The Afghanistan Gender Mainstreaming Implementation Note Series is a product of the Operationalizing Country Gender Assessment Recommendations in Afghanistan program (2007-2009) of the Social, Environment and Water Resources Unit (SASDI), South Asia Sustainable Development, the World Bank, with Asta Olesen as Task Team Leader (TTL). Jennifer Solotoroff as co-TTL, and Nadia Hashimi as Team Member. The Series is published by the World Bank, Washington, D.C., USA and has been made possible by generous support from Gender Action Plan (GAP) trust funds of the World Bank’s Gender and Development Group, Poverty Reduction and Economic Management Network.

The findings, interpretations, and conclusions expressed in this document are entirely those of the authors and should not be attributed in any manner to the World Bank, to its affiliated organizations, or to members of its Board of Executive Directors or the countries they represent.

Production and Publication Arrangements

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1. MISFA website: http://www.misfa.org.af/
Microfinance stands to bring extra gain to female clients compared to male clients when the benefits that appear to accrue to households of female microfinance clients, in addition to higher incomes, are taken into account. In the 2007 impact study, 80 percent of female clients reported an “improved attitude” from their husbands and other family members (both male and female); 91 percent of women clients with young children reported having immunization cards (compared to 79 percent of non-client women with children); and 77 percent of female clients reported seeking medical advice for children (compared to 59 percent of non-client women) (Greeley and Chaturvedi 2007). Although these data do not confirm a causal relationship between microfinance and the benefits mentioned above, qualitative research and anecdotal evidence suggest an overall improvement in the socioeconomic status of MISA clients. As of October 2008, about 62 percent of microfinance clients were women who had borrowed money for activities such as commercial services, retailing, manufacturing, agriculture, and handicrafts (MISA 2009b). Follow-up research to the baseline impact study suggests that, overall, microfinance is positively associated with women’s decision making and household welfare, as women clients participate in nearly two-thirds of all household decisions related to business expansion (MISA 2009a).

It is important to recognize, however, that the majority of women’s income-earning activities financed by microfinance institutions tend to be labor-intensive and very traditional (for example sewing, embroidery, carpet weaving, and other activities performed in the home) and that there is no consistent market demand for products of these activities (World Bank 2005). The scope for business expansion and economic development thus remains limited. Despite improvements to socioeconomic status and other benefits that microfinance has brought to some women, there remain barriers to their meaningful access to and participation in formal financial markets. These barriers, outlined below, restrict women from utilizing the credit for more sustainable and profitable activities.

**Barriers to Women Accessing Microfinance Services**

In Afghanistan, women are disproportionately excluded from formal markets for cultural and economic reasons. They face distinct barriers accessing and effectively utilizing microfinance services, even though the majority of those currently receiving microfinance loans are women. Below is a summary of these barriers.

**Control over Loans**

A 2006 World Bank study found that men often hold primary control over loan resources, even when credit is granted in the name of a female family member (Lyby 2006). Women also frequently join a group and

| Table 1: Overview of Afghanistan’s Microfinance Sector |
|----------------------------------|----------|----------|
| Key Indicators | June 2006 | June 2008 |
| Districts | 93 | 133 |
| Branches | 193 | 276 |
| Active Clients | 204,277 | 348,107 |
| Active Borrowers | 175,140 | 272,667 |
| Gross Loan Portfolio, US$m | 53.8 | 112.7 |
| No. of Loans disbursed (cumulative) | 365,778 | 1,284,623 |
| Amount of loans disbursed, US$m (cumulative) | 84.2 | 470.0 |
| Client savings outstanding US$m | 7 | 22.3 |


As Figure 1 indicates, many of MISA’s partners have high percentages of female clients, with three MFIs focusing exclusively on providing microfinance to women. The degree to which use of microcredit empowers Afghan women is the subject of much debate, despite the fact that since 2006 roughly two-thirds of microfinance clients have been female (Lyby 2006). There is sufficient evidence, however, to support the hypothesis that microfinance, coupled with other women-specific interventions (for example bringing women into savings and credit groups, and complementary services that teach more sustainable use of credit), does meaningfully enhance women’s empowerment in economic terms (Lyby 2006; Greeley and Chaturvedi 2007; Kantor and Andersen 2007). According to the 2007 MISA baseline impact study, the economic well-being of female clients was “significantly higher” than that of female non-clients and dropouts (Greeley and Chaturvedi 2007, p. 37).

