advice. I also belong to a social club that was founded a year ago. I’m the secretary of this club. There are about 20 women in this club, we will help each other to organise important

ceremonies such as birth celebrations, marriages and funerals. We also support each other financially. We meet every Sunday and talk about our future plans, on how to raise money and our families (...) I can state my opinion at the market and in my community; I have been like this even in school. As I like talking, I also don't feel afraid talking to any officials or people in higher positions."

F-FS-GC-1, 38, married, 2 children, selling smoked fish at a market in Freetown

The skills and abilities of these women seem to be hardly used by MFIs to explicitly target empowerment of women. MFIs could use the potential of such leaders as a vehicle to enhance social organisation of groups and support empowerment processes. In that way, the leaders could function as multipliers and encourage other women to act collectively around issues that are relevant to them. What is missing is an incentive scheme for successful groups in this respect.

6.4.3 Mobility

The assumption we wanted to examine here is that an increase in economic activities probably triggers an increase in mobility, which in turn may allow women to visit a variety of places, widen their horizon, meet other women and in this way become aware of issues they want to change. Here, we asked questions such as where women go or if they are leaving their houses more often due to their participation in the credit programme and which consequences this bears.

Our results showed that most women visit places in their hometowns. Locations they frequent included the market, the mosque, the church or their relative's homes. Some clients also travelled further afield to buy new products for their businesses, that is to say, to other provinces or even to neighbouring countries like Guinea. Many women observed a considerable increase in business-related mobility after receiving credit. The vast majority of women mainly leave their homes to go to their place of business, where they now spend more time than before receiving credit (see section 6.1, material pathway). Because of this, little time is left for non-business-related mobility. Women state that they now have less time for visiting friends or relatives, as they spend more time on their business. As illustrated along the material pathway, we attributed this to high repayment pressure – clients try to make as much profit as they can to meet repayments on time.

In summary, we found an increase in business-related mobility among women who received microcredit, but only in terms of frequency. They spend more time than be-

fore on their businesses (which means outside their homes in most cases). However, this increase does not apply to mobility in terms of space or scope; women do not visit new and different places or meet other people. There is only little time for non-business-related mobility. Therefore, we did not confirm our hypothesis that micro-credit leads to an increase in mobility, which fosters greater awareness and networking among like-minded women.

6.4.4 Summary

The relational pathway captures changes relating to social interaction. In our study we focused mainly on changes in three different areas: intra-household relations, social networks and mobility. With regard to intra-household relations, in about two thirds of cases, the household contributions of clients increased due to their participation in the microfinance programme. However, most women showed ambivalent feelings about their increased financial contributions: on the one hand, they were proud, but on the other hand, they complained about their increased workload and responsibilities at home.

Another hypothesis was that greater household contributions lead to more decision-making power on the part of wives. We found that this is not automatically the case. According to our empowerment model (see chapter 3), our empirical results showed that some empowering changes do take place on the relational level, but they are, however, restricted by framing rules, norms and power relations in the sense of opportunity structures of empowerment (Kapitsa 2008: 2). As shown along the material pathway, the majority of women contribute more to their households due to receiving microcredit. These changes do not automatically translate into greater decision-making power; opportunity structures have a substantial limiting effect, for example, the husband's income, the high workload and duties of women and the socio-cultural background in general. These factors play a significant role in impeding empowering processes within male-headed households. In such settings, it is unlikely that women imagine their role differently and decide to claim their rights and a redistribution of decision-making power. To summarise, the lower the income of the husband, the larger the income of the wife and her awareness as to her own role, the greater results the chance for a redistribution of decision-making power.

Where traditional values and gendered role expectations are concerned, for example, birth control or marriage of children, we did not observe any changes in women's empowerment. Microfinance-driven change processes in clients' households do not

extend beyond financial decision making. It is important to bear in mind that any changes in values and norms generally occur over a longer period of time. Additional training or an approach that fosters awareness rising about male and female role expectations is necessary to support subsequent empowerment processes.

Decision-making processes and power distribution change at a very slow pace. In a country like Sierra Leone, women are discriminated against culturally, legally and socially (Amnesty International 2005). A reallocation of privileges and power almost inherently leads to conflict and counter-reactions from the other party who has to make sacrifices, in this case, the male members of the society. It surely would be interesting to take a look at this development in a couple of years.

Regarding networks and group membership, we did not observe as many changes as expected; there were almost no changes at the level of agency. The present form of credit groups restricts their action to ensuring repayment of group members and does not stimulate the development of common interests and shared concerns. Social organisation and social bonds between women beyond this point, which was found in non-microfinance-related women's groups, as in the case of HELP, will need to be explicitly promoted by MITAF and the respective MFIs. Furthermore, MFIs hardly make use of the skills and abilities of female credit group leaders to enhance social organisation of groups and support women's empowerment processes.

Concerning mobility, our results did not confirm our hypothesis that microcredit leads to an increase in mobility, which promotes a process of raising awareness, networking among women and in doing so creates opportunities for empowering changes. Although we found an increase in business-related mobility among women receiving microcredit, this only reflected the amount of time spent outside the home. Women did not increase the scope of their mobility, that is to say, they do not visit new places or meet a wider range of people and little time is left for non-business-related mobility.

6.5 Summary of All Pathways

Our analysis of change processes along the four different pathways shows that the impact of microcredit on women's empowerment varies strongly depending on the area in question. While microcredit has a significant impact in some areas, such as the expansion of business opportunities and earning capacities, other aspects such as collective social action remain virtually untouched.

Recapitulating our main findings it can be said that the strongest evidence for positive change is found along the material pathway. As has been discussed, in terms of material changes access to microcredit leads to an expansion of opportunities to make a choice, which enables women's agency. Consequently the vast majority of interviewees were able to make use of new business opportunities in order to increase their income (achievement of desired outcome). **Significant immediate achievements in terms of economic empowerment were also expressed in short-term poverty-reducing effects, as was the case for more than 60% of clients.** Approximately 50% of clients gained more long-term stabilisation of their livelihoods through increased investment in strategic needs. The opportunity structures that influence women's lives, however, diminish the effect of such all-round positive changes. External shocks, market fluctuations and clients' household circumstances all play a significant role here. Furthermore, in cases of over-indebtedness, microcredit has a negative impact on women's economic empowerment, leading to regress in terms of poverty reduction and limiting available opportunities of choice. On the whole, the impact of microcredit on material change remains positive.

We identified far less evidence of change processes along the cognitive pathway. The most prominent finding here is that clients hardly benefit from MFI training. Participation in microcredit programmes barely improves women's level of skills and knowledge. In this regard, the low level of clients' basic understanding of loan procedures is especially alarming. The limited impact of microcredit on the cognitive pathway shows that microcredit does not trigger empowering changes in terms of new opportunities and increased agency here.

While developments along the material and cognitive pathway can easily be analysed independently of each other, the perceptual and relational pathways are more closely interconnected. Material changes, however, often function as catalysts for changes along the perceptual and relational pathways. For instance, women's increased income and expenditure (material) has repercussions in terms of their household contributions (relational) and self-perception (perceptual).

