



USAID
FROM THE AMERICAN PEOPLE

EGYPT
MICROENTERPRISE FINANCE

GENDER ASSESSMENT FOR MICROFINANCE INSTITUTIONS IN EGYPT

FINAL

September 2006

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.

GENDER ASSESSMENT FOR MICROFINANCE INSTITUTIONS IN EGYPT

FINAL

Contract No. Contract No. 263-C-00-06-00005-00

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Executive Summary	2
Introduction.....	6
Analysis of Findings	13
Institutional Issues.....	13
Operational Issues.....	20
Opportunities/Entry Points	32
Challenges/Areas for Improvement.....	35
Towards More Gender-Sensitive MFIs.....	37
Institutional Issues.....	37
Operational Issues.....	38
Annexes	
Annex A – Scope of Work	41
References.....	45
Annex B – Interview Guides	46

ACRONYMS

CEDAW	Convention for Elimination of All Forms of Discrimination against Women
GE	Gender Equality
GL	Group Lending
IL	Individual Lending
MDGs	Millennium Development Goals
MF	Micro Finance
MFI	Micro Finance Institutions
MIS	Management Information Systems
NGO	Non-governmental Organizations

INTERVIEWED ORGANIZATIONS

ABA	Alexandria Businessmen Association
ASBA	Assiut Businessmen Association
BdCBM	Banque du Caire/ Bank Misr
DBACD	Dakahleya Business Association for Community Development
ESED	Egyptian Association for Small Enterprise Development
LEAD	LEAD Foundation
NBD	National Bank for Development
NSBA	North Sinai Business Association
SBACD	Sharkeya Business Association for Community Development
SCDA	Sohag Community Development Association
SEDAP	Small Enterprise Development Association of Port Said

EXECUTIVE SUMMARY

During June-August 2006, the USAID Egypt Micro enterprise Finance (EMF) project conducted a Gender Assessment at nine partner NGO microfinance institutions (MFIs). The overall goal of the Assessment is to ensure a more inclusive and gender-sensitive microfinance operation that is accessible and that equally reaches out to poor men and women; thus contributing to the overall EMF project goal of maximizing access to demand-driven financial services to improve the standard of living of Egypt's economically-active poor.

Approach

The Assessment mainly used a gender lens to examine each MFI's internal policies as well as its microfinance (MF) operations. This was done through review of relevant documentation as well as in-depth interviews with MFI senior and middle management as well as frontline staff (Group Lending Coordinators and Individual Lending Officers). The study has also built on the findings of an EMF-Commissioned Market Survey conducted earlier by the EMF project in an attempt to examine the issues from both the supply (MFIs) and demand (clients) sides. There were however, a few limitations to the study. Limited time, unavailability of a few interviewees and unwillingness of one MFI to participate are amongst the challenges encountered.

It is important to note that this assessment was not meant to be an evaluation of the MFIs performance on GE but rather an attempt to describe the current situation and to shed light on some of the gender related implications. Due to the limited quantitative data collection (mainly fact sheets) under this Scope of Work, the Assessment primarily analyses trends and tendencies as indicated by the interviews and the project documents. Reference is also made to international experiences and best practice in GE and MF.

The Assessment has tried to make the necessary links to the Millennium Development Goals (MDGs) as the overarching international agreement currently guiding development programs of governments, donors and development organizations. Both the EMF project and MFI operations are expected to contribute to goals number 1 (Eradicate Extreme Poverty and Hunger) and 3 (Promote GE and Empower Women) of the MDGs. In light of that as well as of the upcoming graduation phase of most MFIs from USAID assistance, the Assessment has tried to examine the MFIs from a social sustainability perspective.

Major Findings

- Gender Equality does not seem to be an integral component of most of the MFIs interviewed.
- Gender Equality has not been part of the design process of MFIs' programs and is thus not systematically integrated into their operations.
- Gender is a term that is synonymously used with "women" and the targeting of women clients, through the "women-only" group lending, is perceived by the vast majority of MFIs as their approach to gender equality.

EMF technical assistance provided to date does not seem to have incorporated Gender Equality as a cross-cutting theme. Accordingly, the fairly limited integration of gender concerns to date does not seem like a sign of resistance or lack of commitment from the MFIs as much as a result of limited knowledge and skills to incorporate it. The misunderstanding of the gender concept to mean “women” is a reflection of a wider conceptual confusion around the Gender Equality (GE) issue. There has been a fairly recent shift from Women in Development (WID) to GE which probably explains why the term is not yet clear to most of the MFIs.

The Assessment has also identified a number of opportunities and entry points that could be capitalized upon in designing interventions while recognizing in the meantime a few challenges that need to be addressed.

Summary of Findings: Main findings of the Assessment are summarized below, followed by the major recommendations to ensure more gender-sensitive MF operations. The findings are categorized into Institutional issues and Operational Issues: On the Institutional level, the main findings are related to the following areas: Gender analysis, existence of gender policies, management/staff understanding of GE, MFIs mission and vision, staffing, capacity development as well as feedback and reporting.

On the Operational level, Client outreach, loan product, size, requirements, repayment confidentiality and graduation mechanisms have been examined. The main findings suggest that there is room for improvement on integration of gender concerns in all of the above areas. While none of the MFIs tends to have intentionally gender discriminatory policies in place, the limited understanding of the concept and the lack of skills have resulted in the adoption of apparently “neutral” policies. However, a closer examination through a gender lens indicates a few policies/ practices that might inadvertently have gender related implications. This is discussed in more detail in the main report. As literature suggests, policies can never be “neutral” and are always expected to affect women and men differently.

Given the MFIs willingness for technical assistance, there is an opportunity for addressing gender concerns on both the institutional and operational levels of MFIs through the EMF Project. It will be the Project’s decision on how best to integrate GE into the Technical Assistance that is delivered to them. Below are a few of the main opportunities that could be capitalized upon as well as the challenges that need to be addressed.

Future Opportunities/Key Entry Points

The main opportunities include:

- Eagerness of frontline staff for capacity building
- Market Survey Findings highlighting gender preferences in service uptake
- Openness of few MFIs to Innovation
- Need for a Competitive Edge in light of existing competition
- Center Meetings as venue for addressing women’s “strategic interests”
- Existing Partnerships with GOE and Civil Society

The main challenges include:

- Lack of clarity around links between GE and MF amongst MFI management/staff
- Limited GE skills of Frontline Staff
- Financial Sustainability vs. Developmental mission of MFIs
- Limited synergies and exchange amongst MFIs
- Lack of smooth transition from GL to IL

The Assessment has recommended a wide array of interventions both on the Institutional and Operational levels. Even though the remaining time in the EMF project's base period is limited, the recommendations are intended to be integrated into the upcoming activities rather than introduced as new/stand-alone components.

Recommendations will need to be shared and discussed with the MFIs to see how best they can be applied. Each MFI will have to look at the recommendations as general guidelines to be adapted to their specific context. Given the Scope of Work, the Assessment has based its recommendations on the overall findings and not on a case-by-case assessment of each individual MFI. Below are a few key recommendations. More are included in the main report.

Recommendations

The main institutional level recommendations are:

- Review Vision/mission statements to reflect more adherence to GE
- Enhance the capacity (knowledge & skills) of MFIs on GE and MF
- Ensure that GE training is adapted and linked to MF
- Review each MFI's staff incentive system
- Ensure a more gender-sensitive MIS and feedback/reporting mechanisms
- Introduce MFI incentives (awards) for innovative methods to integrate GE
- Document success stories and promote role models of women entrepreneurs

The main operations level recommendations are:

- Avoid clustering women as homogeneous group.
- Reach out for men and women currently excluded from the programs
- Consider an intermediary loan product for smoother transition from GL to IL
- Review and reconsider loan requirements and confidentiality.
- Maximize benefits from Center Meetings to address more "strategic" issues
- Consider gender preferences in introducing new loan products (i.e. seasonal, health insurance, home improvement, education, etc)

INTRODUCTION

Objectives of the Gender Assessment

The assignment has built on the findings of the Rapid Needs Assessment which identified "...gender imbalances at all levels of the MFI[s]." The results and recommendations from this Gender Assessment will need to be incorporated into the technical assistance and capacity development activities planned for the rest of the project (i.e. activities identified for Task 1: Microfinance Service Expansion and Task 2: Microfinance Institutional Development).

The overall goal of the assessment is to ensure a more inclusive and gender-sensitive microfinance operation that is accessible and that equally reaches out to poor men and women; thus contributing to the overall EMF project goal of maximizing access to demand-driven financial services to improve the standard of living of Egypt's economically-active poor.

The specific objectives of this assessment are to:

- Assess the degree to which EMF partner MFIs take into consideration the different needs of men and women when they design their financial products and services, as well as the perception of MFIs regarding the integration of gender related issues in the technical assistance they receive.
- Identify challenges, opportunities and entry points to integrate Gender Equality (GE) into the operations of MFI NGOs
- Recommend interventions and follow-up activities to address the identified gaps.

Methodology

The assessment has been undertaken on two levels: 1) an institutional level and 2) an operational level.

On the Institutional Level, the study examined the gender considerations with respect to staffing, policies, promotions and information systems. In addition, the study investigated the following information: (a) MFI vision and mission, (b) women's representation and staffing, (c) the existence of an organizational gender and/or poverty reduction policies, (d) the organization's position with respect to diverse needs of men and women clients, (e) awareness of management and loan officers and coordinators of gender issues in relation to microfinance,

On the Operational Level, the Assessment examined the MFIs (a) outreach to marginalized groups, (b) eligibility criteria for loans, process and duration of loan approvals, confidentiality in loan approvals and financial transactions, (c) other financial products provided by the MFI and (or) any special schemes particularly designed to address needs of women clients.

The study consisted of two phases. The first phase consisted of a review of literature on Gender Issues in Microfinance, as well as a review of the diagnostic reports of the MFIs understudied, their business plans, monthly performance reports, and the EMF project document and work plan. Additionally, interviews were conducted with EMF

COP, and Team Leaders for Project Tasks 1 and 2; MFI Expansion and MFI Institutional Development, respectively. Furthermore, the results of the EMF commissioned Market Survey and the Rapid Needs Assessment were incorporated as needed.

The second phase was based on in-depth on-site interviews of the chairman/executive director, the GL program manager, the IL program manager (or operations manager / branch manager), two coordinators and two loan officers conducted at the MFIs. (Annex – interview guides). Prior to the interviews, MFIs were also asked to fill out fact sheets on women’s representation in board, management, frontline, active portfolios, drop out rates. (Annex C- Fact Sheets)

Study Limitations

The MFIs interviewed during the study were: ABA, ASBA, SCDA, SEDAP, ESED, LEAD, SBACD, NSBA, and NBD. One bank, Banque du Caire/ Banque Misr and one NGO MFI, Dakahlya Businessmen’s Association for Community Development were not part of this assessment.

The limited time allocated for the study resulted in developing a rather qualitative tool – in depth interviews used at the supply side only. The coverage of the demand side was fulfilled by the market study results that were used to complement the gender assessment findings. Furthermore, some interviews were not completed due to the unavailability of the interviewees on the date scheduled to conduct the field work (i.e. the GL operation manager at SEDAP, and the IL operation manager at ASBA). Additional interviews were conducted in some MFIs (e.g. ABA and ASBA).

Organization of the Document

The Introduction of this document provides the necessary theoretical background on Gender Equality and its relation to Microfinance. A few of the most important concepts (e.g. empowerment, strategic interests and practical needs) are explained and highlighted in boxes. The links to international conventions and agreements like the Convention for Elimination of All Forms of Discrimination Against Women (CEDAW) and the Millennium Development Goals (MDGs) are also established.