References


esses and policies to create a system that mutually benefits MFIs and their clients—men as well as women. In addition, they should direct their experienced clients to business training services that develop the skills to run businesses that are supported by loans.

**Increasing Marketing Support and Complementary Services to Female Clients**

Provide special packages for women in socially valued nontraditional and more lucrative forms of entrepreneurship. First, rigorous, reliable market research is required to identify microenterprises in which women have a strong niche and stand to gain solid financial returns. Women should then be trained in such microenterprises to enable them to engage in new economic activities. Providing support services will considerably reduce incentives for powerful male relatives to take over newly available resources and use them for their own benefit, especially if women work in groups for collective production and marketing. However, given that the staff of MFIs do not specialize in capacity building of clients, complementary services need to be provided by nongovernmental organizations and other capacity-building institutions. One way to ensure a systematic approach would be for MISFA to facilitate partnership opportunities, through the Afghanistan Reconstruction Trust Fund, between MFIs and vocational training and business development services so that clients can get the necessary trainings to start and run a business.

Through market studies, identify products with provincial comparative advantages and promote those newly identified products to help women run lucrative businesses. After identifying such products, MFIs should consider lending in-kind in provinces where paying interest on loans is not an acceptable practice among communities.

**Reducing Cultural Restrictions and Improving Information Dissemination**

Gender equality can be promoted by using CDCs' entry-points to communities and as platforms for discussion and information dissemination. Potential actions in this area include:

- Provide microfinance content training to both men and women in the community. This measure can help ensure that communities understand the economic and social benefits of letting women engage in microfinance and invest in production. Training should be made available to both male and female clients, with attention to their differential access to microfinance (Box 3).

- Encourage male support of women’s control over loans by developing male role models and male networks for change. This would work most effectively through identification of men who are more open minded and accepting of women’s participation in work outside the household. These men could become role models and start awareness-raising campaigns in their communities. Identifying such role models would require in-depth studies of communities through interviews with influential individuals, such as the local inam, Wakel Gazar (community representative), or heads of CDCs. Once role models are identified, the relevant civil

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**Box 3: Gender Balance in Microfinance: Case Studies**

CODEC, Bangladesh. As a mixed-sex program, CODEC has proven successful in putting men alongside women to address cultural barriers to women’s microfinance. The program established male and female village organizations (VOs), which jointly participate in CODEC’s skills training for income-generating activities and involve in organizational and human development. Issues concerning differences in women’s and men’s roles are integrated training sessions given to both male and female VO members alongside a support program to bring more funds from outside donors. CODEC’s experience is applicable to Afghanistan, where community members can be given training to facilitate women’s involvement in microfinance.

**Sisters for Life.** The trainings could also replicate the Sisters For Life training model by integrating a program of participatory learning and community mobilization into an existing microfinance initiative. The Sisters for Life approach comprises two phases: in the first phase a series of 10 structured training sessions are provided to women; in the second phase an open-ended program allows the women themselves to develop and implement responses appropriate to their own communities (Kim et al.

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**Figure 1: Percentage of Female Clients among MISFA Partners**

Source: MISFA 2009b.

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2 Women in Bangladesh face similar problems in retaining control over their loans. A study of the Bangladesh Rural Advancement Committee’s (BRAC) credit program for women-owned restaurants revealed that in almost all cases, women’s husbands took over management of loans and activities (Baden et al. 1994; Goetz and Gupta 1996). The unstable security situation, combined with norms that restrict movement, is especially limiting for women seeking access to markets where they can sell products.
Gender-Based Stigma

A study by the Afghanistan Research and Evaluation Unit in Kabul City found that both male microfinance clients and non-clients showed discomfort with the writing of women’s names in MFI documents and the mobility required of female clients (Kantor and Andersen 2007). This suggests the need for interventions that help both men and women overcome cultural barriers and stigma regarding women’s mobility and their acceptability as clients. A gender imbalance has also been identified in the staffing practices of MFIs, with fewer women in senior-level and decision-making positions due to their lack of technical skill at organizations (World Bank 2009). Insufficient numbers of women extension workers also undermines the capacity of MFIs to address cultural constraints on women clients. MFIs that have actively sought out more gender-balanced outcomes in staffing and clients have been relatively successful, particularly when utilizing culturally sensitive approaches.