Along the relational pathway, we found strong evidence that material changes led to higher household contributions in two out of three cases. However these changes do not automatically translate into more intra-household decision-making power. Opportunity structures such as role expectations, husbands' income and household contributions played a significant role here. Generally we observed that although women's decision-making power rose in some cases, microcredit-driven change processes in clients' households did not extend beyond financial decision making. The fact that

women are not able to claim significant changes in intra-household decisions inhibits any further reaching empowerment changes in terms of their agency or expansion of choice.

At the perceptual level, women's increased household contributions led to **higher self-esteem and self-confidence for 90% of clients**. Yet, we found little indication that women translate such changes into action on behalf of their interests. A similar pattern is shown regarding future plans. While some clients felt more confident about realising their goals after receiving microcredit, women did not show more ambition. Hence significant changes in women's agency do not occur.

Concerning the interaction of women with their broader social environment our research points in two directions. On the one hand, economically successful clients were generally more respected in their homes, on the market place and in their local communities. On the other hand, clients were not able to utilise greater respect from others to advance their own interests. This was not only the case for individual clients, but also for credit groups. Generally we found that in their present form credit groups do not function as a breeding ground for common interests and shared concerns, but are strictly purpose oriented. They do not nurture any form of collective social action that leads to further empowerment.

Overall we conclude that microcredit leads to significant changes along the material pathway in a majority of cases, but hardly has any influence along the cognitive pathway. The impact of microcredit along the remaining pathways is more complex. Whereas material changes provide clients with new opportunities and enable women to advance in terms of economic empowerment, initial changes in the perceptual and relational spheres are more difficult for women to capitalise on. Even though we found some positive impact of microcredit along both the perceptual and relational pathways, women by and large are not able to translate these changes into greater agency and degrees of empowerment. Positive changes in economic empowerment currently have little capacity to bring about social and political empowerment.

7 Conclusions

This chapter presents the conclusions of our main research findings and outlines the strengths, limitations and potential of microcredit for women's empowerment in Sierra Leone. When analysing the influence of microcredit on empowerment processes in the context of MITAF, it is important to stress that empowerment was not a programme goal of MITAF I. Hence, our assessment of empowerment effects should not be understood in the sense of a grading or judgment of the programme's effectiveness, but rather as an evaluation of the current situation.

Generally, the question may be asked whether women's empowerment should be an explicit goal of microcredit programmes at all, and whether it makes sense to support women's empowerment specifically through microcredit organisations or rather by different means. Given the overall trend in international development politics to focus on market-driven development processes instead of Aid, microcredit can be thought of as one viable starting point to include a women's empowerment agenda.

In our view, considering the potential of microcredit for empowering changes and the commitment of MITAF II to the support of female clients, the alignment of microcredit to women's empowerment should be strengthened. We strongly believe that empowerment does not happen on its own and is not an automatic by-product of microcredit programmes. If empowerment is to be an explicit goal, explicit tools and support need to be provided.

7.1 The Dynamics of Economic Empowerment

The two most important questions we asked in our study were: Does microcredit lead to economic empowerment of female clients? Does the improvement of women's economic empowerment lead to positive changes in social and/or political dimensions of empowerment?

Using our empowerment concept (see chapter 3), we found empirical evidence that the impact of microcredit on women's empowerment varies strongly depending on the area in question. We found that clients are most empowered in economic terms. Taking women's access to credit as a starting point, we observed several positive changes on the material level, such as business expansion, higher income and increases in expenditure on immediate and strategic needs. In terms of empowerment,

these changes translate into an expansion of opportunities of choice in the economic sphere together with enhanced agency of clients. As a result, most women were able to achieve significant economic goals. However, economic empowerment cannot be understood in terms of material change only. The ability to imagine the world differently and to change structures that determine opportunities of choice and agency are also important. In this sense, the economic empowerment of clients remains at a basic level. We believe that this is because economic empowerment is not independent of other dimensions of empowerment. Or to put it differently, more substantial economic empowerment needs to be accompanied by changes in other dimensions of empowerment.

While microcredit has an immediate impact in economic terms, transforming this dynamic into subsequent dimensions of empowerment is more complex. Our study shows that by building on material change processes triggered by microcredit, initial changes in the social sphere of empowerment also take place, affecting such areas as client's self esteem and household relations. However, these initial stages of empowerment do not translate into an increase in clients' agency on behalf of their interests. Nor do women advance in terms of new opportunities to choose from when it comes to their interaction with their broader social environment. Opportunity structures beyond the influence of empowerment strongly influence such further-reaching changes. Hence, the link between economic empowerment and social empowerment is currently weak in the Sierra Leonean context. We came across no evidence that economic empowerment translates into political empowerment, indicating that changes in the political sphere are hardest to achieve.

7.2 Relevant Opportunity Structures

When analysing empowerment processes, the context in which empowerment takes place needs to be taken into account. The empowerment concept guiding our research reflects this by incorporating opportunity structures as co-determinants of empowerment. During our research we identified several empirically relevant opportunity structures (see below).

By looking at clients' business activities, we observed that market demand and seasonal fluctuations strongly influence gains in women's income through microcredit. External shocks, such as illness or death of close relatives, determine the extent to which income gains translate into short-term reduction of poverty and increased ma-

terial security. In cases of married women, their husband's income and household contributions play a crucial role regarding expenditure on luxury goods and assets.

With regard to relational and perceptual aspects of empowerment, the importance of the socio-cultural background needs to be stressed. Gender roles and relations strongly influence empowerment processes at the household level. In relation to household decision making, we observed that the traditionally strong decision-making power of husbands prevents women from gaining decisive power beyond aspects of financial spending. Women's advancement in this area also depends on their husbands' income and household contributions. Furthermore, traditional role expectations burden women with a host of responsibilities and duties in their homes, which makes it difficult for them to develop any initiatives. Women's lack of self-determination is hindered further by the long hours clients spend with their businesses. Finally, the low level of social organisation among women in Sierra Leone makes it difficult for them to develop shared concerns or collective advocacy.

7.3 Low Level of Collective Social Action

The lack of collective action plays a role from a different perspective as well: a core element of original microfinance concepts as advocated by Nobel Prize winner Muhammad Yunus is the mutual support of clients through their credit groups, strengthening social bonds among women and enhancing social skills and collective advocacy. Following this approach we aimed to analyse the role that credit groups play in women's empowerment in Sierra Leone in a socially uplifting sense. Our results showed that credit groups in their present form have little or no impact on empowerment processes. This is due to the following reasons:

Firstly, clients primarily establish credit groups for credit-related purposes. This means that clients are requested to form credit groups to mutually guarantee loan repayments. This restricts the scope of group actions to meeting credit requirements. Instead of creating mutual support, these types of credit groups build up mutual repayment pressure, as all group members are held responsible for defaulters. Significant strengthening of social bonds, common interests or shared concerns does not occur in this context.

Secondly, due to the overall low level of social organisation of women in Sierra Leone, group members have little experience with group membership and participatory collective organisation to build on. Consequently, mutual learning and practicing of

social skills are hardly stimulated. The absence of MFI training relating to group organisation is particularly problematic. Overall MFIs offer little support for credit groups and no incentives for additional non-credit-related group activities exist.