The second part presents the main findings with analysis and discussion of results. The findings are categorized into Institutional issues and Operational Issues in order to make the necessary distinctions. Implications of the findings are also analyzed.

The third part highlights the main opportunities and entry points identified during the Assessment. In the meantime, challenges to gender integration are also highlighted.

In light of the findings and the existing opportunities and challenges, the fourth part presents the recommendations and potential interventions. This section is addressed to the MFIs, the EMF project and USAID. Here the recommendations are also categorized into Institutional and Operational.

The Millennium Development Goals and Gender Equality

Gender Equality is a core development issue on the agenda of the international community. A number of agreements and conventions are now in place trying to address the gap that exists among men and women on the social, economic and political levels. These include the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Beijing Platform for Action and the Millennium Development Goals (MDG). Therefore, governments, civil society and donor organizations work towards achieving Gender Equality goals.

Eight of the key commitments set out in the Millennium Declaration came to form the MDGs. The third goal of the MDGs is “to promote Gender Equality and empower women”. Furthermore, Gender Equality continues to be a cross cutting issue for the rest of the MDGs. As stated in the Human Development Report for 2003, “Gender Equality is at the core of whether the Goals will be achieved”. Links have also been established between Gender Equality and the Millennium Development Goals on Poverty, Education, Health and Nutrition, as well as the Environment.

Millennium Development Goals	
<ol style="list-style-type: none"> 1. Eradicate extreme poverty and hunger 2. Achieve universal primary education 3. Promote gender equality and empower women 4. Reduce child mortality 5. Improve maternal health 6. Combat HIV/AIDS, malaria and other diseases 7. Ensure environmental sustainability 8. Develop a global partnership for development 	<p><i>Pathway to Gender Equality: CEDAW, Beijing & the MDGs, p. 6</i></p>

The MDGs have become the yardstick for development organizations to measure their achievements towards human development. The Millennium Declaration and the MDGs have directed the attention of the global community to the possible link between gender inequalities and the persistence of poverty despite the vast poverty reduction efforts. Accordingly, all development organizations, donors and governments are expected to report regularly on their contribution to the MDGs.

Overall Objective of Egypt Microenterprise Finance Project and the MDGs

The overall objective of the EMF project as identified in the project document is to expand the provision of micro-credit to more Egyptians in a sustainable manner by: 1) increasing outreach particularly to women borrowers through group lending, 2) strengthening MFI internal systems and staff to build capacity and support long-term growth, 3) fully integrating microfinance into the financial system with an emphasis on helping NGO-MFIs transform into commercial financial institutions and 4) forging a common agenda and approach that unite the public and private sectors around microfinance best practices at the meso and macro levels.

The EMF project objectives are thus expected to contribute to MDG #1 “*Eradicate Extreme Poverty and Hunger*”, as well as MDG #3 to “*Promote Gender Equality and Empower Women*”. Both targets 1 and 3 are mutually reinforced by articles of the CEDAW. Articles of the CEDAW relevant to MDG goal #1 & accordingly to USAID’s EMF project are highlighted below.

MDG goal #1: Eradicate extreme poverty and hunger
<p>CEDAW</p> <ul style="list-style-type: none"> • Eliminate discrimination against women to ensure the same rights for men and women in employment (article 11) • In particular, ensure the same employment opportunities, free choice of profession, benefits and conditions of service, vocational training and equal pay for work of equal value (article 11.b, 11.c, 11.d) • Ensure men and women equality in all areas of economic and social life, and in particular the same rights to bank loans and all forms of financial credit (article 13.b) <p style="text-align: right;"><i>Excerpts from: Pathway to Gender Equality: CEDAW, Beijing & the MDGs, p. 17</i></p>

Gender Equality and Women’s Empowerment in the MDGs

Gender is defined as a social construct that defines and differentiates roles, rights and responsibilities and obligations of women and men in a context of unequal power relationships. Gender norms and biases affect both men/boys and women/girls. Yet, the focus is primarily to redress the most common gender-based inequalities mostly faced by women/girls (UN Millennium Project: Task Force on Education and Gender Equality, 2005, p.31, 140). The term is however often equated with women and/or increased focus on women which in turn creates conceptual confusion.

Gender Equality means that women and men enjoy the same status. GE means that women and men have equal conditions for realizing their full human rights and potential to contribute to national, political, economic, social and cultural development and to benefit from the results. GE is therefore the equal valuing by society of both similarities and differences between women and men and the varying roles that they play.

Gender Equality
<p>Gender equality means that women and men enjoy the same status. Gender equality means that women and men have equal conditions for realizing their full human rights and potential to contribute to national, political, economic, social and cultural development, and to benefit from the results.</p> <p>Gender equality is therefore the equal valuing by society of both the similarities and differences between women and men, and the varying roles that they play.</p> <p style="text-align: right;"><i>Excerpts from: CIDA’s policy on Gender Equality March 1999, p.6</i></p>

The task force on the MDGs has adopted an operational framework for understanding GE that has three main domains (UN Millennium Project: Task Force on Education and Gender Equality, 2005, p. 31, 32):

- **The Capabilities domain:** This refers to basic human abilities as measured by education, health and nutrition. The attainment of those capabilities is seen as essential to the overall well being.
- **Opportunities:** This refers to the equality in opportunity to use or apply basic capabilities through access to economic assets and resources as well as political opportunity. Economic [assets] in this context refers to access to land, property,

credit, income, employment while the political refers to representation in political bodies and community participation. Unless women have access and opportunity in the economic and political sphere they will not be able to use their capabilities to promote their and their families' well being.

- **Security:** This refers to reduced vulnerability to violence and conflict. Unless individuals are free from physical and psychological harm, they will not be able to utilize their capabilities or offered opportunities. It is assumed that with increased capabilities and opportunities, women and girls are less vulnerable to violence and conflict (however, the opposite is sometimes the case).

The three domains are closely interlinked and mutually reinforcing. Development interventions need to address the three domains in order to ensure contribution to MDG #3 on GE and Women's Empowerment. Focusing on only one domain might have negative implications to the other two (e.g. Focus on economic opportunity to women only could lead to their increased vulnerability to violence).

According to the MDG Task Force, empowerment is closely linked to GE but distinct from it. To be empowered women must not only have equal capabilities (e.g. Health and education) and equal access to resources and opportunities (e.g. Credit, employment), but they must have the agency to use those rights, capabilities, resources and opportunities to make strategic choices (e.g. Leadership opportunities and participation in political/ community organizations). Security and protection from violence are necessary prerequisites to exercise agency (UN Millennium Project: Task Force on Education and Gender Equality, 2005, p.31, 32).

Empowerment

Empowerment is about people – both women and men – taking control over their lives: setting their own agendas, gaining skills, building self-confidence, solving problems, and developing self-reliance. It is not only a collective, social and political process, but an individual one as well – and it is not only a process but an outcome too.

Outsiders cannot empower women: only women can empower themselves to make choices or to speak out on their own behalf. However, institutions, including international co-operation agencies, can support processes that increase women's self-confidence, develop their self-reliance, and help them set their own agendas.

*CIDA's policy on Gender Equality
March 1999, p.7*

It is noteworthy however, that equality of opportunity does not necessarily lead to an equality of result. No intervention is neutral when players do not start as equals. Even if project intends to treat women equally, the ability of men and women to use and respond to services offered will differ in practice by virtue of their gender roles. This is referred to as equality of opportunity and equality of results

Other important concepts in GE are Practical needs and Strategic Interests. As denoted by the titles, the first refers to immediate needs of food, shelter, sanitation...etc. The latter, however refers to more long term interests that also relate to the relative status of women and men within society.

Practical Needs and Strategic Interests

Practical needs can be defined as immediate necessities (water, shelter, food, income and health care) within a specific context. Projects that address practical needs generally include responses to inadequate living conditions.

Strategic interests, on the other hand, refer to the relative status of women and men within society. These interests vary in each context and are related to roles and expectations, as well as to gender divisions of labor, resources and power. Strategic interests may include gaining legal rights, closing wage gaps, protection from domestic violence, increased decision-making, and women's control over their bodies.

To ensure sustainable benefits, both practical needs and strategic interests must be taken into account in the design of policies, programs and projects.

*CIDA's policy on Gender Equality
March 1999, p.13*

Gender in Microfinance

MF provision is about designing and delivering MF products and services to the poor people, both men and women. With increasing competition among MFIs, and with the increasing interest of banks to invade this market, the key success factor for any MFI has become the provision of demand-driven MF services and products.

Therefore, careful assessment of the target clients' needs, and continuous monitoring of their degree of satisfaction with the current services/products are crucial for the growth and expansion plans of any MFI. In this context, it is important to study and analyze the different needs and characteristics of both men and women clients, and accordingly modify existing products or introduce new ones.

MF is the provision of financial products and services to the poor people, who are described as moderate or extreme poor and not destitute¹. Poor women – particularly the heads of households - are considered one of the main categories of clients to whom MF services are provided as a tool to help them increase their income and accordingly fulfill their needs. Therefore, MF is about the design of financial products and services, which are both demand-driven and accessible by the target clients. Furthermore, Gender Sensitive MF means that "all MF initiatives must consider the relevance of gender to the services offered the different needs, constraints and concerns, and gender equality is ensured when the design equally meets the needs and addresses the barriers facing both men and women.

Therefore, while designing a MF product/service, gender equality should be considered in determining the loan size, the repayment period, the frequency of installments, the delivery mechanism of the loan, the collection mechanism of the installments, the collateral requirements, the required documents for loan disbursement, the outreach mechanism, and the selected staff. The design of a loan product should be based on gender-sensitive market research and should be periodically evaluated in a scientific manner to accommodate any occurring changes in the clients' needs.

On another hand, as MF is one of the tools employed to alleviate poverty, the social impact resulting from the provision of MF services – increased income, improved living conditions in terms of health care, access to education and better nutrition – gives an indication on whether the provision of MF has achieved the expected impact. Therefore, it is very important to measure the impact of the loan provided on the target clients, and document the achieved impact in order to address any gaps or negative impact resulting from the implementation of the program. On a macro level, this impact should be measured using certain indicators to monitor the contribution of the MF programs to the achievement of the MDGs.

A range of socio-economic factors and gender issues affect the ability of MFIs to successfully deliver their services to targeted clients. Both men and women clients are likely to work with an institution when services provided are suitable for them and their businesses. Thus by identifying and addressing the socio-economic and gender issues in their specific contexts, MFIs can significantly improve the functioning and effectiveness of their activities. This is the primary concern of conducting this gender assessment to the implementing partner MFIs to the USAID EMF project.

As literature and best practice suggests, institutionalizing gender equality into operations of MFIs requires interventions on both the institutional and operational levels. As mentioned earlier, this assessment has examined both institutional and operational gender issues in the interviewed MFIs.

The MFIs included in this study provide two main loan products, including individual loans (IL) and Group Loans (GL). The IL mainly addresses the small enterprises that have a minimum level of formality (i.e. a business premise that has a rental/ownership contract and an electricity bill after the name of the client), while GL target poor women with a very small scale/informal economic activity. Following is a presentation of the main findings of the study that reflect on the extent to which the MFIs have integrated gender equality into their institutions and operations.

ANALYSIS OF FINDINGS

Institutional Issues

Collection of Information/Gender Analysis

Literature and best practice suggests that gender analysis is essential prior to and during the implementation of MF activities. Gender Analysis examines the different roles of men and women with respect to access and control over resources, division of gender roles and responsibilities as well as practical and strategic interests of women and men in a specific context. Gender analysis suggests that gender roles are culturally specific (even differences are depicted amongst sub-cultures) and therefore no assumptions or generalizations could be made regarding gender roles without collecting the relevant information. The analysis should also be repeated on a regular basis since these relations tend to change over time.