Information Dissemination

Women are often not aware of MFIs’ official information dissemination meetings or general information about MISFA’s microfinance opportunities. Information dissemination presents a daunting challenge in Afghanistan, where women’s access to information is very limited, particularly in rural areas lacking in infrastructure and in conservative areas where women do not often leave the household. Women usually hear about microfinance opportunities after formal meetings, and from less official or unofficial sources, such as at wedding parties and funerals. Table 2 summarizes the barriers to microfinance services faced by women in Afghanistan.

<table>
<thead>
<tr>
<th>Table 2: Gender-Based Obstacles to Microfinance in Afghanistan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
</tr>
<tr>
<td>Women lack access to financial services in own right</td>
</tr>
<tr>
<td>Women undertake activities that produce low income</td>
</tr>
<tr>
<td>Women not literate or educated; girls educated at non-prioritized; higher literacy levels and lower school enrollment for girls and boys</td>
</tr>
<tr>
<td>Women’s legal rights to jointly own household assets exist but social norms to the opposite effect mostly prevail</td>
</tr>
</tbody>
</table>

Source: Adapted from Johnson 1999.

Recommendations: Rethinking Good Practices for Gender-Sensitive Interventions in Microfinance

Improving Repayment of Loans

Maximize impact on incomes through monthly flexible payment schedules and lower interest rates. 

Increasing Control over Loans

Conditions of microfinance delivery should be set to maximize women’s ability to increase control over loans, income, and resources. Evidence indicates that women’s ability to use microfinance to increase income and control these incomes is also affected by the conditions of microfinance delivery. Facilitating and supportive conditions include the following:

Register property and assets purchased with loans in joint names (both women and men). This would act both as insurance against default and as a means of increasing women’s control over assets. In some cases, however, it may not be in women’s best interest to register property in their own names only, as this may create tension between men and women in the family (Box 1). To make this more applicable to the Afghan context, the assets, from larger loans, could be registered in joint names to adhere to cultural norms and to reinforce men’s responsibility for loans. In addition, there could be a requirement of joint loans, registered in both women’s and men’s names, especially with larger loans for house purchase, land acquisition, or other productive assets such as taxis or public call offices.

Create incentives for formation of savings and credit groups. This measure would save time and resources and enhance empowerment, and could help women gain better control over the use of loans by other family members, as the women are operating in a group. Given the current need for income generation, the formation of savings and credit groups has had a low level of success in Afghanistan; however, as a long-term measure, MFIs and the government of Afghanistan have initiated the creation of such self-governed group models to give women access to wider information and support networks for economic activity. In the long run, savings and credit groups can transform into village-level savings and loan associations, to disburse loans at the community level, especially in rural areas (Ahmed 2009). Separate groups of males and females should be created to allow women to fully participate in group decisions because men tend to dominate the group decisions if joint groups are created (Ahmed 2009). Savings and credit groups can provide actual support services for enterprises to develop and function, including market research, market linkages, and training. Groups also can support women in disputes within the household and community. Evidence suggests, however, that even in financially successful groups, increases in empowerment are often limited. Active pressure for change by women may increase tension within the household; in rural Bangladesh, the challenging of gender norms by women clients was found to increase the incidence of domestic violence (Schuler, Hashemi, and Badal 1998). In addition, while women spend their earnings on the household, men retain more of their earnings for their own use, which means that women may tend to absolve men of their household responsibilities.

Box 1: Grameen Bank in Bangladesh

Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC) have taken a strong stance on registering property by making it mandatory for assets to be registered in the name of the woman. For example, a housing loan from BRAC and Grameen Bank requires the land and the constructed house to be the legal property of the woman borrower (Shahriar 2000).