While we observed that women's participation in credit groups did not lead to any form of collective social action, we did encounter much higher levels of empowerment within non-credit-related women's groups. Interviews with two women's groups from HELP, an NGO with an explicit empowerment focus, revealed high levels of social cohesion and shared concerns that could be translated into social action on behalf of common interests. This shows that with the right type of support, group approaches can be uplifting in terms of social empowerment.

7.4 Poverty-Reducing Effects

According to KfW, microfinance is a significant instrument for poverty reduction. Considering that 70% of the population in Sierra Leone lives below the national poverty line, the impact of microfinance in terms of poverty reducing effects has been of special interest for our study. This is even more so, as the target group for MITAF clients is the poor, but economically active population.

Our results present a strong case for the positive effects of microcredit in reducing poverty. We observed that access to credit leads to increases in income for over 70% of interviewees. Consequently in a majority of cases clients expanded their expenditure on immediate needs such as food and clothing. Thus, microcredit has short-term poverty-reducing effects. We also found evidence that microcredit contributes to reducing the vulnerability of clients through a long term stabilisation of livelihoods. Using the proxy indicator of increased expenditure on strategic needs such as business investments and education of children, we found that this was the case for about 50% of clients. Without a baseline study, however, assessing the sustainability of such strategies needs a successive study. Another aspect of clients' reduced vulnerability is their perceived material security. Nearly 50% of clients felt that they were materially more secure since receiving credit. Linking this finding to the perceptual level where 90% of clients reported high levels of confidence and self-esteem, we concluded that clients' perceived ability to cope with their lives better in economic terms has improved.

Microfinance-driven poverty-reducing effects are, however, limited to the individual household level. There are no effects in terms of expanding of markets or creating

employment opportunities. In cases of over-indebtedness, microcredit even has a negative impact on poverty, forcing clients to cut back on basic expenditure. Especially in more recent times, the number of defaulters due to over-indebtedness has increased, putting the positive result at stake.

7.5 Evaluation of the Empowerment Concept

Some conclusions as to our empowerment model may be drawn. Our results confirmed our hypothesis that factors unrelated to microfinance strongly determine women's empowerment. Opportunity structures not only frame women's agency and access to resources, but also condition change processes along different pathways (see section 7.2).

The four pathways is a valid and very useful tool for analysing empowerment. We found that they allow for a more structured approach to analysing change processes. The four pathways guided us to an operationalisation of our hypotheses into concrete research questions and provided a framework for presenting our findings systematically. Different dimensions of empowerment, such as the economic, social or political can be illustrated in a plausible and precise way, and are also easy for non-experts to grasp.

It soon became apparent, however, that clustering the interviewees into different degrees of empowerment is complicated, as changes occur in a very complex and interdependent way that is difficult to weight against each other. It was therefore not possible in all cases to tell whether woman A was "more" or "less" empowered than woman B. However, it is possible to compare clients with regard to certain aspects of empowerment. As the timeframe in which social change processes occur is longer than 2-3 years, that is, the length of time the majority of clients have taken part in the credit programme, we recommend carrying out a further study of these women in a couple of years.

Finally, the researchers' socio-cultural background naturally provides the backdrop for the empowerment model. The concepts and elements used are neither neutral nor unbiased, and reflect our own socialisation, values and norms. Our definition of empowerment does not necessarily correspond to the ideas of empowerment that the interviewed women have. We tried to address these considerations in our study by using a transparent and comprehensible empowerment concept and by allowing space for women's own perspectives and perceptions within our concept.

7.6 How Strong is Microcredit?

In its current form microcredit has strong potential for economically empowering clients. Transforming these changes into social and political dimensions of empowerment, however, remains a challenge (see section 7.1). Since the focus of microcredit is directed towards the impact on financial aspects of women's lives, surrounding opportunity structures stay untouched. Although microcredit cannot fully transform these opportunity structures, microfinance programmes aiming at explicitly promoting women's empowerment need to consider them and take additional steps. At a higher level, we urge for a coherent strategy for women's empowerment, which has to be applied and monitored on the operational level (for more detailed recommendations, see chapter 8). At the MFI level, approaches need to be adapted to support social empowerment processes better.

7.7 Review of MFI Approaches

For the purpose of this study, five MFIs were selected from a total of 14 that are supported by MITAF. We chose MFIs from two categories, local NGO MFIs and for-profit MFIs, to compare these two categories with regard to their overall approach (see section 5.1). A comparison of the surveyed MFIs revealed that they are very similar regarding their target groups ("poor, but economically active population"), their main loan products (group loans and individual loans) and their credit features (interest rates, repayment periods, additional service charges and collaterals).

Likewise, all of the MFIs analysed follow a minimalist approach toward non-financial services and do not adapt their training programmes to meet clients' needs. One consequence of this is the low level of financial literacy we observed among clients, for example, limited knowledge and uncertainty about credit features and repayment procedures. In terms of empowerment, the lack of any additional training also meant that clients hardly acquired any new skills or knowledge through their participation in microcredit programmes, in spite of every second woman interviewed expressing interest in further training (see section 5.3).

In addition, we observed a problematic handling of repayment difficulties on behalf of the MFIs. Defaulters are increasingly criminalised and many clients expressed fear and concern about failing to repay their monthly instalments. Arguing from a client's perspective this is not tolerable, even though MFIs may look at it as common practice.

Given the high transaction costs for MFIs operating in the Sierra Leonean context, it is evident that MFIs need to pass on these costs to clients via interest rates and service charges. Currently the monthly interest rates lie at 2.08% to 3%. However, due to a number of service charges and loan repayment periods being between 4 to 12 months, according to MITAF, effective annual interest rates lie between 96.75% (Finance Salone) and 156.58% (LAPO). As we did not assess MFIs' cost-effectiveness and operations costs in this study, we cannot make any statement as to the level of interest rates required for their financial sustainability. We do conclude, however, that the current interest rate levels leave little space for the economic advancement of clients.

All these findings indicate that MFI approaches focus more on financial sustainability than on women's empowerment. We understand that due to the difficult economic framework in Sierra Leone, financial sustainability is not easy to achieve. However, in our view efforts directed towards financial sustainability should be combined with supporting clients' social advancement (double bottom line). We believe that explicitly targeting women's empowerment in microcredit programmes also has positive effects in terms of financial sustainability for MFIs, as the better social and economic standing of clients will reduce repayment problems. If MFIs do not explicitly prioritise empowerment, it is highly questionable whether they will trigger and foster empowering changes in a sustainable way.

7.8 MITAF as Overarching Structure

As discussed in the previous section, the MFIs surveyed, regardless of whether they belonged to the for-profit MFIs or the local NGO MFIs category, follow approaches directed primarily towards financial sustainability. This was in line with the programme goal of MITAF I, to develop a sustainable microfinance sector in Sierra Leone. During the first programme phase of MITAF, in line with international benchmarks MITAF I urged MFIs to fulfil high demands in terms of numbers of clients and low portfolio at risk (PAR) rates. While MITAF I focused on developing a sustainable financial system, empowerment was not a programme goal. We believe that a double bottom-line approach considering both the financial sustainability of MFIs and the empowerment of clients will have positive effects in both areas. With empowerment as an overall programme goal, MITAF will need to support MFIs in developing and implementing measures directed toward empowering clients.