The assessment revealed that gender analysis has not been conducted in any of the MFIs neither prior to or during implementation. This could be attributed to the fact that this was not a requirement and that none of the MFIs have got the necessary expertise and resources to undertake it. In the absence of a gender analysis, it is challenging to know the distribution and management of resources (both in terms of access to and control) in a specific community where each MFI is operating. Accordingly, the figures around women's ownership and management of enterprises (as will be discussed below) in the MFIs' respective communities tend to be primarily anecdotal as long as they are not based on actual gender analyses.

Gender Policy/Strategy

Best practice around gender mainstreaming indicates the importance of having clear policies and explicit gender equality result statements within organizations in order to ensure that GE does not "evaporate" during implementation (Moser, 2005)

Review of Project documents and interviews revealed that there are currently no gender policies/strategies in place. Most responses received around that issue indicated that "women" are targeted through GL which is exclusively for women. One MFI referred to the existence of a "women-targeting" strategy in the past for IL but not anymore. It was also mentioned that this used to be tied to "incentives" for officers for reaching out to more women clients. It is not clear however, if this used to be the case in other MFIs and the exact reasons behind change in strategy. It is noteworthy here that gender policies were viewed by the absolute majority of interviewees as synonymous to increased focus on women. (i.e. "women-only" targeting approach).

Gender strategies usually provide overall guidance to implementing partners with respect to Gender Equality goals and objectives. In the absence of a unified gender strategy, each of the implementing partners has its own understanding and approach in implementation with respect to GE.

Clarity around GE Concepts

As mentioned above, there does not seem to be a common understanding amongst the MFIs and within the same MFI with respect to GE and its relation to microfinance. The term is used simultaneously with “focus on women” and is accordingly translated into numbers of women clients in portfolio. This could be partially explained by the fairly recent shift from the Women in Development (WID) to the Gender and Development (GAD) approach. Responses to the question on the interviewees’ understanding of GE varied widely between “women”, “social status”, “my mother and sister”, “equal treatment and opportunities”, “rights and duties” and “I do not understand what you mean”. There was no mention of “power relations” or “differing needs of men and women in MF”

It was obvious however that there was better understanding on the management level that was less evident as we moved down to middle management and the frontline staff. This discrepancy could be attributed to the relatively higher exposure of management to training and workshops that are not usually accessible to other staff members. Capacity development and training issues will be discussed in more detail below.

Another misunderstanding is around “gender-specific” policies and sex-disaggregated data. There tends to be a general assumption amongst MFI management and staff that all their lending policies are “neutral and non-discriminatory”. There was consensus among all MFI management and staff that the MFIs priority is the “type of business irrespective of the gender of the client”. A few MFI managers were even concerned that by having gender-specific policies or by collecting sex-disaggregated data, they would be “actually discriminating against some of their clients”.

Commitment to Gender Equality

Given the lack of clarity around the concept(s), it is not surprising that gender equality was not seen as a priority issue by the majority of the MFIs interviewed. (neither management nor staff) By equating the term with “women” and in the absence of information around the gender roles and relations in their specific communities, the majority of MFIs do not see the link between GE and their MF operations. It is also not surprising that the concept does not seem to trickle down to the frontline staff.

This was confirmed by the diagnostic study reports conducted earlier which did not reflect GE in any of the technical assistance priorities expressed by the MFIs.

Vision and Mission Statements

As mentioned earlier, best practice suggests the importance of explicit gender equality result statements in MF organizations. It is noteworthy that none of the reviewed vision/mission statements included an explicit reference to GE. A few MFIs made reference to “social/community development, the poor, low-income...” Only LEAD Foundation and Sohag MFI made an explicit reference to women in their statement. In the case of Sohag however, which referred to “supporting the role of women”, according to the diagnostic report the statement was neither documented nor shared with the rest of the staff. Interviews indicated that MFI officers primarily see their

role as providing credit, expanding the portfolio and ensuring repayment. While the social mission could be implicitly understood by coordinators/loan officers, the urging need to fulfill their obligations with respect to their portfolios tends to be the overriding concern.

The “social development or supporting women” mission does not seem to be shared by the staff even if it were mentioned by their management or in the mission statements. This confirms the importance of developing mission/vision statements with participation of staff as indicated in the diagnostic report (s) in order to ensure common understanding within the MFI.

Sensitivity of Staff to Gender Awareness

A priority issue in “engendering” MF operations is the attitudes and gender sensitivity of the staff. Experience suggests that the sex (whether male or female) of the loan officer/coordinator is not what matters but rather their gender sensitivity and awareness. Attitudes of loan officers/coordinators greatly affect service uptake. The findings of the EMF-Commissioned Market Survey are very encouraging here whereby 99% of clients were satisfied with the responsiveness of the coordinators and loan officers. This well established rapport with the clients is a positive indicator.

The limited awareness of the staff on gender relations within the family could however, influence their operations. Some interviews revealed the perception of a few officers of men as the sole breadwinners of the family and of women as only contributing to family income. In Egypt, where figures suggest that up to 20% of households are headed by women, sensitivity to the issue is needed in MF operations.

It is important to build on the existing rapport with the clients by equipping the officers with the necessary knowledge and skills to ensure that potentially marginalized clients (women, men, youth, widows, Copts, single mothers, less educated...etc) are also targeted as potential clients. This should help improve outreach and reduce drop-out rates.

Staffing and Board Representation

Institutional Gender Balance

According to the fact sheets provided by the MFIs, women’s representation in boards has varied between a maximum of 14%, 10% and 10% in Sohag (SCDA), Port Said (SEDAP) and Cairo (LEAD); respectively to no women representation in others like ESED, Sharkia (SBACD) and NBD. Executive directors of all MFIs are exclusively males while a few deputies are females. Most MFIs have male branch managers, operation managers, and program managers.

The fact sheets suggest that women’s representation in a few organizations tends to decline as we move up from middle to high/top management positions. This is the case in SCDA, NSBA and LEAD whereby women’s representation on middle level is 14%, 40% and 20% as opposed to 0%, in all three respectively. It is noteworthy here that women’s representation in top management was observed to be significantly higher in SEDAP and interestingly in NBD (33% and 50% respectively).

The higher representation of women on top management level in NBD could be attributed to the government/public sector recruitment policies in the past whereby most women in the public banking sector today are most likely to have been recruited in the 1960s and 1970s. At the time the general trend and national policies were very supportive of women's participation in the labor force. Promotions to higher levels are primarily dependent on years of experience and thus explain the fairly high women representation on top management level today. The above figures however, suggest that there are a number of governance issues with respect to women's participation in the decision making process within the MFIs.

As reported by the MFI management and staff, recruitment policies in most MFIs are not "gender-based" with the exception of the GL / IL front line staff. With respect to the other positions, some MFIs mentioned that they have no gender-specific policies, while others mentioned that males are preferred for certain positions. Cashiers and accounting staff are preferred to be males in some MFIs because of the risk entailed with the cashiers' job (i.e. carrying money around on disbursement days), and accounting because of the job requirements (i.e. late meetings and working hours in peak times monthly). Some MFIs tend to prefer males for the positions of branch/operation managers because of the required follow up on the different clients, which require long working hours that extend after midnight often.

All Group Lending coordinators are women with high school diplomas. The rationale for the selection of only women coordinators as explained by the MFI management is because of the fact that GL clients either have home-based businesses or work in an open market place, and therefore most follow-up visits take place at the clients' home. It is therefore culturally accepted that a female representative – rather than a male representative – of the MFI visits the client at her home.

On the other hand, most MFIs hire only male university graduates as Loan Officers. The reason given is that the majority of clients are males and a male officer is '...better able to deal with them'. Furthermore, most of the male clients work until late at night, and the follow up visits are sometimes made after mid-night. In addition, many MFIs are keen not to hire female officers to avoid any "harassment" of the officers by the clients. It is noteworthy here that there tends to be some discrepancy between urban and rural settings. The issue of harassment tends to be associated with urban context rather rural one as reported by NBD.

As for the "small" percentage (20-25%) of female clients of the IL program, it was reported that male officers are capable of dealing with them and hiring female officers only to deal with female clients was not found "cost effective" by MFIs. It is worth investigating however, the implications of the lack (or limited number) of women loan officers on expanding the outreach to more women owned SMEs.

Another group of MFIs do not have restrictions on the gender of the officers, and mentioned that the female officers are as competent as the male officers, and proved to be very successful. When asking the female officers on the "harassment" reasons given by some MFIs for not hiring female officers, they all mentioned that they have learned how to deal with the clients, and some of them mentioned that actually male clients are more decent and respectful when dealing with the female officers. A few

female officers mentioned that men are more committed to the prompt repayment of installments because it becomes an “embarrassing” situation for them when the female officer asks them for the delayed payment. It is interesting to note here the difference in perceptions between what female officers believe they can do and what management thinks.

It would be interesting to further explore if this women vs. men occupational segregation hides any gender-based discriminatory practices. Given the difference in educational background, it was reported that the basic salaries of coordinators tend to be lower than loan officers. However, the scope of this assessment did not allow for reviewing/comparing the monthly earnings of coordinators as opposed to loan officers.

As for promotions, it was observed that the system allows for promotion of loan officers to GL Managers’ position. When we inquired about the reason for not promoting GL coordinators to management positions, it was reported that coordinators refuse the promotion because it means additional responsibilities and loss of incentives tied to their loan portfolios. The interviews however did not indicate how this obstacle has been overcome in the case of promoting loan officers to management positions.

Moreover, the limited management and leadership skills of most of the coordinators were also cited as a reason for lack of their promotion to middle management positions. This could be attributed to the limited training opportunities available for frontline staff as will be discussed below in the Capacity Development section.

An interesting finding was that a few coordinators expressed that through their current position they enjoyed much “recognition and esteem” in their communities which they might not continue to enjoy if they moved to a management position (office job). The coordinators’ self-esteem and feeling of importance (i.e. moral incentive) also tends to be an influencing factor that needs to be considered in MFIs’ promotion policies .

It is encouraging to see that a few MFIs like Sohag have created new position of Senior Coordinators in order to allow for some upward mobility for GL coordinators. However, implementation of this new step is still underway in other MFIs.

These findings tend to confirm the results of the Rapid Needs Assessment which referred to “...gender imbalances at the different levels of the MFIs”. While overall there does not seem to be gender discriminatory staffing policies, this form of occupational segregation might curtail a few gender related practices influencing the relative positions of women and men within the MFIs.

Incentive System

As mentioned earlier, none of the MFIs currently have a targeting strategy to address women clients in IL. Accordingly, the incentive system to loan officers is primarily tied to *size of portfolio* irrespective of the gender of clients. SEDAP (Port Said MFI) reported that they used to have an incentive system for officers to reach out for more women clients, but unfortunately the system is no longer in place. It would be helpful

to further explore the reasons for stopping this incentive system and its implications on the percentage of women included in IL.

In most MFIs the incentive system is currently linked to size of portfolio while a few MFIs are now linking it to reaching out to at a certain number of new clients. This is encouraging since loan officers/coordinators might find it “safer and easier” to retain current clients whom they know are prompt in repayment and accordingly avoid reaching out to new ones.

It is important however, to note that linking the incentives to the size of portfolio might have gender-related implications on the IL program. As indicated by the EMF-Commissioned Market Survey Findings, women clients tend to prefer smaller size loans as opposed to men. According to the Survey, the vast majority of clients requesting loans of more than L.E. 4000 are men (88.2% male vs. 28.1% female). In addition, there tends to be somewhat of a correlation between level of education and desire of larger loans. Incentives linked to size of portfolio should thus be handled with caution for fear that this might result in Officers’ encouraging larger loan sizes (ie. Excluding women and clients with lower education levels).

