

Research note

Micro Financial Institutions as Agents of Improvement of Women's Economic Position in North Western Cameroon

Lotsmart Fonjong

ABSTRACT

Cameroonian women are vital to the economic well being of their families and communities. This Research Note explores some of the barriers that face them in getting access to credit and also to the work of the Community Unit Trust in overcoming some of the problems. The study described in this Note demonstrates the connections between access to credit and improved education and health opportunities for women.

RÉSUMÉ

Les Camerouniennes jouent un rôle vital au bien-être économique de leurs familles et de leurs communautés. Cete note de recherche explore quelques-unes des barrières auxquelles elles doivent faire face en ce qui à trait à l'accès au crédit, et au travail dans la << Community Unit Trust >> en surmontant certains problèmes. L'étude décrite dans cette note démontre les liens entre l'obtention de crédit et une meilleure éducation et une meilleure santé pour les femmes.

INTRODUCTION

Even though women comprise a majority of the Cameroon population and perform most of the work, especially in rural areas, they have very little access to credit, income, land, decision-making and other opportunities that could enable them to embark on a more substantial performance.¹ In other words, women's economic empowerment, especially in terms of their access to credit, is vital for their effective participation in economic development. Credit is crucial because it enables women to be involved in all sectors of the economy. In fact, Cameroonian women are in dire need of financial services to enable them to improve on their socio-economic status as well as to participate in the development process.

Few Cameroon women earn regular salaries, which would qualify them for bank credit. The rest are excluded from the modern banking and credit facilities. Even when they are considered for credit, the amounts given to them by formal institutions are usually small. The interest charged is very high and the collateral required is difficult to obtain since women are not customarily owners of land or buildings (Niger-Thomas 1990). The result

is that women continue to operate in the informal sector and their business enterprises remain small, while many are driven out of major business ventures and agro-industries by their male counterparts who have access to these vital bank credits. Cameroonian women have, therefore, been relegated to the perpetual roles of small farmers and small business operators who depend on subsistence farming and petty trading for their livelihoods.

The problem of women's lack of access to formal financial institutions and the need for informal credit institutions that address women's financial needs have been expressed almost everywhere in developing countries. In Gambia, for example, thirty women set up the Wisdom Indigenous Lending Scheme to focus on women in the formal and informal sectors. Here, banking is done without collaterals and women are provided with possibilities for generating incomes so as to enable them participate in decision-making (Karen 1994). In Kenya, the Kenyan Women's Financial Trust (KWFT) was founded in 1981 with a similar mission: that of strengthening women's economic mainstreaming. KWFT has today attained a reputation among the women of Kenya as a reliable and quick source of credit (World Bank 1996). This

success story is also true of the Redd Barna and World Vision experiences in Ethiopia (World Bank 1999) and the Grameen Bank in Bangladesh. In fact, because of the vital role women play in the economy of developing countries, micro credit schemes and indigenous financial institutions are proliferating in both rural and urban areas, and are targeting women for financial assistance.

THE RESEARCH PROBLEM

Most women can neither save nor borrow with the formal financial institutions in Cameroon. They therefore turn to the informal institutions for credit, to find a convenient, simple and accessible means of satisfying their wants. Women use loans to pay hospital bills, educate their children, develop their businesses and for many other purposes. But women cannot afford to borrow all they need from these banks, and they therefore have to look for alternative credit facilities. The local micro credit programme provided by institutions like Community Unit Trust, Star Credit and Investment Union, among many others, can better serve these women because they require no collateral and demand relatively lower rates of interest. Furthermore, the group lending method, which is commonly used, is a security that gives the women better access to credit and other productive resources.

Most of the North Western region of Cameroon offers very few economic opportunities and incentives for women to effectively participate in the affairs of their communities. This is particularly due to the fact that traditional institutions that generally work against women's empowerment are deeply rooted or entrenched here. One of the current issues of concern to development practitioners in the area is the proliferation of micro financial institutions in the region in recent times. If we can understand their contribution to women's effective participation in local development, we can apply the lessons to foster both the growth of micro institutions and the participation of women in nation building at large.