8 Recommendations

As the study has shown, microcredit has considerable potential for women's empowerment. In light of this, the next step is for MITAF actors to decide whether women's empowerment will be considered as a specific goal within MITAF. Should this be the case, as the logframe of MITAF II suggests, we have formulated a number of recommendations to assist MITAF, its donors and member MFIs in maximising positive developments for women.

8.1 Strategy for Encouraging Women's Empowerment

We suggest starting with the development of a strategy for encouraging women's empowerment. This should take place in conjunction with all MITAF actors to discuss how to support empowerment and how to implement the strategic plan. We recommend pursuing a double bottom-line strategy using a socially oriented approach to foster empowerment, while at the same time stimulating financial sustainability (see section 7.8). Additionally, provisions for monitoring must be made and MFIs should be involved and eventually assisted in developing empowerment indicators. We argue that the strategy should consider the aspects elaborated below.

8.2 Incentive Systems

Incentive systems should be set up on all levels to encourage MFIs and MITAF to incorporate strategies and activities supporting women's empowerment into their work. The key here is not to provide more funds in general, but rather to specifically reward promising and/or effective approaches. In this respect, KfW could provide grants to finance or reward innovative plans or successful activities, and we see the establishment of the MITAF Challenge Fund as a potentially important step in this direction.

On the level of MITAF, we see potential in declaring a commitment to women's empowerment as a requirement for organisations applying for MITAF membership. Existing members can be supported in adapting their strategies to the empowerment goal or in adding an empowerment component to their work. Incentives can take the form of grants for hiring external experts to adapt current methods to the new goals, training on women's empowerment for MFI staff or, more importantly, reward mechanisms for successful restructuring and adapting services to suit clients' needs.

MFIs can also work with incentives by putting reward systems in place for loan officers who foster successful clients, as opposed to sanctions on loan officers with unsuccessful clients. MFIs can go one step further and consider capitalising on successful clients as multipliers, who then share their experiences with other clients (peer-to-peer learning). Appreciation and support may also be given to loan groups engaging in discussions and activities beyond finances.

8.3 Lending Practices

MITAF needs to assist MFIs in adapting their financial products and loan modalities to clients' needs. This process includes obtaining information on which needs different client groups have – either through research or feedback from loan officers and clients themselves – and subsequently adapting the loan modalities. This can be done with the participation of clients. Clients may then be offered a broader spectrum of products and choose which one/s are most appropriate for them. This kind of participation might nourish more commitment of women in fields beyond repayment.

Keeping in mind guidelines for responsible finance, it is crucial that MFIs ensure that the credit features of the different products remain transparent, particularly effective interest rates. Since we observed that many women do not have much money left after loan repayment/s, we suggest re-evaluating the cost-effectiveness of MFIs and seeing whether credit features can be adapted to ensure that clients are left with more money at the end of each month. MITAF's role here is to set standards for transparency and enforce them.

8.4 Non-Financial Services

MFIs should adapt existing training programmes and set up new ones in response to clients' needs. With respect to introductory training, as previously mentioned, transparency and full understanding of loan modalities must be ensured. The current practice of one-day workshops will not be enough. We also encourage provision of financial literacy training and strategic transformative training, where women are not only confronted with calculation and business skills, but also reflect on their current situation. This type of transformative training should also enable clients to prioritise areas of action and formulate plans to achieve desired goals. We strongly recommend implementing training and activities that encourage reflection and action on a social level to maximise women's agency and further empowerment processes. This even-

tually will also have positive economic effects, as women will be better able to deal with financial challenges.

To assess the content and practicalities (e.g., timeframe) of these training courses, MFIs should draw upon loan officers' knowledge as well as feedback from clients. Exchange can be promoted by asking a select number of clients to share their knowledge and positive experiences with other groups of women. MITAF's role here is to support such peer-to-peer learning initiatives of MFIs and to take on an advisory role.

8.5 Communication

An internal communication and decision-making structure between MITAF actors at all levels should be put in place. These structures should be participatory and provide ample space for all actors, especially the MFIs and the TSP (Technical Service Provider), to include their ideas and practical experiences and discuss what assistance they need to successfully support women's empowerment.

Additionally, information sharing and knowledge management with and between MFIs should be institutionalised. This is especially important at the beginning of the new programme phase where new priorities are set. We recommend making regular provisions for exchange and feedback, for instance, in the form of conferences where the field experience of loan officers is given special attention. Topics for discussion should include progress made, opportunities, challenges and examples of best practice. These findings and conclusions should be communicated to donors. MITAF and MFIs may also want to consider drawing on the expertise of organisations that have experience in women's empowerment. This may be especially important for strategy development.

Lastly, communication with men, particularly clients' husbands, should take place in order to raise awareness about the advantages of a successful loan and what they must do to make sure that taking credit does not have disempowering effects for women. MFI staff must also be sensitive to the conflict potential that arises from microcredit and be able to promptly address such issues when they come across them in the field.

8.6 Responsible Finance

Despite increasing competition between MFIs to disburse loans, both MITAF and its member MFIs must ensure that loans are given responsibly to clients who can afford them. MITAF should also encourage MFIs to re-evaluate their effective interest rates, requests for collateral and policies on group guarantees as well as punitive and legal measures in case of non-payment (e.g., criminalisation of clients). Such measures will guarantee responsible finance and ensure that the current largely negative image of microcredit is counter-balanced. We recommend developing a code of conduct where standards for responsible finance are set and communicated to all stakeholders in an understandable and transparent manner. In this regard, it may be useful to take a closer look at why the Sierra Leone Association of Microfinance Institutions (SLAMFI) has been unsuccessful in addressing these issues.

9 Bibliography

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10 Annex

10.1 Annex 1: Anonymised List of Interviews

Individual Client Interviews:

Bo: B-ARD-GC-1, B-ARD-GC-2, B-ARD-GC-3, B-ARD-GC-4, B-ARD-IC-1, B-FS-GC-1, B-FS-IC-1, B-LAPO-GC-1, B-LAPO-GC-2

Freetown: F-ARD-GC-1, F-ARD-GC-2, F-ARD-GC-3, F-ARD-GC-4, F-ARD-GC-5, F-ARD-GC-6, F-ARD-GC-7, F-ARD-IC-1, F-BRAC-GC-1, F-BRAC-GC-2, F-BRAC-GC-3, F-BRAC-GC-4, BRAC-GC-5, F-FS-GC-1, F-FS-GC-2, F-FS-GC-3, F-FS-GC-4, F-GGEM-GC-1, F-GGEM-GC-2, F-GGEM-GC-3, F-GGEM-GC-4, F-GGEM-IC-1, F-LAPO-GC-1, F-LAPO-GC-2, F-LAPO-GC-3, F-LAPO-GC-4, F-LAPO-GC-5, F-LAPO-GC-6, F-LAPO-GC-7