Capacity Development

Both middle management and front line staff agreed that the training they received from outside the MFI is limited, and actually many interviewed loan officers and coordinators received training only once by the operations/program manager upon hiring. Training is mainly related to provision of credit. Interviews also revealed that no gender training has been provided to date. Many coordinators and loan officers asked for more training courses (especially practical ones) to refresh their experience and improve their technical knowledge.

Many Executive Directors were clear about the importance of giving training to their staff, and mentioned that since the end of the USAID contract; almost no external training was provided to their staff. On another hand, attendance of conferences and seminars is limited to the top and middle management levels. Given the limited knowledge and skills on socio-economic and gender issues, it is not surprising that the majority of coordinators/loan officers interviewed can hardly see the link between GE and Microfinance.

Feedback Mechanisms and Reporting

Best practice suggests that an efficient gender-sensitive MIS is a useful resource for an MFI. Some categories of information are critical for understanding gender-linked differences and those due to age, socio-economic status, region, education...etc. This should assist MFI management in making informed decisions with respect to outreach, technical assistance, design of new loan products...etc.

The current MIS in the reviewed MFIs produces reports on the financial performance of the portfolios of both the GL and IL programs. Similar reports are issued on the branch performance as well as the front line staff performance. The only gender segregated information is the percentage of male versus female clients in the IL program. No gender segregated information is produced or required by the top

management on the percentage of clients by sector / economic activity / drop out rate. Furthermore, it was noted that the MFIs do not formally track client drop out or reasons for client default, nor do they document the impact of the loan on the clients.

In the meantime, gender analysis, EMF-Commissioned Market Surveys, needs assessments are not done regularly in the majority of MFIs. This could be explained by the costs incurred and the concerns about financial sustainability. However, in the absence of such information, it is challenging for MFIs to cater to their clients' needs and ensure competitiveness.

Findings on feedback mechanisms and reporting tend to confirm the Rapid Needs Assessment which referred to the lack of a "systematic" way of conducting market research or client satisfaction surveys regularly in any of the MFIs. The Rapid Needs Assessment also referred to the importance of integrating "project specific indicators" into the MIS. This should also include indicators to measure progress towards GE.

Social Impact Assessment

The assessment revealed that Social Impact Assessments are not systematically conducted in any of the MFIs. Accordingly, the differentiated impact of the loans on the clients (women and men) cannot be assessed. While coordinators and loan officers, through their regular contacts with clients could cite many examples of change in clients' lives, this is still anecdotal and cannot indicate impact of loans on gender relations within communities. The Rapid Needs Assessment recommended the importance of conducting "poverty assessments" to assess outreach to the "poor" and the impact of loans on micro entrepreneurs. A social/gender impact assessment would further assist in that. It is noteworthy here that EQI has previously conducted under SEBDO, two impact assessments for MFIs MF operations.

While the literature and best practice suggest that due to its high costs and implications for MFIs sustainability, conducting Impact Assessments cannot be the sole responsibility of MFIs. This should be financed by donors. In the meantime, other gender-sensitive feedback mechanisms (market surveys, client satisfaction surveys, need assessments) should be institutionalized within the MFIs in order to inform management decisions.

Operational Issues

The second part of the assessment examined gender related issues in the MFI operations. The most important issues in gender and MF relate to clients' profile (women-only vs. mixed lending), loan requirements and approval procedures, confidentiality as well as social impact.

Target Clients' Profile

Group Lending targets poor women. The definition of poor women as mentioned by the MFIs are the women whose families have an average monthly income of less than LE 300. It is not clear however, if this has been the criteria initially set by USAID to define poor women or if this is the MFIs definition. The target clients either have an existing business or are unemployed. The target clients' age is between 18 and 55 years old. Some MFIs have modified the target age group to include younger females

(16 years old) and older women (up to 60 years old). The reason for including the younger age was creating an employment opportunity for girls who have either completed a middle level education or basic education and are unemployed, and also girls attending university education. On the other hand, the older women who are capable of working and generating income have been targeted by some MFIs with the condition that within the group there is only one member who is older than 55 years and with the unanimous approval of the other 4 members. The market study findings reveal that 25.6% of the GL clients surveyed are between 18 and 30 years old, and 56.8% are between 31 and 50 years old, and 17.5% are older than 50 years.

As for the education level of the clients, the interviewed staff in all MFIs has agreed that the majority of the clients are illiterate or barely read and write and the following largest percentage are the clients who have completed either basic education or middle level education. The market study findings showed that 59.4% of the surveyed clients are illiterate, 19.7% have medium level education, and 14.1% have completed either primary or preparatory education. The vast majority of the clients – as mentioned by the interviewees – contribute to the expenses of their respective households as mentioned by the interviewees. Based on the market study findings, 33.8% of the GL clients mentioned that they were the main breadwinner for their families, while 54.7% mentioned their husbands as the main breadwinner.

Women-Only GL Program

When asked, interviewees said that the GL program targets women only. With further probing, the reason cited is the ‘...policy of the program’.

Many coordinators mentioned that quite often they receive requests from men - usually the husband, son or brother of a client - to take a loan. When discussing this point, most of the interviewees mentioned that the GL as a product is not suitable for men, because of two main reasons: (1) the loan size provided by the GL program is not suitable for men, and (2) difficulty of formulating a group of (5) men guaranteeing each other. Regarding the former, many of the interviewees mentioned that a man usually needs a larger sum of money than women to manage a business, even if it is a micro one. Regarding the latter, women are used to RoSCAs, and always a woman tends to know many other women from the same neighborhood, so the creation of the group is easier for them. Respondents differed when asking about the possibility of formulating mixed groups of males and females: some respondents mentioned that this would be difficult and embarrassing for women, while others mentioned that it could be possible.

It is noteworthy here that literature suggests a wide array of problems for women-only targeting approaches. While it provides a credit opportunity to a sector of women who could otherwise be marginalized from the credit system (due to lack of collateral and other social barriers), women-only programs might have gender implications by virtue of exclusion of men. The “Pass-through” phenomenon is fairly common whereby loans are taken over by the husbands or other male family members. It could also lead to increased family tensions (and sometimes violence). While this has not been cited in any of the interviews as a drawback to GL clients in the studied MFIs, requests for confidentiality by the women (as will be discussed below) tend to confirm that this is a potential risk. Introduction of incentives and/or suitable loan

products for the men family members could be considered as a potential mitigation measure.

Individual Lending targets small enterprises with a minimum level of formality, except for few MFIs who provide IL to home-based businesses. All MFIs mentioned that there is no strategy for gender-targeting in the IL program. The monthly reports issued by the MIS reflect an average of 20-25% of female clients in the IL portfolio, while the enterprises actually managed by females do not exceed 10-15%. The only exception to this ratio was Sohag where it was mentioned that it is very rare to find female-managed businesses. Most of the MFIs mentioned that this percentage is reflective of the actual ratio of female versus male owned and managed enterprises in the market. More than 60% the clients are between 31 and 50 years old (60.4% males and 64.9% females), and more than 20% are older than 50 years old (25% males and 21.1% females). Most MFIs mentioned that the majority of the clients have middle level education, and the market study results confirmed this finding (34.7 % of the male clients and 40.4% of the female clients have middle level education), while the following highest percentage was of the illiterate clients (20.1% among male clients and 19.3% among female clients).

Outreach Methodology

As mentioned above, women are mainly targeted by MFIs through the women-only group lending program. IL in the meantime is open for both men and women entrepreneurs, yet with no specific targeting strategy for women. The assessment revealed that outreach for both programs is primarily dependent on the coordinator/loan officer. For GL, the coordinators are usually selected from the same residential areas of the clients. Given their familiarity with the potential clients and their mid level educational background, it was reported that the GL coordinators have got the “right” attitude to establish rapport with the clients. As described by the majority of the MFIs staff, the coordinator approaches the client, introduces the MFI to her and explains the loan product and requirements. If the client is convinced, then she is asked to formulate a group of (5) members to be able to take the loan. It is encouraging to note that most coordinators mentioned that they establish an intimate relationship with their clients, based on mutual trust and confidence, and sometimes clients resort to the coordinators to resolve their personal problems.

As for IL, loan officers are mostly men (university graduates), as was explained above. It is noteworthy that the percentage of women owned businesses in most MFIs (with few regional variations) does not exceed 20-25%. There is consensus among interviewees on both management and staff levels that this is a reflection of women’s representation in the market and that the percentage of women-managed (as opposed to owned) businesses even goes down to 10-15%. In the absence of gender analysis and market segmentation done in each MFI's target areas, these percentages tend to be difficult to verify or challenge. As mentioned earlier, hiring female officers only to deal with this fairly limited number of female clients was seen as not “cost effective” by most MFIs. The fairly low representation of women, however, could also be seen as a result of not having enough “gender-sensitive” women officers as part of the outreach strategy.

Interviews did not indicate how the MIS system is used to inform decisions on outreach. Outreach primarily entails reaching out to marginalized groups who tend to be left out by the system in order to ensure more inclusive programs. MIS information showing distribution of clients by age, gender, socio-economic status, region, type of business is therefore crucial for wider outreach.

Loan Product and Requirements/Guarantees

Group Lending. The group lending loan starts with a minimum size of 50-300 LE and does not exceed 1000 LE per group member. The prevailing number of group members is (5) members per group, and they all guarantee each other, and the payment of installments is the responsibility of the group leader. Furthermore, loans are not disbursed except in the presence of all group members, which sometimes lead to delays in loan disbursement because of the absence of one of the group members.

Many interviewees from different MFIs agreed that the group lending methodology is more convenient in rural communities than in urban or slum areas where people do not know each other and thus the idea of having (5) women guaranteeing each other become more difficult to implement. The same concern was raised in North Sinai where the geographical nature and dispersion of communities make the group guarantee of (5) members difficult. Yet, the market study results revealed that group guarantee was found to be satisfactory by 86.8% of the surveyed sample, the lowest satisfaction rate was found in Dakahleya and Assiut governorates (75% and 76% respectively).

The interviewed clients during the market study found the group guarantee system very convenient to them – especially given that they lack traditional collateral. However, the few clients who criticized the group guarantee system, had faced problems in the delay of the loan disbursement because of the absence of a member, or because they had to pay for a defaulting group member. Many of the interviewed clients recommended having a group of (3) members instead of (5), or alternatively allowing for the disbursement of the loan to the members of the group even if one of the members is absent.

The required documents for the application to the loan are copy of ID, and if it is not available, then a birth certificate or marriage contract is taken. In the case of the latter two, a copy of the husband's or father's ID is also required by some MFIs. Some MFIs help their clients issue the national ID as an additional service provided to the clients, however none of the MFIs mentioned that the issuance of the ID is linked to the disbursement of the loan. Upon the creation of a group and submission of the required document, members of the group fingerprint individual and collective promissory notes. All MFIs agreed that women do not object to signing the promissory notes.

A few comments, however, during focus groups of EMF-Commissioned Market Survey suggested some “discomfort” with the idea of having the husband or personal guarantor for such small loan amounts. While this did not come out as one of the reasons for dropping out, it could be a disincentive for new potential women clients from joining the program.

Overall, neither the Gender Assessment nor the EMF-Commissioned Market Survey found that the issues of group guarantee or loan requirement tend to be an impediment for women in GL.