THE RESEARCH CONTEXT

Cameroon is 475,650 square kilometers in size and is situated just north of the Equator, on the

west coast of Africa. It is bounded by Tchad in the north, Equatorial Guinea, Gabon and Congo-Brazzaville in the south, Nigeria in the west and Central African Republic in the east (MINEFI 1999, 9). In 1998 the population was estimated at 14.3 million, distributed into ten administrative provinces (Map 1). The North West is the fifth most populated province with 1.7 million inhabitants representing 11.8 per cent of the national population (MINEFI 1999, 25; MINPAT/UNDP 1999, 24). Women make up 56.3 per cent of the population.

Data and analysis for this study is centred on Bamenda, which is the chief economic and political centre of the region, and complementary data has been drawn from Douala and Yaounde, which are respectively the economic and political capitals of Cameroon. Bamenda is ranked as the fourth largest city in the country after Douala, Yaounde and Garoua, with a population of 252,083 inhabitants (MINEFI 1999, 25). The city is the gateway to the province and epitomizes its socio-cultural and economic diversities.

Although many micro financial institutions, such as Star Credit and Investment Union, Zion Credit, Cameroon Credit Union League, etc., exist here, I have focussed on the Community Unit Trust (CUT) for this discussion. The discussion is based on a sample of individual clients and women's groups that have benefited directly or indirectly from the services of micro financial institutions in the area.

THE CULTURE OF CREDIT IN CAMEROON

Three sources of credit can be distinguished in Cameroon: the non-standardized, the institutionalised government and private sources (Ngwa 1989). The non-standardized credit system operates among family members, friends or groups with a common interest. They are variously known as *Njangi* or *Tontines* in the Grassfields. These *Njangi* may take the form of either the rotating or the fixed saving/credit systems.

With the rotating *Njangi*, savings realised during each session are handed to members one after another until everybody has taken his/her turn. Preference is given to those members in dire need of money for economic or social reasons. The amount saved by individual members per session

might be fixed or open depending on the regulations of the group. No interest rates are charged to the beneficiaries. The situation is slightly different with the fixed periods *Njangi* system. Here, savings are accumulated with inherent interest to be shared at specific fixed periods (Ngwa 1989). The amount saved depends on the ability of individual members. Meanwhile, members can get loan capital from the group at any time, paying little interest, depending on the amount of funds available, and sometimes on his/her savings record. No collateral is required. Women are mostly involved with this type of credit/savings.

The institutionalised sources of credit are provided by government and private companies to the public - for example through specialised institutions like the defunct Farmer's Bank (FONADER), or inputs through MIDEVIV. These institutions closed down during the economic recession of the 1980s. Private commercial banks and cooperative societies are the other sources of institutionalised credit. They are profit-orientated and tend to exclude women and the poor. This is accomplished by charging high interest rates and demanding collateral security for the credit. Even the amounts required to open an account with these institutions are usually out of the reach of the poor. Micro financial institutions therefore bridge the gap between the non-standardised and standardised credit/saving institutions for the poor, especially poor women.

MICRO FINANCIAL INSTITUTIONS IN CAMEROON

Since the late 1980s, there has been a proliferation of micro financial institutions in Cameroon. These can be defined as those institutions operating in the financial market having local origins, targeting the poor and operating both in rural and urban areas. They perform most of the functions of major banking institutions but cannot provide their customers with such things as current cheque account services, international currency exchange, traveller's cheques, large sums of loan over a long period, etc.

The development of micro financial institutions is closely linked to the changing situation in the local financial market, caused by the global economic crisis and the measures that were

prescribed by international financial institutions to restructure the system. Thus the limitations of modern banking institutions have provided a base for the upsurge of these micro financial institutions. The economic crisis of the 1980s and the structural adjustment measures of the 1990s in Cameroon exposed the inherent weaknesses of the formal banking system. The crisis brought about a fall in economic growth, and consequent adjustment policies. Many workers were laid off. User charges were placed on public services and amenities and agricultural subsidies were removed. The effects on the average Cameroonian were unbearable; family incomes fell while the cost of living increased. To make ends meet, the role of breadwinner in the home fell to both men and women. The informal sector became saturated with women (petty traders) in their efforts to supplement family incomes. Subsistence agriculture became more intensified in order to reduce extra spending on food.