Kenema: K-ARD-GC-1, K-ARD-GC-2, K-FS-GC-1, K-FS-GC-2, K-FS-IC-1, K-FS-IC-2, K-LAPO-GC-1, K-LAPO-GC-2, K-LAPO-GC-3, K-LAPO-GC-4,

Focus Group Discussions:

Bo: B-ARD-FG-1, B-FS-FG-1, B-FS-FG-2

Freetown: F-GGEM-FG-1, F-GGEM-FG-2, F-GGEM-FG-3, F-GGEM-FG-4, F-FS-FG-1, F-LAPO-FG-1, F-LAPO-FG-2, F-LAPO-FG-3, F-LAPO-FG-4

Kenema: K-FS-FG-1, K-FS-FG-2

Individual Interviews with Non-Clients and Drop Outs:

Bo: B-NonC-1, B-NonC-2, B-NonC-3, B-NonC-4, B-NonC-1, B-ARD-DO-1, B-ARD-DO-2, B-FS-DO-1

Freetown: F-NonC-1, F-NonC-2, F-NonC-3, F-NonC-4

Kenema: K-NonC-1, K-NonC-2, K-NonC-3, K-NonC-4

Husband Interviews:

Bo: B-H-1, B-H-2, B-H-3

Freetown: F-H-1, F-H-2, F-H-3, F-H-4

Kenema: K-H-1

Interviews with MFI-Staff:

Bo: B-ARD-EXP-1, B-ARD-LO-1, B-LAPO-EXP-1, B-LAPO-LO-1, B-FS-EXP-1, B-FS-LO-1

Freetown: F-ARD-EXP-1, F-BRAC-EXP-1, F-FS-EXP-1, F-GGEM-EXP-1, F-LAPO-EXP-1

Kenema: K-ARD-EXP-1, K-ARD-LO-1, K-LAPO-EXP-1, K-LAPO-EXP-2, K-LAPO-LO-1, K-FS-EXP-1, K-FS-LO-1, K-FS-EXP-2

Empowerment Experts:

Rita Schäfer, Researcher and Independent Consultant, June 2010

Rugiatu Turay, Director of the Amazonian Initiative Movement (AIM), 27.09.2010, Interview code: AIM-EXP-1

Luisa Kamanda, Grassroots Gender Empowerment Movement (GGEM), 21.09.2010, Interview code: GGEM-EXP-1

10.2 Annex 2: Semi-Structured Interview Guidelines**10.2.1 Interview for Clients****CODE:**

Thank you for coming/for giving us the possibility to interview you. We are grateful for your time. We are German students and students from Njala University. We would like to invite you to tell us about your business activities and the development over the last years since you have received credit.

Of course, we will treat everything you will tell us confidentially. We are going to note down your name but will not forward your data to any third party, so you will remain anonymous.

First, we are interested in some general information concerning you and your family. Then we are interested in learning more about the relationship between you and your MFI, your economic activities and their influence on your life.

The whole interview will last about 1½ - 2 hours.

Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely.

Before we start, do you have any questions?

Cat.	Guiding Question	Specific Question
Gen. Info	Name: Address/Location: 1. How old are you? 2. What is your marital status? (Married, divorced, widowed, single)	- Are there other wives? <i>If yes, ask indirectly who is the senior wife?</i> - Who is the head of the household?

	<p>3. How many children live in your household?</p> <p>4. How many people eat from your pot?</p> <p>5. What is your faith?</p> <p>6. What type of economic activities are you engaged in?</p> <p>7. How much do you earn per month?</p> <p>8. What kind of house do you live in?</p> <p>9. Are you currently receiving a group or an individual loan?</p>	<p>- What is your husband's faith?</p> <p>- Do you have a bank account?</p> <p><i>Ask only when it is not directly visible: Cement , wood boards, zinc/panbody, bricks with mud, mud with sticks, thatched</i></p> <p>- How many members does your group have?</p> <p>- Do you have a specific function in the group?</p>
Warm-up (M)	10. What made you take a loan?	<p>- Was it easy or difficult to obtain a loan?</p> <p>- What were the preconditions? (e.g. collateral)</p> <p>- What have you used loans for? Was this use planned? (give an example)</p> <p>- What made it difficult for you to use loans for their intended purpose?</p>
MFI	11. What are the loan modalities?	<p>- What loan cycle are you in?</p> <p>- How big is your loan?</p> <p>- How is the credit received (disbursed)?</p> <p>- How is the money repaid? (how often, where, how much and to whom)</p> <p>- How long is the loan term (repayment period)?</p> <p>- What is the interest rate on your current loan?</p>
MFI	12. Are there any difficulties with your loan?	<p>- How easy or difficult is it for you to repay your loan?</p> <p>- How long do you have to walk/ travel in order to repay your loan? What expenses are involved, e.g. transport?</p> <p>- Have you requested any changes?</p> <p>- What would you like to change?</p>
MFI	13. Do you receive non-financial services, e.g. trainings? If yes, which ones?	<p>- Are you satisfied with them?</p> <p>- What is it that you dislike about the services?</p> <p>- Have you requested any changes?</p> <p>- What kind of non-financial services would be helpful for you?</p>
MFI	<p>14. Please describe the relationship between you and your MFI in a few words.</p> <p><i>(e.g. close, cordial, strained etc. – give examples only if question is not understood properly)</i></p>	<p>- How do you contact your MFI? And in what situations?</p> <p>- What happens if you cannot repay your loan on time?</p> <p>- What happens if a member of your group cannot repay her loan on time?</p>

M	15. Since receiving credit, what has changed in your business activities?	<ul style="list-style-type: none"> - Are you selling at different markets? - Did you expand your business in the last years? - Are you investing/selling new products/services? - How much time (hours per day) did you spend on your business before and after obtaining credit? - Do you employ any people in your business? If yes: Do you employ more or less people since obtaining credit?
R	16. Is it more difficult for women than for men being economically successful? Or is it easier? What about...	<ul style="list-style-type: none"> - Buying your own house or property/access to land - Setting up a business by yourself (without the help of men) - Interactions in the market-place (e.g. with the market chiefs, clients, buying your products, issues and related consequences) - Organising in groups
R/P	17. What contributions do you make to the household (e.g. income)?	<ul style="list-style-type: none"> - Who contributes the most to the household? <i>Is this good for you?</i> - Have your contributions changed since participating in the programme? - Do you feel proud about your contribution to the household income? - What do other members of your household think of your loan? - Is your husband happy or unhappy that you became a member of a credit? Did the relation to your husband change?
M	18. Has anything changed in your expenditure?	<ul style="list-style-type: none"> - Do you spend more or less money on...since obtaining credit? <i>And is it good for you?</i> <p>Immediate needs: Food, clothing, health care, housing repairs or additions</p> <p>Strategic needs: School fees, investment for business</p> <p>Consumption goods: Assets (e.g. TV, radio, mobile phone), beauty products and care</p> <ul style="list-style-type: none"> - Do you use your loan for long-term investments? - Do you feel materially more secure than before?
R	19. Who decides about topics like...? <i>And is it good for you?</i>	<ul style="list-style-type: none"> - Expenses for food - Expenses for housing repairs and additions - School expenses for the children - Health care expenses - Beauty products and clothing expenses - Amount of donations to the church/mosque, extended family, traditional and ceremonial gatherings etc. (keep in mind question 5) - Investments for your own business/es - Purchase of larger assets e.g. electronic equipment/motorised vehicles