Individual Lending The clients are provided with a minimum loan size starting from 500-5000 LE and reaching 50,000 LE in some MFIs (x and x). With the first loans, the client is asked to submit the business premise rental/ownership contract, an electricity bill and a copy of the ID. With the increase in loan sizes – usually with the third renewal of the loan – the client is asked to submit a commercial registration, tax card, and eventually the business license.

Considering the fact that woman-managed businesses tend to be primarily home-based, the existing IL requirements (rental /ownership contracts) might have implications on exclusion of women entrepreneurs. Only a few MFIs reported allowing a limited number of home-based businesses into a loan officer's portfolio. Yet, the general trend is to have IL to businesses with a separate premise in order to minimize risks and fraud. Furthermore, some interviews mentioned that home-based businesses are served by the GL loan, and that the IL loan size is not needed by the home-based businesses.

The majority of the MFIs require a personal guarantor, preferably a direct relative. Few MFIs mentioned that they are keen to choose the "**effective guarantor**", not just any first degree guarantor. By "effective", they meant a guarantor that the client cares for and does not want to involve in any problems. It has been reported in more than one MFI that the wife is often considered to be the guarantor in order to ensure repayment.

The implications of having the wife as the guarantor have to be carefully assessed so as not to result in re-enforcing gender imbalances within the families. It was reported that there have been cases of default where the women (guarantor) had to sell her jewelry in order to repay. In one of the MFIs, however, the interviewed branch manager explained that with the third loan renewal – i.e. more than 4500 LE – they avoid considering the wife as a personal guarantor because she is financially dependent on her husband's income (i.e. they both have the same pool of money), and accordingly in case of defaulting, she will not be able to pay the installments.

Processing Time

Microfinance best practice says that speedy loan processes are valued by all clients, but especially women clients. Processing time of 7 business days is internationally accepted as best practice to ensure out reach to women clients. Grameen Bank experience also suggests that women are often in need of emergency loans which should only take 1-2 days for disbursement.

The EMF-Commissioned Market Survey findings suggest a similar preference for women clients in the studied MFIs whereby 42.7% of clients surveyed said that what they liked best about the product was "loan disbursement procedures were fast and easy" and 65% mentioned a "quick loan" as the most important aspect of customer service.

The difference in loan processing time between group lending and individual lending tends to be a discouraging factor for women's graduation to IL. Interviews with MFI staff suggest that women often refuse to move up from GL to IL primarily because of speed of loan approval. One interviewee during a focus group discussion mentioned that she moved up to individual lending but then reverted to group lending because of quick and easy procedures.

Loan Size

There tends to be clear gender related differences between men and women clients with respect to optimum loan size. This has been validated by international experience, the EMF commissioned Market Study and this Gender Assessment.

The interviewees characterized female borrowers as being "cautious" when applying for a loan: cautious in the sense of not applying for large loan sizes, and preferring to take small loans. Furthermore, women were found to be highly committed to the prompt repayment of installments because they fear any legal action that might be taken against them, and also because they always worry that a loan officer might speak to them in an inappropriate manner. Men, on the other hand, were characterized by being "bolder" in the sense of asking for the maximum loan size possible irrespective of their real needs.

The EMF-commissioned Market Survey also suggests that group loan clients (predominantly women) were more satisfied with their loan size than individual loan clients who expressed a need for larger loans. The study explained this by the smaller average disposable income of GL clients and thus their lack of eligibility for larger loans.

The Survey also refers to the majority (59.1%) of clients who expressed a need for loans larger than L.E 4000. Yet, by disaggregating data, the vast majority who made this request was men and not women (88.2% male vs. 28.1% female).

The above figures and remarks made during interviews suggest the crucial importance of examining the gender differentiated needs of women and men in designing loan products. A management decision to increase loan sizes (e.g. Over L.E 4000) might inadvertently marginalize a large number of women clients.

Loan Repayment

As for GL, the loan installments are paid weekly. The EMF commissioned Market Survey results showed that 58.6% of the surveyed GL clients are not satisfied with the frequency of payments. The majority of interviewed clients mentioned that they found the weekly installments to be "exhausting" and "too frequent", and they have asked to repay the installments instead be bi-weekly. The MFIs' opinion differed: some interviewees found the weekly installments to be the optimum system because the clients are very poor and might not be able to save the installment amount for two weeks; while others found that bi-weekly installments would be more relaxing for the clients and would give them an opportunity to invest the money and get sufficient return for the repayment of installments.

More in-depth consultations with the clients are needed to further explore this issue. Women's household responsibilities and other time consuming "burdens" need to be taken into account. Such factors as the time needed for repayment and even the distances traveled need be considered as they tend to be women-specific concerns in MF. Moreover, the EMF-commissioned Market Survey finding regarding GL clients likelihood to express dissatisfaction with branch location more than individual clients (12.4% vs. 3.5%) may suggest a women-specific concern with respect to time and mobility issues.

As for IL, the most common loan tenure is 4-12 months. Since IL clients are mostly men, the need for longer repayment periods, as suggested by the EMF-Commissioned Market Survey, tends to be more of a male client's concern. Interviews for this Gender Assessment also revealed requests for grace periods and "more flexibility" in loan terms, both tenure and frequency of repayment, in order to attract clients in other sectors (e.g. Manufacturing, seasonal activities,...).

Confidentiality of Loan Process

All interviewees unanimously agreed that a large percentage of the clients ask to keep their loan application confidential. In particular, many clients ask that their neighbors in the market place not know about their loans because of fears of competition. On the other hand, MFI staff indicated that some clients request that their families are "*not informed*" about the loan. The figures however varied widely amongst MFIs from less than 2% to 30% of clients asking for confidentiality from the spouse. The reasons for so doing as explained by the interviewees is that women tend to hide this for fear of husbands taking over the loans, while men tend to hide the extra income for fear of women spending the additional money.

When further discussing this issue, interviewees' opinions differed: the majority of the loan officers and coordinators mentioned that they use this request for confidentiality to "pressure" the client to prompt repayment in case of delays. On the other hand, a smaller group of interviewees mentioned that they refuse to give a loan to the client who does not want to inform his family/spouse because of the risks of default entailed (due to potential family conflicts).

While prompt repayment and minimal default is understandably a key priority for sustainability, clients' rights to confidentiality should continue to be an organizational priority. Given the complexity of gender relations in any specific community, MF projects should ensure that none of their policies/practices enhances the vulnerability of their clients (men or women) vis-à-vis other family/community members. This issue thus needs to be further discussed amongst MFI staff and management in order to ensure continued rapport and trust between clients and MFIs.

Graduation from Group Lending (GL) to Individual Lending (IL)

Many of the MFIs mentioned that only a few clients move from the GL to IL. The reason given was that the GL clients are used to the group guarantee system and most of them have home-based businesses and thus are not eligible to the IL program. During the EMF-commissioned Market Survey, some of the interviewed clients mentioned that they did not move to the IL program, either because they were not

eligible (in terms of requirements) or they found the interest rate charged for the IL loan to be higher than the GL loan.

Interviews with MFI staff have also indicated that the speed of loan approvals, the frequency of repayment and the sense of “security” within GL encourage women to stay in GL after they reach the maximum loan and not move up to IL. The introduction of new intermediary loan products (as will be discussed later) combining the advantages of GL and IL could motivate more women to graduate to different loan products.

An interesting finding also is that coordinators do not seem to have the willingness or the skills to assist clients to move to the IL. A few coordinators were concerned that by letting their clients move to the IL program, they risk losing “good” clients. On the other hand, when asked during the interviews about the graduation of the GL clients, a few IL officers indicated that GL clients cannot become IL clients due to their status as owners of micro informal businesses, and other officers found that the GL program as a whole is not economically feasible, and that such a small loan can not have a developmental impact.

In addition to staff attitudes with respect to transition of clients, there does not seem to be clear MFI strategy with respect to graduation. A few MFIs, however, mentioned that they have clients who successfully graduated from GL to IL. Unfortunately, none of the MFIs track the cases of the clients who move from the GL to the IL, with the exception of ABA who tracked some cases. It is worth noting that the MIS used at the MFIs does not allow for tracking any graduating cases from GL to IL.

It is noteworthy here, that the EMF commissioned Market Survey has recommended “transitioning group loan clients to individual loan clients” in order to become competitive. The Survey mentions that global experience suggests that as competition increases, MFIs risk losing their clients if they do not assist them in moving to IL.

From a gender perspective, MFIs and other development institutions should also play the role of “change agents” and not just service providers. By assisting their GL clients (predominantly women), MFIs not only ensure competitiveness (as suggested by the EMF-Commissioned Market Survey) but also assist their clients to meet some of their “strategic” interests. The transition from GL to IL entails the acquisition of more knowledge and skills that should contribute to a more “qualitative” shift in their clients’ personalities and life opportunities.

Client Drop out Rate

The drop out rate of clients at the MFIs is considered to be high, reaching more than 50% in some cases for both the IL and GL programs. The majority of interviewees agreed that the clients do not renew their loan applications with the MFIs either because they do not need the loan anymore, or because of the economic recession of the market in general, which was also given as the main reason in the cases of defaulting clients. These findings were further confirmed by the interviewed clients during the EMF-commissioned Market Survey, as most of the drop out clients interviewed did not renew the loan because of these two factors. Fewer clients dropped out of the program due to their dissatisfaction with one or more features of

the loan program, which was also given by the MFIs as a third reason for clients' dropout. In case of the GL program, cited reasons for non-renewal are the weekly installment system, particularly for larger loans (600-1000 LE), and the maximum loan size that does not exceed 1000 LE. While for the IL exit clients, the dissatisfaction was mainly with the unavailability of a grace period, short repayment period, and high interest rate. Most of the MFIs do not have an established system to track and quantitatively analyze the dropout cases. ABA has recently conducted in-house a survey with a sample of 75 dropout clients (IL program) to study the reasons for leaving the program.

Interviews with some MFI's staff however, revealed that between 60% and 90% of female clients drop out because of pressure from their husbands and/or families. These figures, however, cannot be verified in absence of systematic tracking of drop out reasons for GL clients. The significantly high percentage reported, however, has implications for issues of confidentiality and involvement of husbands in MF programming.

Introduction of New Loan Products

A number of the employees stressed the need for introducing an intermediary loan product. This was seen as an essential step to assist GL clients in the transition to IL. The new product was also seen as an opportunity for men who are otherwise excluded from GL.

ABA has taken the lead in designing and shortly launching this intermediary product: the group will consist of 3 members, men could be admitted, the loan size will be 500-1200 LE per member, and the installments will be paid bi-weekly. A consultation workshop amongst the various MFIs (and preferably including potential stakeholders) could be very useful in the design phase of the new product. Most MFIs have a wealth of experience on MF and with stakeholder involvement the new product could be tailor made to the needs of clients (men and women).

Non-Financial Services

Center Meetings for GL

The main non-financial service provided to the clients are center meetings. Such meetings are designed to raise awareness among the clients on such things as health care, education, and other important issues as part of the integrated development of women. According to the interviewees, the center meetings are usually held on the loan disbursement day for groups of clients who are given in some MFIs an incentive for attendance. The coordinators are usually the speakers in these center meetings, and the topics discussed differ from one MFI to the other. The prevailing topics are issuance of the national ID, breast feeding, importance of vaccination, and illiteracy reduction. A few MFIs, like ASBA use visual materials during the center meetings.

When asked about their opinions on the current system of center meetings, most of the interviewees (management and staff) agreed that there is room for improvement and better impact. The timing, location and topics discussed during center meetings need to be reviewed, as reported by the interviewees. Center meetings are always

associated with loan disbursements– when the clients are in “a rush” in the day time for numerous reasons (leaving their businesses without supervision, rushing to go home to cook lunch, school exam time). Furthermore, some interviewees mentioned that the meetings are often held in under extremely modest conditions. Few MFIs tried to overcome some of the inconvenient conditions of the center meetings, by holding them at the coordinators’ homes, and during convenient times for the clients (in the evenings). As for choice of topics, it was reported that there is no particular strategy for choosing topics and that it takes place on a rather ad hoc basis.