This new impetus, which required increased participation of women in the economy and family management, indirectly affected the financial market in Cameroon. Women needed loans to buy farm inputs so as to improve their yields and capital for the new business ventures. Furthermore, they needed to save the small returns from their small business in institutions that were reliable and accessible. Unfortunately, the formal financial institutions, including the big banks, could not meet the needs of the small farmers and small business operators. Government subsidies and agricultural inputs (such as fertilizers, pesticides, farm tools, etc.) were reduced or eliminated, and the commercial banks could not provide women with loans for these necessities. The banks did not have confidence in the poor, nor did the people trust the banks. During the 1980s and 1990s the system was in serious crisis, and most of the banks (Cameroon Bank, Credit Agricole, Paris bas) closed down leaving their customers without recourse (Wokia 1997). In the wake of this general insecurity, most clients withdrew their savings, preferring to hoard money at their homes or save with local thrift and saving houses (*tontines*, *Njangi*). Most of these thrift societies have evolved into micro financial institutions. They have pulled many customers from the major banks because of their attractive credit and saving conditions, which are within the reach of most peasants, particularly women.

The events of the late 80s and early 90s illuminated the difficulties of the western capitalist systems for African traditional financial economies. The primordial roles of the *Njangi* and *tonines* in community savings and credit were restored and improved upon, based on local realities in the form of indigenous micro financial institutions: institutions that are driven more by community interest than profit motives. That is why the indigenous micro financial institutions could work very well in regions like Bamenda, Cameroon, where community spirit is very active and traditional structures are strong.

THE COMMUNITY UNIT TRUST (CUT) AS AN INSTRUMENT FOR WOMEN'S SOCIO-ECONOMIC ADVANCEMENT IN BAMENDA

Women represent a slightly higher proportion of the 252,083 inhabitants of the city of Bamenda than men (MINFI 1999), which is not uncommon in post-independence African cities which have become refuges for women escaping from the pressure of "back breaking" countryside life (Obbo 1980) or women seeking to avoid undesirable marriages and patriarchal control (van den Berg 1993) or just for survival. Whatever the reasons for moving to the city, these women are concentrated in the informal sector, mostly as petty traders. They are involved in various domains: from trading in cooked food, raw food, and kitchen provisions, to the sale of corn beer and palm wine. These activities generate weekly profits of 2000-2500FCFA,² and the women need a safe place to bank these sums for future investment in their businesses.

The Community Unit Trust (CUT) was founded in 1997 as a micro financial institution with the objective of providing education and access to savings and credit for the poor. It has over 2000 members in Bamenda and branches in many rural areas in the region. CUT operates two credit and saving schemes system (the Unit and Solidarity schemes) in order to effectively meet the needs of its target population, who are poor and mostly women.

The Unit Scheme (UNIS) is meant to encourage individual savings and credit. Members register with the sum of 500FCFA and are given a

pass book, which is used to record all their financial transactions with the institution. CUT workers make daily trips to the business premises of customers late in the afternoon to collect their savings. The minimum acceptable amount of savings per day is 200FCFA and members pay an operational charge of 4 per cent per month of their total savings. The door-to-door collection of savings and the affordable minimum amount that members can save per day act as powerful incentives, which has resulted in a high propensity to save among the women in Bamenda. The timing for collection is also an important contributing factor. An investigation carried out among 23 randomly selected female clients of CUT confirmed this. In fact, 47.8 per cent of the sample said that the main reason for saving with CUT was because of the affordable minimum saving rate, while 34.8 per cent said they were encouraged by the door-to-door services rendered (Table 1). Most of the respondents acknowledged the fact that they have never opened an account with the major banks because of the exacting procedures and requirements.