		<ul style="list-style-type: none"> - Marriage of child/ren - Own employment - Birth control - Visiting your parents <p>- What happens when your husband wants to spend the money on something else than you?</p> <p>- Has decision-making changed since you received credit?</p>
R	20. How often did you leave the house before you started taking loans? How often do you leave the house now?	<ul style="list-style-type: none"> - Where do you go? (e.g. market, MFI, etc.) - How far is it? - What do you do? - Do you go visiting? Whom? Where? How often?
R/P	21. Do you belong to any kind of social network (e.g. jamat/mosque, group in church, group in marketplace/ organisations, credit group)?	<ul style="list-style-type: none"> - Do you hold any position in this network? How did the appointment for this position come about? - Are you now respected more/less by the people in your community? - Are you now respected more/less by people in the market place, such as middlemen, fellow business women (shop keepers, traders), market chief? - If yes, why? - Do you discuss other matters than microfinance in your credit group? If yes what?
R/P	22. Are you able to address issues that are relevant to you in...? Has anything changed in this regard since you started receiving loans?	<ul style="list-style-type: none"> - ... your e.g. neighbourhood, community and market place - How would you describe yourself when you interact with others? - Are you able to talk to people in higher places? What did you discuss? What was the outcome?
C	23. What skills/abilities does a woman need for being successful in business?	<ul style="list-style-type: none"> - Would you say that you possess some of these skills? - How did you learn them?
C	24. Did you gain new knowledge or skills through participation in the programme?	<ul style="list-style-type: none"> - If yes, what kind of knowledge or skills? - How can you use these skills?
P	25. Do you have any plans for the future?	<ul style="list-style-type: none"> - Do you think you can realise these plans? - What difficulties could you face in realising your plans? - What will help you? - Have your plans changed after receiving microcredit?
	26. What do you think needs to be changed in order to improve the situation of women in Sierra Leone?	

Ending

Thank you so much for your time. The information you gave us is very useful for our research/ for us.

Are you interested in anything we have talked about?
Possibility to explain further details about our study, e.g. the focus on empowerment.

10.2.2 Interview for Branch/Operations Managers

CODE:

<p>Information needed:</p> <ul style="list-style-type: none"> - List of clients (how many credit/savings groups and group clients, individual clients) - Location (urban/peri-urban/rural) - Approach (empowerment as a goal or not, loan modalities etc.) - Other informational material, if available 		
<p>Welcome</p> <p>Thank you for coming/for giving us the possibility to interview you. We are grateful for your time. As you know, we are students from Njala University and Humboldt University in Germany and we are conducting a study on the relationship between microfinance and empowerment of women. Therefore, we are very interested in your experience in this sector.</p> <p>Of course, we will treat everything you will tell us confidentially.</p> <p>First, we are interested in some general information concerning your MFI and its clients. Then we would like to learn more about the effect of microfinance on the lives of clients.</p> <p>The whole interview will last about 1-1½ hours.</p> <p>Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely.</p> <p>Before we start, do you have any questions?</p>		
General Information	<ol style="list-style-type: none"> 1. Name 2. Organisation 3. Position 4. Employed since 	
Organisational Background	<ol style="list-style-type: none"> 5. What does your organisation do? 6. How did your organisation first get involved in the microfinance sector in Sierra Leone? 7. What is your MFI's mission/vision? 	- Business philosophy
Clients	8. Whom does your MFI target as clients? (How would you describe a typical client of your organisation?)	- Do you use any quotas? (age, sex, location, sector)

	<p>9. Are poor people a target group of your MFI?</p>	<ul style="list-style-type: none"> - Do you have any requirements for the participation in the programme? (e.g. group membership or existing businesses) - What indicators for poverty do you use? <i>Is poverty defined mainly in economic terms?</i> - How does your MFI classify poor people?
Loan Modalities	<p>10. What loan products do you offer to your clients?</p> <p>11. Does your MFI offer group loans? (Is there a quota for group loans?)</p> <p>12. Do you think that a group approach is a valuable approach for women in Sierra Leone? (or rather a fashion of international MFIs)</p> <p>13. How much effort does your MFI put into supporting group solidarity?</p>	<ul style="list-style-type: none"> - Loans for specific sectors (e.g. agriculture, trade) - What loan features do these products have (interest rates, loan term, repayment frequency, loan size, collateral)? - Do you have specific loan conditions for specific target groups?
Services and Interaction with Clients	<p>14. Does your MFI offer non-financial services? If yes, please state them.</p> <p>15. How does your MFI develop its financial and non-financial services and how are these adapted?</p> <p>16. How do you supervise and monitor your clients?</p> <p>17. What are the tasks of a loan officer?</p> <p>18. What is the procedure if a client uses the loan for a different purpose than intended?</p> <p>19. What happens when someone cannot repay their loan?</p>	<ul style="list-style-type: none"> - Do you help your clients to develop business plans? - Do you think your clients are satisfied with the services? Have you come across any problems? - Do your clients normally ask for changes in your MFI's approach? - Have your clients ever complained about high interest rates, repayment frequency/amount, time constraints? If yes, was anything changed? (time constraints = queuing, travelling...) - In what way are your loan officers accessible to clients? - Do you have a code of conduct for loan officers?

Empowerment	<p>20. Does your MFI have empowerment of women as an explicit goal?</p> <p>21. If you had to judge the efforts of your organisation related to empowerment of women do you think that you have been successful?</p> <p>22. Do you think that microfinance is a useful instrument for achieving empowerment of women in Sierra Leone?</p>	<ul style="list-style-type: none"> - If yes, what does empowerment mean to you? - How can you assess features of empowerment in your clients? - In how far? And because of what factors? - From your perspective, what can an MFI do to promote empowerment of women? - What are common problems?
<p>Ending</p> <p>Thank you so much for your time. The information you gave us is very useful for our research. Do you have any further questions? <i>If the interviewee is interested, we can elaborate on our study, e.g. the focus on empowerment.</i></p>		

10.2.3 Interview for Loan Officers

CODE:

<p>Welcome</p> <p>Thank you for coming/for giving us the possibility to interview you. We are grateful for your time. As you know, we are students from Njala University and Humboldt University in Germany and we are conducting a study on the relationship between microfinance and empowerment of women. Therefore, we are very interested in your experience in this sector.</p> <p>Of course, we will treat everything you will tell us confidentially.</p> <p>First, we are interested in some general information concerning your MFI and its clients. Then we would like to learn more about the effect of microfinance on the lives of clients.</p> <p>The whole interview will last about 1-1½ hours. Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely. Before we start, do you have any questions?</p>		
General Information	<ol style="list-style-type: none"> 1. Name 2. Organisation 3. Position 4. Employed since 	
Organisational Background	<ol style="list-style-type: none"> 5. What does your organisation do? 6. How did your organisation first get involved in the microfinance sector in Sierra Leone? 7. What is your MFI's mission/vision? 	