It is noteworthy here, that the EMF-commissioned Market Survey findings indicate a fairly high satisfaction with group meetings (87.2%). It is therefore, important to further investigate the matter in order to ensure maximum benefit and convenience for the women from attending those meetings. The benefits should also be weighed against the financial sustainability of this activity given the incentive system that is currently tied to it.

In addition to the center meetings, some MFIs such as ABA, LEAD, ASBA, and ESED partner with other organizations (NCW, Giza Governorate) to help the clients issue the national ID. During the assessment study, SCDA’s Executive Director thought of linking the issuance of the ID to the disbursement of loans larger than 200 LE, provided that the coordinators help and encourage their clients to issue the ID. ABA also partnered with Alexandria Rotary Club and the General Authority for Illiteracy Reduction and Adults Education, and established illiteracy reduction classes for GL clients. The clients who attend the illiteracy reduction classes are given incentives (food supplies bag and LE 10 / month). ASBA helps its clients to market their products through a permanent exhibition, as well as seasonal ones. Furthermore, ASBA helps its clients to get large orders for manufacturing uniforms for hospitals and schools, provide them with small loans to buy the needed materials, a letter to cloth suppliers to get it a discounted price, and provide them with technical training to ensure the quality of products.

This partnership approach is recommended by the literature and international experience on MF. The “minimalist” approach suggests that non-financial services should be done in partnership with other organizations in order not to jeopardize the financial sustainability of the MFI.

Non-financial services for IL

The main service provided by many MFIs is helping the clients to market their products through exhibitions. Some MFIs help the clients to market their products through permanent exhibitions and seasonal exhibitions. SBACD uses “Promotion weeks” to promote for the products of good/committed clients. Moreover, some MFIs provide some awareness sessions on formalization of SMEs, insurance, and taxes. Otherwise, the loan officers provide their clients with some business development advice based on their personal experience. Many MFIs – middle management and front line staff –believe that their clients need business-to-business (B2B) services: networking service among their clients.

Such non-financial services could be more effective if linked to gender-sensitive needs assessment surveys with the clients in order to ensure that they address needs of

both men and women clients (i.e. that they are demand-driven). In the meantime, since “word of mouth marketing”- as indicated by the EMF-commissioned Market Survey- tends to be the primary outreach strategy, the provision of effective gender-sensitive non-financial services could attract more women clients. A few interviewees have referred to non-financial services as the “competitive edge” of their MFIs in light of the existing competition from other credit providers.

Developmental Impact of the Loan

All interviewed staff agreed that the loan impact occurs during the renewal phase, particularly for the GL clients. Based on the interviews, the first impact of the loan is reflected in the business growth (i.e. diversification of products) or business expansion (i.e. adding space to the business premise or taking a new premise). As for IL, most officers mentioned that they can’t determine the social impact of the loan on their clients’ personal wellbeing because they do not visit them often at their homes, yet they mentioned that the clients’ business growth increases their profits. Many loan officers mentioned that usually the increase in a woman’s income is reflected in her home and improved living conditions, while the increased income of a man is not necessarily reflected in the condition of his home or living conditions.

The coordinators, however, were better able to comment on the social impact of the loan due to their home visits. They all agreed that the second impact of the loan – after the business growth – shows on the clients’ home (e.g. purchase of appliances, TV, cable services) and family (e.g. access to both basic and higher education for their children, access to healthcare, better clothes, etc). A noticeable impact of the loan on women in particular is the change in her attitude as described by most coordinators: with the first loan women are a bit cautious and shy; later with the renewal of the loans, they are more confident, discuss all details, and calculate the interest rate charged versus the profit they make.

However, as mentioned above social impact assessments are not systematically conducted to assess the impact of the loans on clients. While the coordinators and loan officers tend to have very useful observations on change in clients (both men and women) lives, this information is not systematically collected and does not feed into management decision making.

Findings around the social impact of the loan could have implications on maintaining the right balance between “repeat loans” as opposed to “new loans” within the MFI. Apart from financial sustainability and competitiveness issues linked to outreach, repeat loans might be necessary to ensure an optimum level of social development to the clients. An only-once loan will obviously not bring about the desired social impact on the clients (whether IL or GL). The decision however on the optimum size and number of repetitions needs to be guided by social impact studies.

Front Line Staff

Both coordinators and loan officers mentioned that their job had a great impact on their personalities. They equally mentioned that they acquired experience in dealing with all levels of people, developed an ability to assess the clients, and strengthened

their communication skills. Furthermore, they have become known figures in the areas where they work, and formed a vast network of acquaintances.

In addition, the GL managers mentioned that the coordinators' outlook/outfit (e.g. the way of dressing) and economic status (e.g. purchase of mobile phones, jewelries) improve once they start developing their portfolios. Many GL/operation managers said that many coordinators contribute to their families' expenses. A GL program manager mentioned that some coordinators have paid all their marriage expenses. This finding is very encouraging since it refers to the empowering impact of their jobs at the MFI. It would be interesting for any social impact study to assess the impact on MFI frontline staff as well and not only the clients.

OPPORTUNITIES/ENTRY POINTS

The assessment also revealed a number of opportunities and entry points that could be capitalized upon in considering any potential interventions for a more systematic GE integration into MFIs. The opportunities and entry points are described below:

MFIs experience with MF

Years of operation of the MFIs could be seen as an opportunity in a variety of ways. On the one hand, while older MFIs tend to have well established systems in place, they could be open for improving their operations and increasing competitiveness at this phase. There is thus room for addressing GE issues there while acknowledging the challenges of retrofitting.

On the other hand, more recently established MFIs are primarily occupied with setting up their internal systems and modes of operation. While GE might not seem as their priority at this point, there is an opportunity to integrate it into their planning, design and systems from the start rather than retrofit it at a later stage.

Front Line Coordinators/ Loan Officers

As suggested by interviews, front line staff are key to reaching out for new clients. The satisfaction level of clients by their services indicates the rapport that they managed to establish with their clients over the years. By ensuring their gender-sensitivity, they could be considered a key entry point to GE integration on the frontline (grassroots level).

Positive perception of Women Clients

Both management and staff in most interviewed MFIs agreed that women clients tend to be more “committed and punctual” in repayment. It was reported that women only default in cases of “catastrophe”. The inclusion of more women clients should thus be seen as a low risk and “guaranteed” investment for the MFI.

Market Survey

Findings of the EMF-commissioned Survey are particularly helpful in understanding clients’ needs at this point. The reference to gender differentiated needs/expectations of women and men clients with respect to loan size, repayment, new loan products...etc provide better understanding of some of the GE related issues on the demand side (i.e. clients) that should be shared with MFIs and capitalized upon.

Staff attitudes towards Capacity Building

Most frontline and middle management staff were very keen on receiving additional and more diversified training and on-the-job capacity building. GE was not cited as the training priority by the MFIs, yet the eagerness to acquire more knowledge and skills could be capitalized upon in future project-related technical assistance activities.

Openness of few MFIs to Innovation

The willingness and readiness of a few MFIs to experiment new loan products (e.g. Intermediary Loan in ABA) is very encouraging. This could be an entry point to pilot new gender-sensitive products and share the experiences amongst the MFIs.

Efforts of few MFIs to address GE staffing Issues

Mitigation measures introduced by a few MFIs should be recognized and shared with other MFIs . While GE issues on institutional level continue to be a challenge to most MFIs, efforts of Institutions which attempt to address existing GE imbalances are encouraging.

Promotion weeks

This non-financial service used by SCDA in Sohag to assist clients in marketing could be an entry point for promoting women entrepreneurs. While selection criteria for participation tend to be “good and committed clients”, special attention could be paid to selecting success figures of women entrepreneurs who could be also seen as role models.

Center Meetings

This is an excellent entry point for addressing GE issues in the community. While the topics currently discussed tend to primarily address women’s practical needs (breast feeding, nutrition...), topics could gradually evolve to address more strategic issues (establishing women’s groups/networks, requirements for graduation to IL, personal status and legal issues...). It would also be worthwhile to consider opening up those meetings for male spouses and other men in the community. Since women do not live in a vacuum, it would help if their surrounding community is also targeted by the interventions.

Competitive Edge

At this stage and in light of existing competition from other credit providers, MFIs need to reach out to new markets. Diversification of markets and introduction of new loan products is key for the long term sustainable development of our partner MFIs. By adopting a more gender-sensitive approach, MFIs would be more capable of assessing the needs of different groups and designing new products to give them a competitive edge in the market.

National and International Trends

MFIs do not operate in a vacuum and thus both national and international context should be taken into account. On the national level, the National Strategy on MF indicates the importance of conducting Gender Analysis to the sector and the collection of Gender related information. In the meantime, internationally recognized agreements like the Global Compact refer to socially responsible businesses. The term is now also used for small and micro enterprises and related intermediaries (both financial and non-financial service providers). Issues of internal compliance (equality,

non-discrimination) and social responsibility to the surrounding community will tend to gain more importance in MF in the coming years.

Existing Partnerships

A number of MFIs have already established strong partnerships with civil society organizations and women's national machinery (e.g. NCW) for provision of non-financial services to their clients. This is a very encouraging and should be seen as an entry point for wider partnerships (GOE, Civil society and private sector) and for addressing more strategic gender issues.

Technical Assistance offered by EMF

The EMF project should assist its partner MFIs integrate GE into their MF operations. EMF management commitment to GE, as reflected during the interviews, is encouraging. This should contribute to a legacy of both financially and socially sustainable MFIs in the Egyptian market.

CHALLENGES/AREAS OF IMPROVEMENT

As described above, this Assessment revealed a number of opportunities and entry points, but there are still some challenges that need to be recognized and addressed. The main challenges (areas of improvement) identified are discussed below.

Lack of Clarity around the links between GE and MF

As the findings suggest, this lack of clarity amongst management and staff tends to limit the MFIs capacity in integrating GE into their policies and operations.

Absence of an overall Gender Strategy

Given the lack of a strategy providing overall guidance on gender concepts, GE issues in MF in the Egyptian context and approach to address them, it becomes very challenging for MFIs to approach the issue.

Limited Capacity of Staff on GE

As indicated in the Analysis of Findings Section, the great majority of MFI staff has not been exposed to GE training before. They therefore lack the necessary knowledge and skills to integrate it into their work.

Lack of Flexibility in Loan terms

This has been cited as discouraging to entrepreneurs in manufacturing sector (mostly men) and seasonal businesses (both men and women).

Difficult Transition from GL to IL

The system as it stands does not allow for smooth transition from GL to IL. This was cited as a disincentive for women to move up to IL. It is noteworthy here that GL could be the optimum choice for some women who might not be interested to move up to IL. Yet, the MFI should ensure that the necessary enabling environment is in place for women who voluntarily make the choice of graduation to IL.

Financial Sustainability/competition

Understandably, the overriding priority of MFIs is to reach financial sustainability. This seems to be the preoccupation of MFI management and staff. It therefore becomes a challenge to reconcile the financial and development objectives of the MFIs. This is further aggravated by the increasing competition from other credit providers (like banks).

Limited Synergy and Exchange amongst MFIs

Given the time and effort consumed in day-to-day operations of MFIs, there is little opportunity for synergies and exchange of experiences. Findings also suggest that even staff of different branches of MFIs rarely get the chance to meet and exchange experiences and lessons learnt.