Besides savings and credit services, CUT provides other social services, which have helped in mitigating other negative effects on women in the city. As in most developing countries, family health and education are women's domains. The imposition of user charges as part of structural adjustment measures in the 1990s fell heavily on women. This was a very serious problem for urban women who have to pay for everything consumed in the household, including food, water and electricity. In this demanding situation, most female petty traders find themselves unable to both satisfy their increased family responsibilities and save for business expansion. Nor can they expect support from the men in running the home. Many of these men were trying to service loans or complete building projects that they had taken on before their salaries were slashed by 60 per cent. Compounding the problem of the lack of male support, polygamy is a traditional form of marriage that is well established in the area. Polygamous families usually entail many children, and increase household responsibilities beyond the meagre incomes of the husband. The wives automatically become solely responsible for the welfare of her children. For such women, CUT seems to have provided real help. The

Health and Education Schemes run by the Trust have also helped women to combine their household responsibilities and their drive to save successfully.

CUT AND WOMEN'S ROLES AS FAMILY HEALTH PROVIDERS

Through the health scheme, CUT provides health care services to members and their families. It collaborates with a number of Health institutions in the town where members can go for "free" medical attention. The bills are eventually forwarded to CUT for payment. Members who register with the Health Trust Account pay a monthly amount of money that is deducted from their savings. The Health Scheme offers many advantages, particularly to its female clients. Where women are not direct clients with CUT, they tend to benefit indirectly through their husbands. The family has access to health facilities even above their savings with the Health Trust Account. Pregnant women can readily access maternity and delivery services, which might not have been the case if they were to wait for direct assistance from their husbands. In fact, one of our respondents who has indirectly benefited from this scheme remarked that besides acting as a sort of health insurance, the Health scheme gives her an indirect access into her husband's finances.

CUT AND WOMEN'S CONTRIBUTION TO CHILD'S EDUCATION

Another important offshoot of CUT with far-reaching effects on the status of women in Bamenda is the Education Scheme. It operates on the same principle as the Health scheme. Members get regular assistance to educate their children against a monthly deduction from the savings, which is put into the Education Trust Account. At the start of each school year, CUT provides school fees and other related school needs to members on request. This has greatly reduced the burden on low-income parents at the start of the school year. Furthermore, girl children can be sent to school and single parents are spared the trouble of searching for money to sponsor their children. With the education of their children assured, women can then concentrate their energies in other domains.

WOMEN'S FINANCIAL INDEPENDENCE AND PARTICIPATION IN RUNNING THE HOME

Most women in Bamenda, like women in many third world countries, depend solely on their husbands for all domestic expenses. The man takes care of all bills, even the most private ones of the wife. The women therefore remain perpetual beggars who can't buy or do anything on their own without the total support of their husbands. This dependent status of the woman deprives her of mobility and even certain essential needs that might not be considered as such by the husband. She has no authority in the home since authority often goes with financial powers, and before her in-laws she is seen as a consumer and a burden on the family. Even the future of her children is uncertain in the event of the death of the husband. The fate of these children is even more uncertain in polygamous families, which make up more than 60 per cent of marriages among those in the low strata of the society.

Besides the Health and Education Schemes that provide a partial solution to the problem, CUT activities have been able to move women members from the position of consumers to that of full participants in the management and running of the homes. With collateral-free credit from CUT, many more women have ventured into business as small entrepreneurs, while those already in business have been able to expand. Profits generated have enabled them to pay water and electricity bills, buy food, meet their private needs and assist relatives. They now have a say in decision-making within the family since they can make the necessary contribution to implement these decisions. In Table 2 we have recorded the change that respondents ranked first.

MEN'S ATTITUDES TO WOMEN AS INCOME EARNERS IN CAMEROON

Micro financial institutions have contributed to bringing women into the centre of economic activities in Cameroon. But the impact on women's empowerment depends on men's response to the changes. Men have mixed perceptions of women earning extra income in Cameroon. These perceptions are partly influenced by location and

social status, as was illustrated in a small study of seven families in Bamenda and Douala. Three of the husbands said that since their wives began contributing financially to the household pool of resources, family incomes have increased and standards of living have improved. They have been able to save more, carry out new investments (building, purchasing household furniture, radio and television sets, etc.) and increase assistance to relatives. These men see nothing wrong in performing domestic chores. Family responsibilities and chores are shared among the couples and one of the men remarked that he now helps in the cleaning and cooking, which has traditionally been done by his wife. Nonetheless, family responsibilities are still shared along the traditional gender roles as women's incomes are used mostly for domestic expenditures like food and kitchen utensils while men's income is used for major projects.