	8. What are the tasks of a loan officer?	<ul style="list-style-type: none"> - Business philosophy - Is there a code of conduct for loan officers? - How do you communicate with clients?
Clients	<p>9. Whom does your MFI target as clients? (How would you describe a typical client of your organisation?)</p> <p>10. Are poor people a target group of your MFI?</p>	<ul style="list-style-type: none"> - Do you use any quotas? (age, sex, location, sector) - Do you have any requirements for the participation in the programme? (e.g. group membership or existing businesses) - What indicators for poverty do you use? <i>Is poverty defined mainly in economic terms?</i> - How does your MFI classify poor people?
Loan Modalities	<p>11. What loan products do you offer to your clients?</p> <p>12. Does your MFI offer group loans? (Is there a quota for group loans?)</p> <p>13. Do you think that a group approach is a valuable approach for women in Sierra Leone? (or rather a fashion of international MFIs)</p> <p>14. How much effort does your MFI put into supporting group solidarity?</p>	<ul style="list-style-type: none"> - Loans for specific sectors (e.g. agriculture, trade) - What loan features do these products have (interest rates, loan term, repayment frequency, loan size, collateral)? - Do you have specific loan conditions for specific target groups?
Services and Interaction with Clients	<p>15. Does your MFI offer non-financial services? If yes, please state them.</p> <p>16. How does your MFI develop its financial and non-financial services and how are these adapted?</p> <p>17. How do you supervise and monitor your clients?</p> <p>18. What is the procedure if a client uses the loan for a different purpose than intended?</p> <p>19. What happens when someone cannot repay</p>	<ul style="list-style-type: none"> - Do you help your clients to develop business plans? - Do you think your clients are satisfied with the services? Have you come across any problems? - Do your clients normally ask for changes in your MFI's approach? - Have your clients ever complained about high interest rates, repayment frequency/amount, time constraints? If yes, was anything changed? (time constraints = queuing, travelling)

	their loan?	
Empowerment	<p>20. Does your MFI have empowerment of women as an explicit goal?</p> <p>21. If you had to judge the efforts of your organisation related to empowerment of women do you think that you have been successful?</p> <p>22. Do you think that microfinance is a useful instrument for achieving empowerment of women in Sierra Leone?</p>	<ul style="list-style-type: none"> - If yes, what does empowerment mean to you? - How can you assess features of empowerment in your clients? - In how far? And because of what factors? - From your perspective what can an MFI do to promote empowerment of women? - What are common problems?
<p>Ending Thank you so much for your time. The information you gave us is very useful for our research. Do you have any further questions? <i>If the interviewee is interested, we can elaborate on our study, e.g. the focus on empowerment.</i></p>		

10.2.4 Focus Group Questions for Credit Groups

CODE:

<p>Welcome</p> <p>Thank you for coming/for giving us the possibility to discuss with you. We are grateful for your time. We are students from Njala University and Germany working on a research project about microfinance and the situation of women in Sierra Leone.</p> <p>We would like to invite you to talk with us about your credit group, some aspects of microcredit and your everyday life. It will be interesting for us to hear the opinion of different group members so please feel free to discuss the questions with each other.</p> <p>Of course, we will treat everything you tell us confidentially. We will not forward your data to any third party, so you will remain anonymous.</p> <p>The whole interview will last about 1 to 2 hours.</p> <p>Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely.</p> <p>Do you have any questions?</p>		
Cat.	Guiding Question	Specific Question
1. Gen. Info	<p>1. What is the name of your group?</p> <p>2. How many members does your group have?</p>	

2.	3. When did you start your credit group?	<ul style="list-style-type: none"> - What was the reason? How did the group come about? - What steps were necessary to form a group? - Who played an important role? (from within and/or outside of the group) - Was there any kind of group organisation before?
3. MFI/R	4. How would you describe your relation with your MFI?	<ul style="list-style-type: none"> - What kind of services do you receive? - Who is the contact person (in the MFI and the group)? - Do you meet regularly with your MFI? Where? - What do you talk about? - Are you happy or unhappy with the assistance? - Have there been any difficulties?
4.	5. Please tell us a little about your group...	<ul style="list-style-type: none"> - Are there any leading individual positions? - How do you deal with repayment problems of individual group members? - How often do you meet? - Do you discuss topics other than microcredit? (e.g. household relations, education of children, health care etc.) - Do you meet for other (social) purposes as well?
5. M/R/P	Since receiving credit, what kind of changes did you observe? <i>(try to facilitate discussion and also gather information from more passive members)</i>	<p><i>MUST:</i></p> <ul style="list-style-type: none"> - In your business activities (expansion, new products, new markets, time consumption, employees) - Perception of others (husband, local community, traditional authorities) - Household relations (contributions, decision-making)
6. P	If you compare other group members with yourself... <i>(try to facilitate discussion and also gather information from more passive members)</i>	<p><i>MUST:</i></p> <ul style="list-style-type: none"> - Do you frequently move to other places (outside your household/market)? - Why is being a member of this group important to you?
7. C	What skills/abilities does a woman need to be successful in business?	<ul style="list-style-type: none"> - Have you mastered some of these skills? - Did the services of the MFI help you achieve those skills? - Does belonging to a credit group help you achieve those skills?
8. MFI	If you could choose, would you rather get credit in a group or on your own?	<ul style="list-style-type: none"> - What is the biggest problem of being a group member? - What is the greatest benefit of being a group member?
<p>Ending</p> <p>Thank you so much for your time. The information you gave us is very useful for our research/for us. Are you interested in anything we have talked about? Possibility to explain further details about our study, e.g. the focus on empowerment.</p>		

Information on the Participants:

Name	Age	Sex	Loan cycle (stage)	Member since	Position in group

General remarks on conducting the Focus Group Interview:

- Translation: Before starting the interview, explain procedure with translation. During the interview, let the group discuss first, then stop (if necessary) for translation
- Maximum time: 2 hours (after 1,5 hours, try to come to an end)

10.2.5 Interview for Non-Clients

CODE:

Thank you for coming/for giving us the possibility to interview you. We are grateful for your time. We are German students and students from Njala University. We are doing a study about microfinance and the situation of women in Sierra Leone. We would like to invite you to tell us about your business activities and household relations.

This information will be used for our research project only. We don't belong to any microfinance institution and we are not in a position to help you to get access to a loan. However, we are very interested in your point of view and would be very grateful if you would answer some of our questions.

Of course, we will treat everything you will tell us confidentially. We are going to note down your name but will not forward your data to any third party, so you will remain anonymous.

The whole interview will last about 1 hour.

Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely.

Before we start, do you have any questions?

Cat.	Guiding Question	Specific Question
Gen. Info	Name: Address/Location: 1. How old are you? 2. What is your marital status? (Married, divorced, widowed, single) 3. How many children live in your house-	- Are there other wives? <i>If yes, ask indirectly who is the senior wife?</i> - Who is the head of the household?