TOWARDS MORE GENDER SENSITIVE MFIS

Recommendations

Institutional Issues

- Include more “explicit” GE objectives and expected results in vision/mission statements of MFIs. This should be developed and agreed upon in a participatory manner in order to ensure common understanding and commitment of both management and staff.
- Encourage MFIs to develop their own policy guidelines with respect to GE to provide overall guidance on institutionalizing GE on both the institutional and operational levels.
- Enhance Knowledge and Skills of both Management and Staff on GE and MF through different forms of capacity building (training, coaching, learning events...etc.). Investment in increasing the gender sensitivity of frontline staff (both men and women) should be emphasized since they are instrumental in recruiting new clients.
- Ensure that any GE training is linked to the specific context of MF. Experience suggests that MFI staff can better relate to GE issues when they are linked to their MF operations and not given in a generic form (or as a stand alone activity). Using case studies from the MFIs themselves and adapting the training to the local context should make the staff more involved and receptive to GE training. Experience of Opportunity International and Winrock International in gender and MF training is worth mentioning here.
- The EMF project needs to consider reviewing training modules and technical assistance plans intended for the MFIs in the upcoming period. While GE was not expressed as a technical assistance priority in any of the Diagnostic Study Reports, GE issues could still be addressed systematically in training on different topics (governance, strategic planning, marketing ...etc.). This should also be a more effective approach in re-enforcing the understanding that GE is not a stand-alone topic but relates to all aspects of MF programming/operations.
- Assess the gender sensitivity of service providers providing technical assistance to MFIs. Gender integration is not the sole responsibility of the MFI, but requires a concerted effort from the related organizations as well.
- Build the capacity within the MFIs to undertake periodic gender analysis and/or collect gender related information in order to expand outreach and ensure a more client-oriented service delivery
- Upgrade MIS system to include sex-disaggregated information on percentage of clients by sector, economic activity, drop-out rate, age, educational background, region and district.

- Enhance the skills of middle and higher management in analysis of MIS reports to ensure decision making that is guided by gender trends in the field. This should ensure the creation of a “knowledge cycle” whereby frontline information feeds back into the system of decision making and vice versa.
- Review incentive system of front line staff to ensure that it does not have any gender related adverse implications (refer to section III (A) above for more detail) on client outreach. Also, consider linking incentives to frontline staff ability to assist GL clients to “graduate” to IL.
- Reconsider reversal to incentive system for better outreach to women clients. The reasons behind its cessation should be explored first and the decision to reintroduce it should be seen in light of the financial sustainability of the institution.
- Institutionalize system of information collection and regular feedback mechanisms into the different MFIs. While gender related information is essential for ensuring more inclusive (non-discriminatory) operations, it is also key for market diversification and competitiveness of the MFIs
- Build on the Rapid Needs Assessment recommendation to “create an award system to recognize the best performers and most transparent institutions”, by including “innovative methods to integrate GE and increased outreach to women clients” as additional criteria for the award.

Operational Issues

- Avoid clustering women as a “homogeneous” group. Experience suggests that “unpacking” the women clients’ category results in better understanding of clients’ needs and expectations and accordingly better service uptake. While GL might be the best strategy for a certain category of women clients (certain age, education, socio-economic background..), new intermediary loan products might be more convenient for young high school diploma women graduates who have a different profile and may not qualify for IL. This category of young women has been described by one MFI as the “new niche” for MF that should be explored.
- Reach out for clients (men and women) who are outside the system in order to ensure more inclusive operations. Guided by more detailed MIS reports, MFI management should be able to assess which segments (by sector, region, age, gender...) who might be inadvertently excluded from the program. The saying, “We often do not see what we do not look out for” seems to apply here. This gender sensitive and client-oriented approach could be the MFIs competitive edge.
- Building on Rapid Needs Assessment and Market Survey recommendations/findings, around expansion through non-branch outlets (mobile units and windows) as well as the GL clients’ higher tendency to be dissatisfied with branch locations, the MFIs should explore new ways of reaching out to more remote and disadvantaged locations. Time and mobility play a major role in women’s decisions for service uptake.

- Consider mechanisms to encourage GL clients to graduate to IL. This has also been a recommendation of the EMF-commissioned Market Survey for competitiveness purposes. In addition to the operational dimension of it, this intervention would necessitate addressing the front line staff (both coordinators and loan officers) attitudes/skills on that matter as discussed above.
- Accelerate loan approval procedures. As indicated by both this Assessment and the EMF-commissioned Market Survey findings, women particularly prefer speedy approval procedures and therefore might be discouraged to apply for a loan product requiring lengthy approvals. Microfinance best practice says a maximum of one week is the optimum approval time.
- MFIs should be encouraged to review and reconsider (as deemed appropriate) loan requirements and confidentiality issues for both GL and IL which might have some gender related implications. Given the complexity of gender relations in any specific community, MF projects should ensure that none of their policies/practices enhances the vulnerability of their clients (men or women) vis-à-vis other family/community members.
- Introduce and pilot new intermediary loan product. Given findings of EMF-commissioned Market Survey and extensive experience of MFIs with MF, a new intermediary loan product combining the advantages of both GL (e.g. absence of collateral requirement, safety in a group,) and IL (e.g. higher loan size, less frequent repayment, inclusion of men) could be piloted in one or two MFIs. The experience of ABA in piloting its new loan product should be closely monitored and assessed from a socio-economic and GE perspective prior to replication.
- Consider the introduction of new loan products that the EMF-commissioned Market Survey suggested. It is important to highlight here the gender preferences for the different loan products as indicated by the Survey.
 - Seasonal loans (69.2% females vs. 64.2% males)
 - Health insurance (67% females vs. 55.2% males)
 - Home Improvement Loans (50.9% females vs. 34.7% males)
 - Educational Loans (25.4% females vs. 14.9% females)

It is noteworthy that the EMF-commissioned Market Survey indicated women's interest to get educational loans for their *own education and not only for their children's; thus indicating a "strategic interest" for women*. In the meantime, both Health and Educational Loans could be seen as contributing to *women's "empowerment"* through focusing on improved women "*capabilities*".

Since Home Improvement Loans and Educational Loans are not likely to result in improved revenue on the short-term, each MFI has to carefully design the loan product and repayment schedule in order to mitigate risk and ensure repayment. The EMF-commissioned Market Survey indicated that these types of loan products could be associated with clients with good repayment history and revenue generating businesses.

- Decisions on Size of Loans need to be made with caution. As discussed above, the optimum loan size differs for men and women clients. A borrower's

educational background also tends to be an influencing factor. Any decisions to significantly increase or decrease size of loans might have serious implications on the gender balance of the clients portfolio; hence inadvertently excluding a group of clients (whether men or women).

- Maximize benefit from Center Meetings by having each MFI reassess the timing, location and relevance of topics discussed to the clients. The Center Meetings should be seen as an entry point to introduce discussions around women's "strategic" interests in addition to their "practical needs".
- Document success stories and women role models who managed to graduate from GL to IL and share amongst MFIs.
- Encourage synergies and exchange of experiences and lessons learned around GE amongst the different MFIs and within the same MFI.
- Encourage MFI/Donor networking to ensure allocation of resources (both financial and human) to conduct social impact assessment. This is a costly exercise that is understandably beyond the resources of the MFIs. Yet, the results should be very informative in shaping the MFI policies in the upcoming exit phase.

ANNEX A

Gender Assessment for Microfinance Institutions Scope of Work

I. Background

The assignment will build on the findings of the Rapid Needs Assessment which identified “Gender Imbalances at all levels of the MFI.” The results and recommendations from the assessment will need to be incorporated into the technical assistance and capacity development activities planned for the rest of the project (i.e. activities identified for Task 1: Microfinance Service Expansion and Task 2: Microfinance Institutional Development).

II. Overall Goal and Specific Objectives

The overall goal of the assessment is to ensure a more inclusive and gender-sensitive microfinance operation that is accessible and that equally reaches out to poor men and women; thus contributing to the overall EMF project goal of maximizing access to demand-driven financial services to improve the standard of living of Egypt’s economically-active poor.

Specific Objectives of Assignment are, to:

Assess the degree to which MFI NGOs and local service providers address the different needs of men and women clients

Identify challenges, opportunities and entry points to integrate GE into the operations of MFI NGOs

Recommend interventions and follow-up activities to address the identified gaps.

This assessment is not meant to be an evaluation of the Organizations’ performance on GE but rather a preliminary assessment of major gender issues/gaps that could be addressed by the project. This assessment will identify key areas to target for technical assistance and capacity development for MFIs.

III. Time Frame

The assignment will be conducted during the period, mid June- 31 July 2006

IV. Methodology

The assessment will be undertaken on two levels: 1) an institutional level and 2) an operational level and include a review of informational material and in-depth interviews of MFI senior management and loan officers.

A. On the Institutional Level, the rapid needs assessment conducted for the MFIs has identified “Gender Imbalances at all levels of the MFI”. The assessment will therefore further explore those imbalances and identify the challenges and areas of improvement. MFI internal policies and by-laws, as well as staff recruitment and incentive policies will be reviewed.

B. On the Operational Level, the assessment will collect among the following information: (a) MFI goals and objectives, (b) the existence of an organizational gender and/or poverty reduction policies, (c) the organization's position with respect to diverse needs of men and women clients, (d) awareness of management and loan officers of gender issues in relation to microfinance, (e) outreach to marginalized groups, (f) eligibility criteria for loans, process and duration of loan approvals, (g) number of women/men clients, confidentiality in loan approvals and financial transactions, (h) other financial products provided by the MFI and (or) any special schemes particularly designed to address needs of women clients.

It is anticipated that 3-5 interviews will be conducted per MFI (with management and with loan officers).

The assessment will involve two banks and nine MFI NGOs located in Alexandria, Assiut, Port Said, North Sinai, Sohag, Dakahlia, Sharkia and Cairo.

V. Scope of Services

The assignment will be primarily undertaken by a Research Assistant/Consultant under the general guidance and supervision of the EMF Gender Specialist. The research assistant/consultant will be responsible for

Preparing the interview guide,
Undertaking the interviews,
Reviewing the relevant documentation, and
Compiling and analyzing the results.

The interviews will be conducted and analyzed in light of an interview guide and analytical framework agreed upon/approved by the Gender Specialist.

VI. Tasks

Under this scope of Work, the Research Assistant/Consultant will perform the following:

A. Background Reading: The Consultant shall read the following material related to fully understanding the work specified under this consultancy:

EMF Final Technical Proposal Document
Rapid Needs Assessment to MFIs
EMF 16-Month Work Plan for June 2006-September 2007
Background documents and reports on each of the MFIs
National Strategy for Microfinance

B. Background Interviews Related to Understanding the Work and its Context: (1-2 meetings with Task 1 and Task 2 Project Team Managers and EMF Project staff)

Amr Hegazi, Task 1 Team Leader
Magdy Moussa, Task 2 Team Leader

Michael Alcorn, DCOP
Nemat Guenena., Task 3 Team Leader
Hadil Abdel Kader, Policy Advisor

C. Develop the Interview Guide

The consultant will develop questionnaires for the interview process. Two separate interview guides will be needed - one for management and one for loan officers. The interview questionnaires will be finalized in consultation with Nemat Guenena and Hadil Abdel Kader.

D. Conduct the Interviews, Compile and Analyze the Results

Management interviews will be conducted with the Executive Director and Program Director, while loan officer interviews will be conducted with loan officers doing both individual and group lending. Analysis of the results of the interviews will highlight the strengths, areas of improvement and gaps identified as well as entry points that could be used for promotion of Gender Equality on both the Institutional and Operational levels.