Two of the men still do not recognize women's contribution. They hold that family status is derived from the occupational role of the husband alone. These men regarded their wives' desire to earn income as an attempt to challenge their authority and will have nothing to do with their wives' earnings. They say they provide faithfully for the running of the home, they do not share in domestic chores, and they do not expect women to share in the decision-making of the family. These men do not refuse women's financial contribution, but, as one of the respondents puts it, "...my wife's contribution to the education of our children is voluntary...."

The study shows a different picture than the situation among low-income earners with low educational levels in cities like Yaounde and Douala. There, women's economic emancipation is resented by the men and does not result in an overall improvement in the life styles of the family. We saw in two families in Yaounde that the husband's financial contribution to the house dropped remarkably as soon as their wives begin to earn income. At the same time, the husbands extorted money from their wives by collecting items (especially cigarette and drinks) from them or in extreme cases borrowing money without repaying. These men also spent longer hours away from home drinking or playing games and their extra marital sex relationships were on the rise. While such men's irresponsibility has increased women's urge to work

harder to meet the needs of the family, the number of broken homes and chances of contracting the deadly HIV/AIDS virus is also on the increase.

Whatever men's perception of women's economic emancipation might be, there are usually two results: both women's workload and the family income increase. Measures therefore must be worked out to minimise the negative effects of women's triple day and at the same time sustain the increase in income which have been proven to have both micro and macro economic effects.

Labour-saving devices (processing machines, water supply at home, gas cooker etc) are out of the reach of such poor families. Even if they had the income, pre-nursery services are not readily available away from major urban centres. Less expensive coping strategies are being attempted in cities like Yaounde, Douala and Bamenda. Home helps, who are usually relatives brought from the villages, are recruited to assist women in low-income families. But there are negative effects. Such workers are often under age, and dependence on such children can cause them to perform poorly in school or even drop out. This problem is acute among families in peri-urban areas, especially those without good extended family ties. The extra labour also creates extra mouths to feed, thus reducing the positive effects of the increase in family income.

The study concludes that the crux of the matter therefore lies in revolutionising men's attitude to women's economic contributions. The State, civil society (NGOs and religious bodies) and the private sector all have vital roles to play in persuading men to see the importance of women's income to the household and community. Many NGOs have worked on women's economic emancipation and empowerment without also working on changing men's attitudes. We argue that NGOs and the Church should develop male-centred programmes that will contribute towards the mental revolution that must take place. For instance, NGOs can encourage the formation of mixed groups/clubs and initiate projects where men's participation in household chores is encouraged. As (Regmi and Fawcett 2000) noted with water supply projects in Nepal, involving women in projects without men's sincere cooperation is meaningless. One area where improvement could be made is with boys, who should be encouraged to participate in domestic chores both by parents and the State. For example,

subjects such as Domestic Science, Food and Nutrition presently reserved for girls should be made compulsory for boys at primary and secondary school levels and the scope of their curriculum expanded to include issues such as role sharing at home, home craft, married life, etc; so that these activities become habits to the men when they grow up. Finally, employers should consider giving their male employees the same maternity leave period as their female colleagues to allow men to assist their nursing wives at home.

CONCLUSION

Micro financial institutions and the services they can provide women have a place in development and poverty alleviation in Cameroon, as in other developing countries. If we see development as a holistic concept, then policies must be initiated to promote the efforts of micro financial institutions in advancing the position of women.

The contradiction is that by improving the status of women, these financial institutions have indirectly increased the work burden of the women. As women move from the kitchen to business places so their responsibilities increase. Such women must get up as early as 5 AM to prepare breakfast for the family and get the children ready for school before 7 AM when she is expected to be in her small business site. She leaves the business premises as late as 6 PM, and still has to get the evening meal ready for the family. The situation is more demanding for pregnant and nursing mothers. Such hard work has adverse effects on the health of

women. Therefore, the positive impact of micro credit on women will become offset by negative effects if necessary supporting measures are not put in place. And, as Regmi and Fawcett (2000) observe, as long as men do not share women's traditional activities, the latter cannot effectively participate in new projects and development as they are already overburdened.