	<p>hold?</p> <p>4. How many people eat from your pot?</p> <p>5. What is your faith?</p> <p>6. What type of economic activities are you engaged in?</p> <p>7. How much do you earn per month?</p> <p>8. What kind of house do you live in?</p>	<p>- What is your husband's faith?</p> <p>- Do you have a bank account?</p> <p><i>Ask only when it is not directly visible: Cement , wood boards, zinc/panbody, bricks with mud, mud with sticks, thatched</i></p>
M	<p>9. How do you make a living? How is this going, compared to a few years ago?</p>	<p>- How long have you been doing this business? What did you do before?</p> <p>- Did you expand your business in the last years?</p> <p>- Are you investing/selling new products/services?</p> <p>- How much time (hours per day) do you spend on your business?</p> <p>- Do you employ any people in your business?</p>
R	<p>10. Is it more difficult for women than for men to be economically successful? Or is it easier?</p> <p>What about...</p>	<p>- Buying your own house or property/access to land</p> <p>- Setting up a business by yourself (without the help of men)</p> <p>- Interactions in the marketplace (e.g. with the market chiefs, clients, buying your products, issues and related consequences)</p> <p>- Organising in groups</p>
	<p>11. Have you ever thought about taking a loan?</p>	<p>- If you have not thought about taking a loan, why not?</p> <p>- If you have not taken a loan, why not?</p> <p>- If you dropped out, why did you do so?</p>
	<p>12. Do you know anybody who is taking a loan?</p>	<p>- How do you see yourself, compared to this person? (personal, household, business...)</p> <p>- Do you think this loan has had an influence on their life? If yes, in what ways?</p>
R	<p>13. What contributions do you make to the household (e.g. income)?</p>	<p>- Who contributes the most to the household? <i>Is this good for you?</i></p> <p>- Have your contributions changed? (<i>keep in mind answer to question 9</i>)</p> <p>- Do you feel proud about your contribution to the household income?</p> <p>- What do other members of your household think about your contributions?</p>
M	<p>14. What do you spend your money on?</p>	<p><i>Ask about proportion spent on different needs:</i></p> <p>Immediate needs: Food, clothing, health care, housing repairs or additions</p> <p>Strategic needs: School fees, investment for business</p> <p>Consumption goods: Assets (e.g. TV, radio, mobile phone), beauty products and care</p>

R	15. Who decides about topics like...? <i>And is it good for you?</i>	<ul style="list-style-type: none"> - Expenses for food - Expenses for housing repairs and additions - School expenses for the children - Health care expenses - Beauty products and clothing expenses - Amount of donations to the church/mosque, extended family, traditional and ceremonial gatherings etc. <i>(keep in mind question 5)</i> - Investments for your own business/es - Purchase of larger assets e.g. electronic equipment/motorised vehicles - Marriage of child/ren - Birth control - Visiting your parents <p>- What happens when your husband wants to spend the money on something else than you?</p> <p>- Has the decision making always been like this or has it changed? If it has changed, why did it change?</p>
R	16. How often do you leave the house?	<ul style="list-style-type: none"> - Where do you go? (e.g. market, MFI, etc.) - How far is it? - What do you do? - Do you go visiting? Whom? Where? How often?
R/P	17. Do you belong to any kind of social network (e.g. jamat/mosque, group in church, group in market place/organisations, credit group)?	<ul style="list-style-type: none"> - Do you hold any position in this network? How did the appointment for this position come about? - Are you respected by the people in your community? - Are you respected by people in the market place, such as middlemen, fellow business women (shop keepers, traders), market chief? - If yes, why?
R/P	18. Are you able to address issues that are relevant to you in...?	<ul style="list-style-type: none"> - ... your neighbourhood, community and the market-place - How would you describe yourself when you interact with others? - Are you able to talk to people in higher places? What did you discuss? What was the outcome?
C	19. What skills/abilities does a woman need for being successful in business?	<ul style="list-style-type: none"> - Would you say that you possess some of these skills? - How did you learn them?
P	20. Do you have any plans for the future?	<ul style="list-style-type: none"> - Do you think you can realise these plans? - What difficulties could you face in realising your plans? - What will help you?

	21. What do you think needs to be changed in order to improve the situation of women in Sierra Leone?	
<p>Ending Thank you so much for your time. The information you gave us is very useful for our research/ for us. Are you interested in anything we have talked about? <i>Possibility to explain further details about our study, e.g. the focus on empowerment.</i></p>		

Add:

Remarks

Impressions

10.2.6 Interview for Husbands

CODE:

<p>Welcome</p> <p>Thank you for coming/for giving us the possibility to interview you. We are grateful for your time. We are students from Njala University and Germany. We would like to invite you to tell us about your relationship with your wife and the development over the last years since she has received credit.</p> <p>We would like to interview you because we are conducting a study on these issues in Sierra Leone.</p> <p>Of course, we will treat everything you will tell us confidentially. We are going to note down your name but will not forward your data to any third party, so you will remain anonymous.</p> <p>The whole interview will last about 1½ - 1 hour.</p> <p>Please keep in mind that every answer is valuable and that there are no wrong answers, so you can answer freely.</p> <p>Do you have any questions?</p>		
Cat.	Guiding Question	Specific Question
<p>1. Gen. Info</p>	<p>Name: Address/Location: Name of wife (client):</p> <p>1. How old are you? 2. Are there other wives? 3. Who is head of the household?</p>	<p>- Is (name of client) the senior wife?</p> <p>- Are there orphans living in your household?</p>

	<p>4. How many children do you have?</p> <p>5. What is your faith?</p> <p>6. Do you have a regular income?</p>	<ul style="list-style-type: none"> - How high is this income per month?
2. M	<p>7. Since your wife has received credit, has something changed regarding her contributions to the household income?</p>	<ul style="list-style-type: none"> - Who contributes most to the household income? - Did anything change in your expenditure? - Do you spend more or less money on...since your wife obtained credit? <i>And is it good for you?</i> <p>Immediate needs: Food, Clothing, Health care, Housing repairs or additions</p> <p>Strategic needs: School fees, Investment for business</p> <p>Consumption goods: Assets (e.g. TV, radio, mobile phone)</p>
3. M/R	<p>8. Since your wife received a loan, what has changed in her activities?</p>	<ul style="list-style-type: none"> - Does she leave the house more often? - What has changed in her business activities?
4. R	<p>9. Who decides about topics like...?</p> <p>10. What happens when you</p>	<ul style="list-style-type: none"> - Expenses for food - Expenses for housing repairs and additions - School expenses for the children - Health care expenses - Beauty products and clothing expenses - Investments in your own business/es - Investments in your wife's business/es - Purchase of larger assets e.g. electronic equipment, motorised vehicles etc. - Marriage of child/ren - Own employment - Birth control - Your wife visiting her parents - Amount of donations to the church/mosque, extended family, traditional and ceremonial gatherings etc.

	want to spend the money on something else than your wife?	
5. P	11. Would you say that she, as a person, has changed? If yes, how?	
6. R	In general, are you happy or unhappy that your wife receives a loan?	- Did something change in your relationship with your wife? Please describe...
<p>Ending</p> <p>Thank you so much for your time. The information you gave us is very useful for our research/ for us.</p> <p>Are you interested in anything we have talked about?</p> <p>Possibility to explain further details about our study, e.g. the focus on empowerment.</p>		

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