E. Submit a Final Report and Recommendations

VII. Deliverables:

Upon completion of assignment, the Consultant shall deliver a report that includes:

- A summary and analysis of the results
- Recommendations for potential interventions
- Annex with interview guide
- Copies of interview reports for each organization

VIII. Working Relationships:

The consultant will work under the general supervision and guidance of the EMF Gender Specialist who will be responsible for monitoring the consultant's overall performance under the terms of the contract. All deliverables, including the interview questionnaires, analytical framework and final report will be reviewed and approved by the Gender Specialist.

IX. Level of Effort

Task	Research Assistant LOE	Gender Specialist LOE
Desk Top Review	2	2
Design of Interview Guide	2	2
Conducting Interviews & comj of Results	15	1
Analysis & Draft Report	1	3
Review and Finalization of Rep		2
Total	20	10

REFERENCES

Canadian International Development Agency. *CIDA,s Policy on Gender Equality*. Canada :1999

Chemonics International & Environmental Quality International. *Technical Assistance for Microenterprise Activity: Final Technical Proposal*. USAID/Egypt:2005

Cheston, Susy & Kuhn, Lisa. “Empowering Women through Microfinance”; available at http://www.microcreditsummit.org/papers/+5_cheston_kuhn.doc; accessed in June 2006.

Egypt Microenterprise Finance. *Microfinance Market Survey Findings: An Overview of Market Characteristics and Client Needs for Product Development in Egypt*.USAID-Egypt:2006

Hofstede, Gerry & Contreras, Juan & Mayata, Lourdes. *Between Profits and Fairness: Quality and Equitable Services for SMEs in Latin America*. Peru:2003

Human Development Report. 2003.United Nations Development Program. <http://hdr.undp.org/reports/global/2003/>

Moser, Caroline. *An Introduction to Gender Audit Methodology: Its Design and Implementation in DFID Malawi*. London:2005

Murray, Una. “Promoting Gender-sensitive Entrepreneurship via Microfinance Institutions”: April 2005 ; available at http://www.fao.org/sd/dim_pel_050401al_en.htm; accessed in June 2006.

Socio-economic and Gender Analysis Programme (SEAGA). *A Guide to Gender Sensitive Microfinance*

United Nations Global Compact Office & Office of United Nations High Commissioner for Human Rights, *Embedding Human Rights in Business Practice*,

UN Millennium Project, Task Force on Education and Gender Equality. *Taking action: achieving gender equality and empowering women*. London:2005

USAID-Egypt. *Rapid Needs Assessment for Microfinance Institutions in Egypt*. Egypt:2006

ANNEX B – INTERVIEW GUIDES

Gender Assessment Study / In-depth Interviews:
Executive Director:

Introduction of the interviewee and the assignment

NB:

All questions should refer as appropriate to how their strategies differ when they address men as opposed to women

Questions and clarifications on the fact sheet to be asked as appropriate during the discussion.

Organization:

- What is your understanding of the Gender concept?
- What in your opinion are the most pressing GE issues in the MF sector today? Anything specific to women?
- In what way do you see the regulatory environment as conducive or restrictive to GE in MF?
- Given your experience in the field, how do you see women clients different from men clients (attitudes, repayment, preferential loan size, preferential products, challenges, and opportunities)?
- How do you address this perceived difference in the organization strategies?
- With respect to the clients, do you find the outreach methodologies and the products offered to be gender sensitive? If yes or no, in what respect? How do you evaluate their appropriateness to the different needs of men versus women?
- What is your target population? Any gender analysis conducted previously?
- "Increasing outreach to women and underserved markets": To what extent do you think this has been achieved to date?
- Is Group Lending offered to men? Why not? Did you receive any requests for GL from men?
- Are there any non-financial services provided with the loan to the clients? Are they tailored to the clients needs (men versus women)?
- How does the MIS information feed into the decision making mechanism? Any gender segregated information? How does this information affect the design and delivery of services?
- How do you see gender mainstreaming in your organization's activities? Why?
- To what extent do the vision and mission statements reflect your organizations' position regarding GE?
- Are there any gender related policies implemented in your MFI? If yes, what are they (possibility of taking a copy)? How are they implemented? Any particular M&E system to evaluate the effective implementation of these policies?
- Do you orient and train the staff members on these policies? What is your assessment of the degree of awareness on GE among the staff (different level, i.e. middle management, branch management, front line staff, administrative)?
- How does the organization take into consideration the gender equality principle in the different aspects of the organization, for example:
- HR manual/policies

- Hiring of new staff members for the different levels
- Training opportunities / attendance of conferences / travel abroad
- Other
- With respect to the technical assistance received by the organization, was there any gender mainstreaming in the different TA programs? If yes how? And how do you find it?
- What are the main challenges that your MFI needs to address with respect to the mainstreaming of gender in the operations? What are the opportunities? Strengths / weaknesses?
- In the absence of explicit reference to GE, do you see that attention to GE could "evaporate" during process of implementation?

Interview Guide - Individual Lending Program Manager:

NB:

All questions should refer as appropriate to how their strategies differ when they address men as opposed to women

Questions and clarifications on the fact sheet to be asked as appropriate during the discussion.

Organization:

- What is your understanding of the Gender concept?
- How do you see gender mainstreaming in the program activities? Why?
- Are there any gender related policies considered in the design of the program? If yes, what are they (possibility of taking a copy)? and how are they implemented? Any particular M&E system to evaluate the effective implementation of these policies?
- What about the approval processes (men versus women)? Confidentiality level?
- Given your experience in the field, how do you see women clients different from men clients (attitudes, repayment, preferential loan size, preferential products, challenges, and opportunities)?
- How do you address this perceived difference in the program activities?
- Any gender specific problems faced with the clients? Defaulting clients?
- What are the reasons for clients' drop out? Any gender-specific reasons?
- With respect to the clients, do you find the outreach methodologies and the products offered to be gender sensitive? If yes or no, in what respect? How do you evaluate their appropriateness to the different needs of men versus women?
- Are there any non-financial services provided with the loan to the clients? Are they tailored to the clients needs (men versus women)? In case of women, do they lead to women empowerment? How?
- "Increasing outreach to women and underserved markets": To what extent do you think this has been achieved to date?
- What is your target population? Any gender analysis conducted previously? Any Single mothers/female headed households targeting strategy?
- Did you receive an orientation/ train the staff members on these policies? If yes, describe it? What about the program staff?
- How does the organization take into consideration the gender equality principle in the different aspects of the organization, for example:
 - Hiring of new staff members for the different levels
 - Training opportunities / attendance of conferences / travel abroad
 - Performance evaluation
- With respect to the technical assistance received by the organization, was there any gender mainstreaming in the different TA that you received? If yes how? And how do you find it?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the opportunities? Strengths / weaknesses?
- In the absence of explicit reference to GE, do you see that attention to GE could "evaporate" during process of implementation?

Interview Guide - Group Lending Manager:

NB:

All questions should refer as appropriate to how their strategies differ when they address men as opposed to women

Questions and clarifications on the fact sheet to be asked as appropriate during the discussion.

Organization:

- What is your understanding of the Gender concept?
- How do you see gender mainstreaming in the program activities? Why?
- How do you find the current program design? Does it meet the women needs? How?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the approval processes? Confidentiality level?
- What about family tensions created because of the loan provision to the wife?
- What about female headed households? Any particular targeting mechanism, particular product design/delivery mechanism?
- Any gender specific problems faced with the clients? Defaulting clients, particularly those who spend the money for family emergencies/expenses, how do they repay the loan?
- What are the reasons for clients' drop out? Any gender-specific reasons?
- With respect to the clients, do you find the outreach methodologies and the products offered to be gender sensitive? If yes or no, in what respect? How do you evaluate their appropriateness to the needs of women?
- Are there any non-financial services provided with the loan to the clients? Are they tailored to the clients needs? In case of women, did they lead to women empowerment? How?
- Is group lending provided to men? Why? Did you receive any requests for GL from men?
- With respect to the technical assistance / training that you received, was there any gender mainstreaming? If yes how? And how do you find it?
- What about the HR policies implemented? Recruitment method, training, orientation, performance evaluation?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the opportunities? Strengths / weaknesses?
- Is there any reporting required from you that reflects on gender related issues? How?
- In the absence of explicit reference to GE, do you see that attention to GE could "evaporate" during process of implementation?

Interview Guide - Group Lending Coordinators:

NB:

All questions should refer as appropriate to how their strategies differ when they address men as opposed to women

Questions and clarifications on the fact sheet to be asked as appropriate during the discussion.

Organization:

- What is your understanding of the Gender concept?
- How do you see gender mainstreaming in the program activities? Why?
- Describe the process you go through with a newly coming client to apply for a loan
- How do you find the current program design? Does it meet the women needs? How?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the approval processes? Confidentiality level?
- What about family tensions created because of the loan provision to the wife?
- What about female headed households? Any particular targeting mechanism, particular product design/delivery mechanism?
- Any gender specific problems faced with the clients? Defaulting clients, particularly those who spend the money for family emergencies/expenses, how do they repay the loan?
- What are the reasons for clients' drop out? Any gender-specific reasons?
- With respect to the clients, do you find the outreach methodologies and the products offered to be gender sensitive? If yes or no, in what respect? How do you evaluate their appropriateness to the needs of women?
- Are there any non-financial services provided with the loan to the clients? Are they tailored to the clients needs? In case of women, did they lead to women empowerment? How?
- Is group lending provided to men? Why? Did you receive any requests for GL from men?
- With respect to the technical assistance / training that you received, was there any gender mainstreaming? If yes how? And how do you find it?
- What about the HR policies implemented? Recruitment method, training, orientation, performance evaluation?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the opportunities? Strengths / weaknesses?
- Is there any reporting required from you that reflects on gender related issues? How?
- In the absence of explicit reference to GE, do you see that attention to GE could "evaporate" during process of implementation?

Interview Guide - Individual Lending Loan officers:

NB:

All questions should refer as appropriate to how their strategies differ when they address men as opposed to women

Questions and clarifications on the fact sheet to be asked as appropriate during the discussion.

Organization:

- What is your understanding of the Gender concept?
- How do you see gender mainstreaming in the program activities? Why?
- Describe the process you go through with a newly coming client to apply for a loan
- What about the approval processes (men versus women)? Confidentiality level?
- Given your experience in the field, how do you see women clients different from men clients (attitudes, repayment, preferential loan size, preferential products, challenges, and opportunities)?
- How do you address this perceived difference in the program activities?
- Any gender specific problems faced with the clients? Defaulting clients?
- What are the reasons for clients' drop out? Any gender-specific reasons?
- With respect to the clients, do you find the outreach methodologies and the products offered to be gender sensitive? If yes or no, in what respect? How do you evaluate their appropriateness to the different needs of men versus women?
- Are there any non-financial services provided with the loan to the clients? Are they tailored to the clients needs (men versus women)? In case of women, do they lead to women empowerment? How?
- "Increasing outreach to women and underserved markets": To what extent do you think this has been achieved to date?
- What is your target population? Any gender analysis conducted previously? Any Single mothers/female headed households targeting strategy?
- With respect to the technical assistance you received, was there any gender mainstreaming in the different TA that you received? If yes how? And how do you find it?
- What about the HR policies implemented? Recruitment method, training, orientation, performance evaluation?
- What are the main challenges that your program needs to address with respect to the mainstreaming of gender in the operations? Product design, terms of payment, collection of installments, collateral requirements, ...
- What about the opportunities? Strengths / weaknesses?
- Is there any reporting required from you that reflects on gender related issues? How?
- In the absence of explicit reference to GE, do you see that attention to GE could "evaporate" during process of implementation?