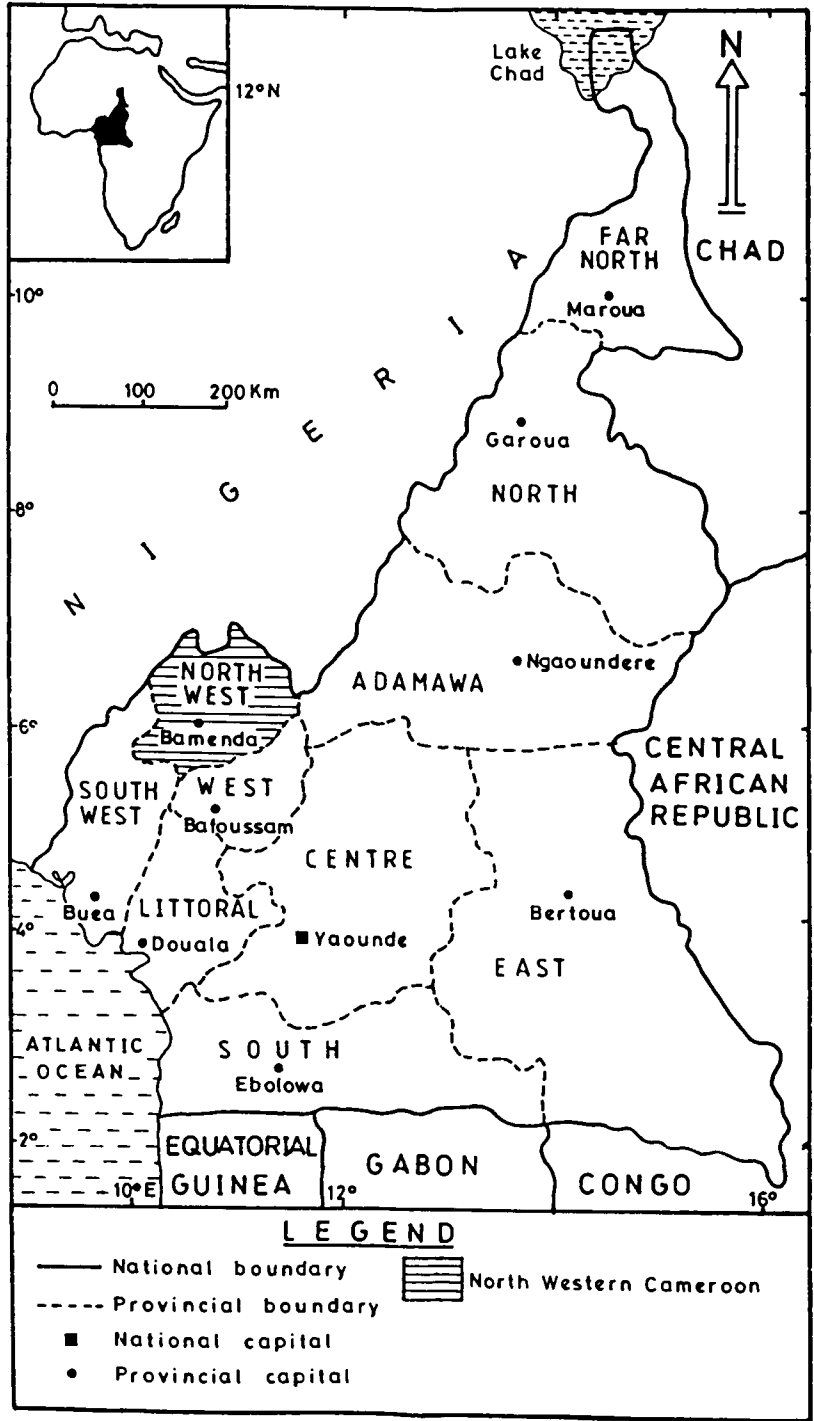
However, the example of women in Bamenda shows that women's access to credit has increased their self-reliance and productivity, as well as demonstrating their potential; all which has had a very positive multiplier effect on the family and local community. Micro financial institutions need to sustain these benefits by organising training workshops for women that can help them to better manage their time and find good avenues for investment, and at the same time, expand their services to reach a wider public. Local authorities should institutionalise more gender sensitive policies and education.

Micro financial institutions cannot completely replace the major banks, but they can work alongside them for the holistic growth of a developing society like Cameroon.

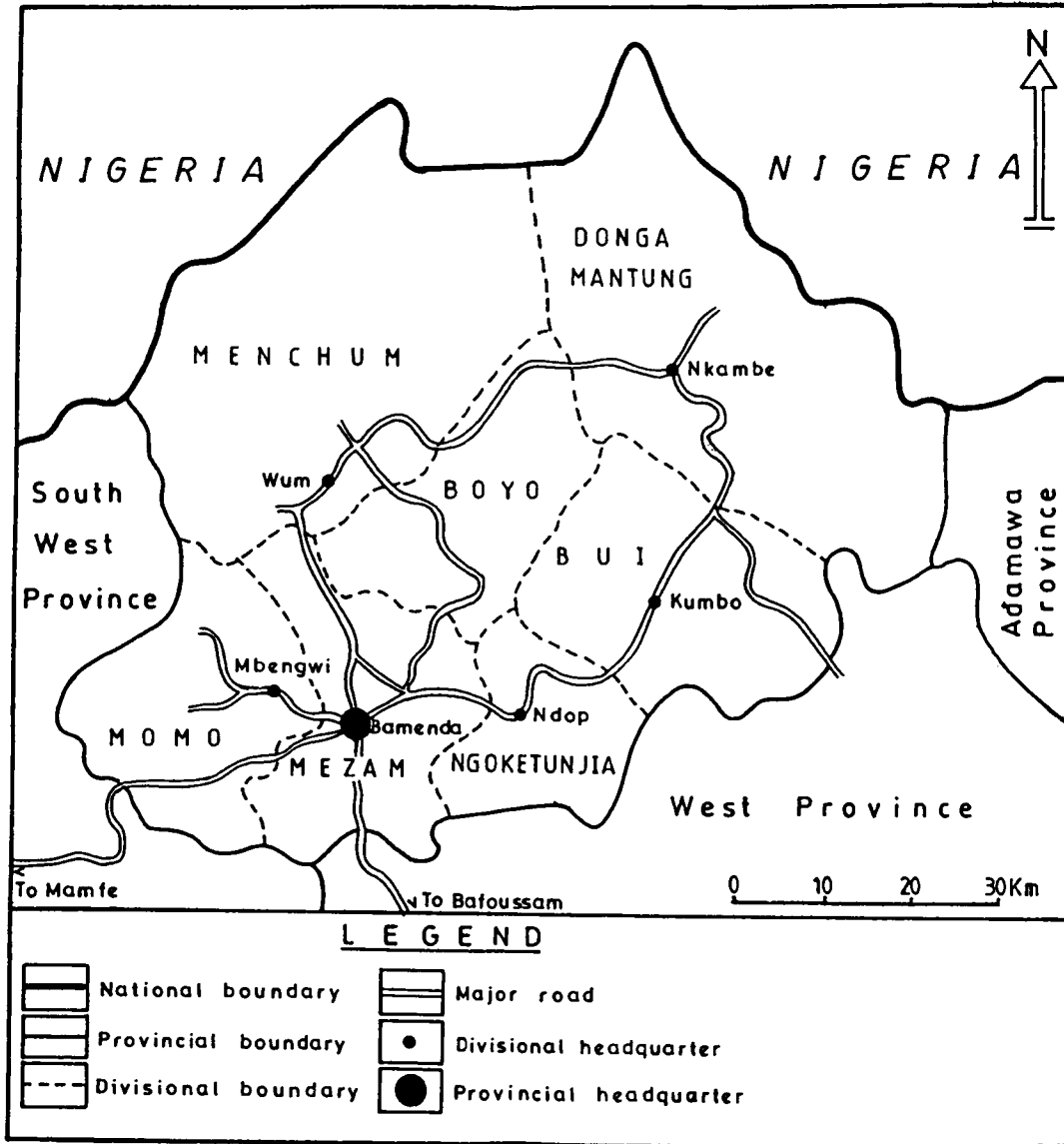
ENDNOTES

1. Women represent about 52 per cent of the population and constitute two thirds of the work force in Cameroon (Akutu Carol, 1997:33, Ngwa E.N, 1995:1). At the regional level, rural women represent 56.6 per cent of the rural production force, performing 70.2 per cent of the economic activities compared to the 56.7 per cent of their urban colleagues (Ngwa E.N, 1995:1)

2. The exchange rate used in this study is that quoted in September 2000 where 750 FCFA = 1 US dollar.



Map1: Cameroon locating North Western Cameroon.



Map 2 : Location of Bamenda in the North West Province.

Table 1: Reasons for saving with CUT by Female Clients

Reasons for saving with CUT	No. of Clients	Percentage
Affordable minimum rate of savings required	11	47.8
Provision of door-to-door Services	08	34.8
For Business growth and expansion	02	8.7
Reliability of the institution	02	8.7
Total	23	100

Source: Fieldwork, 1999

Table 2: Perceived Gains for Women as a result of membership of CUT

Areas of participation and independent	No. of Response	Percentage
No longer dependent on husband for private and personal needs	10	45.45
Pay bills at home	4	18.2
Own and run a personal Account	4	18.2
Can afford some personal needs	2	9.1
Own a House	2	9.1
Total	22	100

Source: Fieldwork, 1999

REFERENCES

- Akutu, Carol. "How Empowered is the Woman in Cameroon Today," *Women Outlook*. Yaounde: Napmen, 1997.
- D'Silva, E. and K. Bysouth. *Poverty Alleviation Through Agricultural Projects*. Washington DC: World Bank, 1992.
- Feleke, Tadele. "Women in the Office, Men in the Kitchen: Working on Gender as in Ethiopia." Paper presented at ESRC Seminar on Men, Masculinity and Relations in Development (9-10 June, 1992), Oxford.
- Fonjong, Lotsmart. "Gender Inequality in Cameroon: The Role of NGOs in Women's Participation in the Development Process." Leeds, M.A. Thesis, 1992 (unpublished).
- Karen, Gallen. *African Farmer*. Washington DC: World Bank, 1994.
- Mbenjem, C. "Finance Mobilisation on Grassroots Approach," *The Trust*, No. 002, Bamenda., 1998.
- MINEFI. *Annuaire Statistique 1998*. Direction de la Statistique et de la Comptabilite Nationale, Yaounde: MINFI, 1999.
- Ngwa, Emmanuel. *Cameroonian Small Farmers and Agro-Pastoral Credit*. Yaounde: Speedy Print, Yaounde, 1989.
- _____. "The Role of Women in Environmental Management: An Overview of the Rural Cameroonian Situation," *Geo-Journal* No. 35.4 (1995).
- Niger-Thomas, Margaret. "Women's Access to and Control to Credit in Cameroon: The Mamfe Case In Ardener Shirley and Burnam," *Money-Go-Round: Importance of Rotating Savings and Credit Association for Women*. UK: Berg publisher Ltd., 1990
- Obbo, C. *African Women: Their Struggle for Economic Independence*. London: Zed Press, 1980.
- Parsons, T. *Essays in Sociological Theory*. Glencoe, Ill.: The Free Press, 1954.
- Regmi, C. and B. Fawcett. "Men's Role, Gender Relations and Sustainability in Water Supplies: Some Lessons from Nepal," Paper presented at ESRC Seminar on Men, Masculinity and Relations in Development (9-10 June, 2000), Oxford.
- van den Berg, Adris. *Women in Bamenda*. Lei den: African Study Centre, 1993.
- World Bank. *Ethiopia: Two Micro Finance Delivery Programmes*. Washington DC: World Bank, 1999.
- World Bank. *Kenya: A Micro Finance Scheme for Women*. Washington DC: World Bank, 1996.
- Wokia, Azi. *A Comparative Analysis of the Success of Amity Bank and the Failure of Other Banks in Cameroon*. Buea: University of Buea, 1997 (unpublished).
- MINPAT/UNDP. *Regional Socio-Economic Studies of Cameroon: The North West Province*, 1999.
- MINPAT/UNDP-OPS, Project CMR/98005/01/99